

Implications and Potential Impacts from the Expiry of Patents on Herbicide Tolerant Canola Varieties

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Economic Opportunities

- This analysis focuses on Monsanto's market share
- Monsanto's marketing strategy of using a TUA was deemed to be most susceptible to commercialization of a generic HT canola
- Canola producers switching from one of the other HT canola varieties to a new generic HT variety would have a negligible economic impact

Sask. Canola Market

- Canola production has been about 10 million acres from 1999 – 2005
- It is estimated that Monsanto has a market share of 45% or 4.5 million acres covered by their TUA
- Average yield was estimated to be 21 bushels per acre
- The price of canola was set at \$7.00 per bushel

Benefits of Reducing TUA

%age of RR acres affected	Savings at \$15/ac TUA	Savings at \$10/ac TUA	Savings at \$5/ac TUA
100	\$67.5M	\$45.0M	\$22.5M
75	\$50.6M	\$33.7M	\$16.8M
50	\$33.7M	\$22.5M	\$11.2M
25	\$16.8M	\$11.2M	\$5.6M

Impact of Reduced TUA

- A lower TUA price will increase the number of canola acres
- There are farmers that would grow canola if the TUA were less than \$15/acre
- A reduction in the price of the TUA will attract these farmers
- The lower the price of the TUA, the greater the number of farmers that will grow canola

Acres Increase from Lower TUA

Reduction of TUA weighted by yield	Increase in acres	Increase in revenue (\$7/bu)
15/21	928,000	\$137M
10/21	616,000	\$90M
5/21	305,000	\$44M

Total Economic Benefit

- Combining the savings from a lower TUA with the benefits from increased canola acres provide the total economic impact assessment
- Minimum impact of \$56 million
- Maximum impact of \$205 million
- With the canola acreage at 10 million acres, the benefits per acre would be \$5-20