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Seed relabeling: Does it matter?

A study released by Farmers Business Network ignites renewed interest in genetic diversity and seed pricing. Does genetic diversity matter? Are farmers paying unfair prices? The ag industry weighs in.

Jill Loehr | Nov 15, 2017

When you buy a bag of seed corn or soybeans, you have a certain set of expectations: yield, stand, disease resistance and, perhaps, genetic diversity. And yet, every farmer knows there are hybrids and varieties that are similar — if not identical.

“It’s been a question for a long time, and the answer has been yes all the way back to when ‘station lines’ were used to produce some of the first hybrid seed,” says Emerson Nafziger, University of Illinois.

The long-simmering question got new life this fall when Farmers Business Network released a study at the Farm Progress Show identifying seeds that share identical variety identification numbers based on bag tags submitted by study participants.

“Farmers want transparency and price competition when they buy seed,” says Charles Baron, FBN. “They want to know they are truly planting different genetics.”

That begs the question: Does genetic diversity matter? “It’s not clear how much, if any, lack of genetic diversity has cost farmers,” Nafziger says, noting that most breeding programs have access to the same base genetics, but that very different hybrids can come from the same genetic pool. Changing only one or a few traits may produce a nearly identical yet superior hybrid, he adds.

Nafziger says it’s performance, not diversity, that matters. “Substandard hybrids don’t last in today’s competitive market, and good hybrids do, regardless of how related they are.”

But what about price? Are farmers potentially overpaying for the same genetics?

Determining a true price comparison between two brands with identical variety numbers is challenging, says Kevin Cavanaugh, director of research at Beck’s. The same seed, with the same traits and sold under the same brand, may carry a different price based on geography alone. “Each seed company can set their pricing however they choose, however the technology provider sets its price to the seed company based on agronomic zones,” he explains. “Other things that affect pricing are cash discounts, financing programs, volume of seed ordered, etc.”

A look at relabeling

Matthew Meisner, data scientist with FBN, defines relabeling as “multiple seed companies selling the same genetically identical variety under multiple brand names, often for very different prices.”

After reviewing 7,500 seed bag tags and comparing variety numbers, Farmers Business Network concluded that 38% of corn seed is relabeled and 45% of soybean seed is relabeled. FBN also says it identified 19 corn and soybean seed brands that relabel 80% of their products.

But Andy LaVigne, president and chief executive officer of the American Seed Trade Association, says the terminology is misleading. “Seed companies are labeling their products according to federal and state seed laws and putting the variety number and name on the bag,” he explains. “Each company has their brand, based on what variety they’ve developed or what they’ve licensed. It’s not relabeling at all.”

Terminology aside, do the same genetics end up in more than one brand?

Meisner says genetic crossover can occur when one parent company owns multiple seed brands, or when major breeding programs license out their genetics and traits. Dow AgroSciences, which owns Mycogen, Dairyland, Brodbeck, Pfister and Prairie Brand seeds, declined an interview but responded via email:

“For Dow AgroSciences seed companies, there is some overlap in genetics. Each company selects the genetics for its hybrids and varieties, varying traits, parent lines and seed treatments to provide choice to farmers and diversify the company’s offerings. Each seed company brings a unique portfolio of products that is locally tested and specifically selected to meet the needs of farmers in their own geographies.”

Monsanto owns several seed companies —including Asgrow, Channel, Dekalb, Fontanelle and Kruger — and licenses out its traits and genetics to several seed companies.

“We know farmers value choice,” says Jeff Neu, Monsanto. “We choose to broadly license our traits and genetics whenever possible so that farmers can purchase them in the brands they wish.”

In some cases, parent companies only share genetics across certain brands, and not with others in their family of companies. Neu confirms that Dekalb, Asgrow and Channel corn carry 100% exclusive genetics. Baron says FBN found that Channel is 98% exclusive.

Wyffels Hybrids claims its own breeding program. “We build our lineup through licensing traits and develop our own corn hybrids,” explains Bruce Howison, vice president of sales and marketing. “We have unique products.”

Indiana-based Beck’s sells its own proprietary genetics, and it licenses genetics and distributes products from multiple providers, including the XL brand from Pioneer and the Phoenix brand from Syngenta, Cavanaugh explains. “Our strategy is not to be 100% proprietary,” he says. “Our goal is to be a company of choices, offering farmers the most diverse genetics and traits in the industry all from one seed supplier.”

More than genetics?

“Just because it has the same variety number doesn’t mean it’s the same seed in the bag,” says ASTA’s LaVigne.

FBN’s Baron agrees. “We’re clear in the report that seeds of matching variety IDs can have differing treatments added after or during production processes. Variety IDs include the trait, so if a seed is traited with the same genetics and same trait, it will have matching variety IDs,” Baron says, but adds, “matching genetics are matching genetics.”

Cavanaugh says while the variety is important, it’s not the only factor in hybrid success.

Todd Burrus, Burrus Seed, says his company accesses germplasm and traits from multiple sources and runs those products through its research program.

“We’ve gone from selling sacks of seed to providing a complete management package that’s more than just genetics,” Burrus says.

Regional seed companies say seed production practices set them apart. “It’s like two people baking a pie,” Burrus explains. “I can hand you the same ingredients and recipe, but the techniques used to make that pie could make it turn out a whole lot different. Seed production is the same principle.”

Cavanaugh agrees: Processing, drying, husking, sorting, grading, color sorting, pulling out impurities, and timing the male and female inbreds are all steps in the seed production process that impact product quality and performance.

Cold and warm germ testing can affect seed quality, too, he adds, and notes that every company has different minimum requirements.

Baron says FBN would like to quantify how seed production practices impact performance. “We welcome seed companies to share data on differences in production processes,” he adds.

The price factor

Megan Fallon says FBN isn’t out to turn the seed industry upside down. “We don’t have a dog in the seed fight between brands; we want our farmer-members to find the best seeds for their soils, at the best prices, based on objective data.”

The challenge is that the price of seed varies based on several factors, including replant packages, early order/early pay discounts and incentive programs. Baron says FBN compared prices on two brands with the same variety number, within the same region of Ohio, and found a \$97 price difference.

“We examine seed prices directly from invoices, and look at net pricing after discounts,” Fallon notes. She cautions against buying based on discount programs.

Burrus says his company's customers expect loyalty and early pay discounts. "We spend the same amount of time serving a two-bag customer as we do with the guy buying 1,000 bags," he says. "That's why there's a discount.

"Discounts are a way of life with business in America," he adds. "We have customers who ask, 'Can I have a discount?' and we've responded to that."

Beck's and Burrus both offer seed treatments and replant policies with seed purchases.

"There's value inside the bag — quality — and there's value outside the bag, with replant policies, rewards programs and service," Cavanaugh says. "All of those attributes go into the price of the seed."

Moving forward

What can farmers do in light of this information? Keep asking questions. ASTA's LaVigne recommends talking to your seed sales representative. "That conversation is an intimate conversation between the farmer and the seed company," he says. "Sometimes it's generational. It's not just to make a sale."

Fallon says farmers should download a sample version of FBN's seed relabeling report, or refer to FBN's Seed Finder tool. For \$600 a year, FBN members can get the full relabeling report, which includes seed brand and variety identification analyses. Seed Finder is only available to members and identifies seed with matching variety identification numbers, yield performance and state level pricing.

"We used to consider that hybrids from different companies were unrelated, even though that's never been completely true," Nafziger notes. Regardless, times and companies have changed, along with the seed business. But in the end?

“Companies want to sell — and farmers want to buy — the best-performing hybrids they can,” Nafziger says, “regardless of genetic relatedness.”

Debating diversity: A historical reference

Emerson Nafziger, University of Illinois, recalls the devastating southern corn leaf blight epidemic that thrust genetic diversity into the spotlight nearly 50 years ago. A trait that kept pollen from shedding, called cms-T, was widely used in the 1960s because it eliminated the need for detasseling in corn seed production.

In 1970, a previously little-known disease called southern corn leaf nlight hammered much of the Corn Belt.

“That is when it was discovered that those hybrids whose seed was produced using cms-T were highly susceptible to this disease,” Nafziger says. “Once this was known, companies scrambled to produce seed without cms-T, and the disease has more or less disappeared.”

Nafziger recalls that if and when seed companies had seed produced without using cms-T, they advertised that fact. The fact that cms-T had been used in so many hybrids makes it a vivid, long-lasting example of the dangers from lack of diversity.

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