

# 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