

**Narrator:** Patrick Rowan (PR)

**Company Affiliations:** Cargill Canada, Stow Grain, United Grain Growers (UGG), Conagra Grain, BARI Canada—Anheuser-Busch Inbev

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**Summary:** Grain trader for Anheuser-Busch InBev subsidiary BARI Canada, Patrick Rowan discusses his varied career as a grain trader in the Canadian industry. He begins by discussing his childhood connection to the industry through his father's work, his non-agricultural schooling, and his summer jobs working in elevators in Churchill and Thunder Bay. He then describes his move to the business side of the industry as a trader in Cargill, starting with the domestic eastern market. He explains a typical day for a trader interpreting a mass of global and corporate information. Rowan discusses his next two trading roles in Stow Grain, a small family operation, and United Grain Growers, a large cooperative, where he began trading malt barley in the export market. He shares a story of opening the Colombian market to Canadian malt barley, and he gives details of both the buying and selling end of the malt business. Rowan then briefly moved to Conagra Grain, then Purdue, and finally to Anheuser Busch's BARI Canada as their sole Canadian employee. He describes changes in the company and the malt business as a whole over his career, like the disappearance of the Pools and the Canadian Wheat Board. Other topics discussed include the differences between private and cooperative companies, best practices of growing and storing malt barley, major malt customers in North America, his connection to barley seed growing and research, the history and takeover of Anheuser Busch by InBev, the shift of grain business away from Thunder Bay, and the future of Thunder Bay's grain industry.

**Keywords:** BARI Canada; Anheuser-Busch InBev; Cargill Canada; United Grain Growers (UGG); Conagra Grain; Stow Grain; Grain trading; Grain export destinations; International trade; Domestic markets; Grain marketing; Malt barley; Malhouses; Grain transportation—ships; Grain transportation—rail; Lakers; Ocean-going vessels; St. Lawrence Seaway; Terminal grain elevators—Thunder Bay; Grain traders; Grain farmers/producers; Futures markets; Futures trading; Futures contracts; Grain contracts; Country grain elevators; Inland grain terminals; Canadian Wheat Board; Grain research; Seed research; Stevedores; Saskatchewan Wheat Pool; SWP Pool 7A Elevator; Churchill; Grain trimmers; Bunge; Canada Malting; Western Grain By-Products; Colombia; Cuba; Australia; Argentina; United States; Russia; Ukraine; British Columbia

## Time, Speaker, Narrative

PR: Advise you if it goes any other colour.

NP: Yeah. Okay. It is November 28, 2013, and this interview is taking place at the famous corner of Portage and Main. I'm going to have our narrator for today introduce himself and just say a little bit about his connection to the grain trade.

PR: I'm Patrick Rowan. I presently work as the manager of Canadian operations for BARI Canada. It's an operation owned by Anheuser-Busch [AB] InBev, which puts us strictly as the biggest brewer and maltster in the world in the beer industry. My responsibility here in Canada presently is to source grain for our company, both in Canada, the US, China, and also in Mexico now that we bought a company called Modelo, which we purchased in November. I've been in the grain trade since 1977. I've worked for numerous companies. I commenced my career with Cargill. I worked for them here in Winnipeg, Montreal, and Quebec City. I'm bilingual, so it makes a big difference to be able to work in the Quebec area and Maritimes and so forth. I then went to work for a very small company called Stow Grain.

NP: Stow?

PR: Stow. S-T-O-W. Out of Graysville, Manitoba. It was a family-owned operation. Three brothers owned it. Three farmers set up a small grain company. They had an elevator in Graysville, and I became their trading manager, and I expanded the company from trading 30,000 metric tonnes a year to over 150,000 metric tonnes a year. I then left Stow Grain to go work for United Grain Growers [UGG].

NP: When was that?

PR: '84, and in '91, I left Stow Grain to go work for UGG. I became the trading manager, and I traded to the export markets, domestic markets. We started, what, having two elevators in Thunder Bay and one in Vancouver. Gave us some wonderful opportunities to trade into the export market, and again, speaking French gave me some opportunities to trade into France and in Morocco, Tunisia, areas that are French speaking. That was very exciting. Then I left UGG in '98 to go work for Conagra, and then I worked for Conagra Grain for a number of years, and then Conagra shut down, so I was forced to go work down east for a company called Purdue, a chicken company out of the US. I worked for their operations in Toronto and in Salisbury, Maryland. And I've been here for the last seven years working for BARI Canada in Winnipeg managing this office. So I've traded about every commodity at one time or another. I've export business, domestic business. I've travelled extensively, a little bit like my dad.

NP: Yes! [Laughs]

PR: Not as much, but a bit like him.

NP: Now, people won't necessarily know who your dad is, but this leads into the question I often ask is, how did you get interested in the grain trade? So I assume it may have had something to do with your dad's involvement. So just say something about that.

PR: Well, absolutely. I mean, when we were young kids growing up in Montreal, my dad, obviously his office was on the waterfront, and we used to get dragged to the waterfront now and then. We got to know vessel owners. We got to know the owners of stevedoring companies. When we moved to Winnipeg, my dad was involved in the Russian trade and the Chinese trade, and it was at the peak when we moved here in '63, and in the next few years it was the peak of the Russians importing so much grain from Canada. Got to know some of the Russians at the Export Club through my dad and so forth. Got an appreciation of the characters that were in the grain business as we met owners and high officials of every major grain company and so forth. And eventually, for some summer jobs, I had worked in Thunder Bay for two summers and I worked in Churchill for two summers. So I got an inkling of the grain business from that side of it on the export side.

Although I didn't go straight into the grain business after my university graduation, it took me a few years before I applied and got a position at Cargill. It's been a delight ever since. At times, my dad was still working for the Wheat Board, and I was working for Cargill, and there was occasions where we just didn't agree on certain issues. It was a competitive business, as you know, and still is a competitive business, so I had to be careful. I'd always been very secretive. My dad had taught us that. "When I'm out of town, you just say I'm out of town." And we got used to that, and he travelled quite extensively. So when people asked us where your father was, well, "He just left the house. I'm not sure where he is. I'm sure he'll be back." So you get to be that way, and it's a secretive business. It's a very private business, and I've been very fortunate to get into it. I must admit, the summer jobs that I had, it gave me an insight that some people didn't have when I came in to start trading grain.

**[0:05:27]**

NP: Just to finish off the bit about your early introduction, first of all, Frank Rowan is your dad.

PR: Correct.

NP: So when you went to university, what did you choose to do at university?

PR: I took an arts degree. I was uncertain what I wanted to do going forward. History and geography were two areas that I enjoyed. I didn't know if I was going to teach or what I was going to do afterwards, but in hindsight, those two were very helpful. I knew where every country was in the world when I started trading. I knew the importance of the river systems. I knew mostly where the rivers were and the ports and the capital cities. I know it seems odd at the time, but it was ostensibly very important for me to know those things. At least I knew where Thunder Bay was and Churchill and Vancouver. I knew where Belgium was and what ports they had accessible. I knew where Rotterdam was. When you started doing business, people appreciated the fact that you knew a little bit about their countries and so on. But it made a big difference.

It made things easier for me in the grain business, having an understanding that in Belgium there's French and Walloons, and they're a bit like Canada with the French in Quebec—knowing that they had difficulties there. I know when you travelled to Germany and you went to Holland next, you didn't tell the Dutch you'd been in Germany first. You just knew because of the relationships, because of the history, some of the bad blood that was created between some of those countries from the wars. So you become very diplomatic when you travel. You're cautious. As you're visiting your customers, you're sensitive to their history and so forth, and having an understanding of their history makes a big difference. It makes business relationships a little easier. You don't walk in, "I don't know a thing about you, but I want you to buy my grain." If you know a little bit about their history and how they do their business and so forth--.

Same thing when I travel to Colombia to do business. Everybody joked about what their main export was, but it's cut flowers. It's coffee. Certainly, the drugs are one thing, but having known--. You know, when you sit down with your buyer and at least have a knowledge of it. I knew all the ports in Colombia. They have three import ports, and you know those things. It just makes a big difference. I was very fortunate I took those subjects, to be honest with you, and it just gave me an upper hand on some other people, seriously, about trading and so forth. I've always had an interest in it. It's just easy for me to read and match things and so forth. I've enjoyed that.

NP: It's interesting to comment on how a general arts degree formed a basis. I would think it would be very unusual these days to have somebody with that background hired in the grain industry.

PR: I can assure you for the company at present I work for that I wouldn't get hired with my degree, just a simple Bachelor of Arts. It would not get me onboard. I report to the head office in Leuven in Belgium, and the last people they've been hiring, they hire one or two people from Harvard every year, from the business school. They hired one from Yale last year. Certainly, you have to be very computer literate. They want commerce degrees. They want a much higher education and skill set than I had when I graduated from university. I was very lucky that the one thing I did have, I was a hard worker. My father instilled that in us. I understood quickly, even when I worked in the grain terminal in Thunder Bay as an example, how it functioned and what parts worked well,

what didn't, and how you could advance, and you could make things better. I think that makes a big difference, but in today's world, you're correct, the skill sets I had, I would be very, very, very lucky to get a position in the grain trade.

NP: So how does that have an impact on the ability to deal with customers because, as you said, the advantage to you was the fact that it gave you an underpinning of the politics, almost the soul of the country, as opposed to the very technical things that a business school and the computer tech--?

**[0:09:59]**

PR: Business school teaches--. Some of our employees and some of the ones I've seen at other companies, they're very book wise, but there's another aspect of street wise. I mean, I worked with stevedores. I worked in the grain elevators. I've worked with truckers. I've worked in elevators. I've worked for owners of major companies and top buyers and CEOs. You get to understand every level. You have to treat everybody with respect. If you think you get onboard with the stevedores and can't treat them with respect because you think you're better and you're wearing a suit, it doesn't work. I'll give you an example. I worked in Churchill for a few years in a company called Wolf Stevedores were stevedores. A number of years later, I'm chartering boats in Montreal, and we're loading a boat in Montreal, and I get on the boat. I'm wearing a suit, and there are some of the stevedores that worked in Churchill. I walk by and said, "Guys, how's it going?" They looked at me. "Remember me from Churchill?" "Son of a gun! What are you doing here?" "This is my boat. You guys are loading my boat." He said, "You're kidding!" "No. It's a small world." Shook hands. I treated them with respect. "We'll look after your boat. It's no worry." And the reason I had done that, they had treated me properly when I was a kid, and you remember those things, the relationships, even at that level.

I think the success has been you have to treat people the way you'd like to be treated at every level, and it makes a difference. People want to do business with you. And it's something you can't teach. You can't walk into a room, and I've walked into a room with some associates, they think they're smarter than the people we're dealing with. It doesn't work. People can sense that. If you have street smarts, you can start sensing it. Nobody likes to be treated as if they're inferior. I think that's one of the elements I have, but how do you promote that on a resume? How do you sell that to someone?

NP: How do you even ferret it out in interviewing people?

PR: Exactly, you can't. You'd have to be very lucky, or somebody would have to recommend you.

NP: References.

PR: References. Somebody would have to recommend you. I mean, obviously, I have good bloodlines when I was hired because of my dad, but it's once you get in the door, you need to prove yourself.

NP: Yeah. So let's go back to your first jobs in the industry. What brought you to take a job in Thunder Bay in the elevators?

PR: Well, obviously, my dad assisted me in getting a summer employment in Thunder Bay. I worked for Sask Pool, and I just arrived in Thunder Bay, went to the office, and I worked in what they called the bull gang. There was a dozen of us, and we did every dirty job humanly possible. You cleaned out, in those days, it was boxcars more so than hopper cars. So we'd unload boxcars. It was very dusty and safety rules weren't as enforced as they are today. Health rules weren't as well enforced, shall we say. So I got to work with the gang, and of course, some of these things it was just common sense, how well you worked, and working well. I just kept getting moved up in the terminals. Then the ships were loading, so you got to load ships, and on the cleaning deck clean grain and ship grain.

NP: Did you work at that time--. What year was that, do you recall?

PR: Oh, that would have been in '70, 1970.

NP: '70?

PR: Right.

NP: Okay.

PR: And the Russians were taking a lot of grain out of Canada at that time--lots of salties in those days.

NP: And it would have been--. Gee, Saskatchewan Wheat Pool would have just taken over a number of elevators.

PR: They had 7A. They 4A, 4B. They had 7. They had, I think, 13. They had a number of elevators.

NP: Yeah. 15, 13, 10, 5.

PR: Right, right. They had a number of elevators, and I was working at 7A.

NP: So you stayed pretty much there?

PR: Stayed there.

NP: And was that the situation? The crews stayed in their own elevator?

PR: Yes. In those days, you didn't really transfer people as you would do today. You stayed at your own terminal.

NP: Was that your first experience with a grain terminal?

PR: No. I'd worked in Churchill two years prior. I had gone up to--. Taken a train, get off at Churchill, and you know there's nothing left because the track ends there. I worked two summers in Churchill working in the grain terminal on the bull gangs primarily, not too much in the terminal. Working with another nine fellows, of which seven had been to jail, so it was a real experience at 17. It was an eye opener, trust me. Spent the summer there, then I went back a year after that, and then went to Thunder Bay for two years. I had worked in Sorel one year in the steel mill because my mother is from Sorel and my grandfather passed away, so I went to help my grandmother for a summer. So Churchill was an adventure, but Thunder Bay is where I really understood the mechanics of work inside the elevator, and it was--.

NP: Any highlights or lowlights of that experience?

PR: In Thunder Bay?

NP: Mmhmm.

**[0:14:56]**

PR: I would say all highlights because it was so different than just going to school. It was an experience. I mean, obviously, they were trying to convince me to stay because the money was quite good at the time. You're going to university, not making any money, but I realized that wasn't for me. I mean, I needed a little bit more. It was okay for four months of the year, five months of the year to do that, but I realized I needed an education. The highlight was just learning and meeting the individuals. There was really no lowlights. One time I was working unloading hopper cars, which was an easier job than I had, and I got tapped on the shoulder because somebody higher than me in the seniority pool wanted that job. So I had to get moved back down, and then the next day they came back to get me to say, "Look, you're moving back to your job. The other fellow couldn't work it. He couldn't

read well. He couldn't write the numbers. He kept mixing the numbers up. They say you seemed to have this covered." It wasn't that tough to write six numbers down on a piece of paper and get the job done and so forth. So that was the only thing. But everything else, it was an education because it was a lot of some new immigrants working there and so forth, to see Thunder Bay evolving with the Italian community and so forth. It was neat to meet all these people.

NP: Where did you live at the time?

PR: I lived in a boarding house. I found a boarding house on Pearl Street at the time. In those days, I'll tell you, it was \$30 a month to stay there, and there was a lot of great Finnish restaurants. So I found my favourites, and we'd go there for my meals. So yeah, Thunder Bay's a good place. A lot of softball in the evenings when I could and I wasn't working the 4:00 to 12:00 shift.

NP: When you were working there, was the old guard still there, or had they pretty much retired? So you know, there are people who moved to Thunder Bay in the '30s, fellows coming back from the war.

PR: The war. There was some left. There was some left. Yeah, there was still some. There was some. They were mostly supervisors. A mixture. There was a mixture of them, but most they were pretty accepting once you fell into the routine. They were pretty good about accepting you and so forth. The odd jokes about Winnipeg and how the Winnipeg kid got here. I just said, "Look, I just apply." I didn't want anyone to know who my dad was. That just wasn't important to me. It was just "Was I doing the job?" and so forth. But it was interesting times. It was good.

NP: Any characters that you recall?

PR: Oh, there was a lot of characters.

NP: Even if not by name. [Laughs]

PR: No, there was a lot of characters. You can imagine a lot of teasing. I wouldn't call it bullying, but there was a lot of teasing and so forth in the elevators. Yeah. There was a lot of characters who did different things and so forth. As I said earlier on, it was a time when the rules weren't strictly followed. Some fellows would go for lunch and maybe have a beer or two more than they should have and come back to work and be able to sleep in a corner and so on. There was always people playing pranks on one another, and you could too.

NP: For example?



PR: Well, you know, guys would fall asleep, and they'd tie them up in their chairs. They'd leave them there after the shift. [Laughs] That was some examples of some of the things that would go on. Change your lunch around. If a guy had nice turkey sandwiches replaced with peanut butter or something. It was just different ways of doing things.

NP: Yeah. I don't think I've had an interview with anybody who had worked in the elevators where the issue of drinking hasn't come up, and it's not just a couple of beers at lunchtime.

PR: No, it was serious. The thing that bothered me the most is when I reported to my supervisors, they just, "Yeah, we'll look into it." But some of the equipment we were working with and some of the areas we were working, it was very dangerous, and the thing that really bothered me the most, if you want to call it lowlight, is guys would fall asleep on the shipping deck, cleaning deck—drunk, obviously—and then there would be big spills in the basement, and we would have to go clean those spills for hours. It was hard, hard work, dirty work, and the person responsible wasn't chastised or didn't have to be part of the clean up crew. So as I said, there was too much of that close to injuries. I mean, you're working with railcars that are moving. Some guys released them earlier than they should because, again, they're not 100 percent accurate in their judgement because they've had a few drinks. Some would have bottles with them. It was a dangerous environment at times, and if you know grain elevators, it's a dangerous place. That's cleaned up immensely. I know it's not the same anymore, but at that time, it was very dangerous, and especially people were paid about 11:00 on a Thursday or Friday, they'd go to the bar and come back about 2:00. You didn't want to work with those people. You sense who they were, where they were working, and you avoided it. You made sure that the crew I worked with that nobody had been out, or if they were, we'd say, "Guys, you've got to sit aside. We can't be--. The four of us will do the job rather than five or six of us because it was too dangerous."

**[0:20:26]**

NP: Would have put you in contact as well with the ships coming in?

PR: The ships coming in was interesting because, obviously, I knew the owners of some of the shipping lines and so forth, but beyond that, it was nice. I was very used to salties coming in from my days in Churchill because that's all there was was salties. But beyond that, it didn't garner me any favours. I didn't tell anybody I knew anything about the boats. I had sailed one year from Thunder Bay to Sorel and back on one of the vessels that's called the *Golden Hind*. I enjoyed it. I knew that part of the business quite well through the owners I met and so forth, but it was just refreshing to see how long it took to load a boat. You got an experience how long it took to load a boat, how much grain it could take, the dimensions. Eventually, when I did get into the grain

business, I had an advantage. I knew how long a loading cycle would take, and when people would say, “Well, it’s going to do this and that.” I would say, “Enough of the malarky. This is what it takes.”

NP: Any comments about trimmers and their abilities and--?

PR: Well, I must admit it’s a sore point I have. [Laughs] The trimmers in Thunder Bay were good. I even, too, a few years ago, I was chartering boats. I was doing ten boats a year, one a month, and the trimmers worked hard. It’s a business that, obviously, there’s not that much boats. Hopefully they’re getting a little bit busier this year and so on, but sometimes you wonder if it’s a job that can be done by the crews, the big crews and so forth. Especially the salties. I mean, the crews are--. But it’s a function of part of the grain industry, and the trimmers worked hard. They worked well. Some crews work better than others.

NP: How could you--. Like what, to you, distinguished one that worked well or better and--?

PR: Well, it’s just some crews were prepared quicker. You’d deal with them, and they understood the boats a lot better. When I was in Thunder Bay, I would try to get the same crew, but obviously union regulations or whatever—because you had some guys that just didn’t work quickly. They just wanted to extend the hour and just extend the time. Well, you have to understand, we’re paying demurrage. I want to get a boat out as quickly as possible. The owners want to get out as quickly as possible. If they can get one more turn in a season if it’s a laker, it’s a lot of money involved. And for us also, you’re talking about Thunder Bay now, if you get one more turn on 20 boats, that millions. That’s another--. What is that? 20 boats, that’s another half million tonnes of grain moving. So there were some that worked better than others.

It’s like anywhere. There’s some that work better than others, and the elevator was the same thing. You had a crew of four could do one and a half times what this crew of four could do. In fairness, some of the older guys worked smarter, but they worked slower, and it’s just a matter of trying to stretch the time out. I didn’t have that kind of patience. I needed to get the boat done. I know what the boat can do, what they can load, and you want to get there. If it loads 1,000 tonnes an hour, you want to get 1,000 tonnes an hour. If it’s 1,500, you want to do that, and you understand.

NP: Yeah. What--. Were you even aware of the other companies? And if yes, what did you see as the relationship between the various companies that were operating on the waterfront at that time?

PR: I believe that nothing has changed. There’s a general dislike for one another. They’re all competitive. I would think that, at the time, there was so much business in the early ‘70s that I don’t think really anybody watched over their shoulder or went to competition. Everyone was so busy. There was so many lakers and salties coming in. The elevators were working 24 hours a day

and shipping 16 hours a day, cleaning 24 hours a day, so there was a lot of business. I think that, at times, it should be more cooperative. I know when I worked exporting grain, you don't always have the grain ready. You would just make arrangements with another terminal to borrow some of their grain or buy it and replace it. I think there's more of that from the trading part of it. I'm not sure on the Thunder Bay side there was much cooperation or trying to work together and so forth. It's a competitive nature.

NP: Yeah. How would you, if you could--. Was there a pecking order in companies? Like was there the company and then the others just fell in line? Or you just were so busy, who even thought about that?

**[0:25:22]**

PR: Yeah. At the time, everybody, as you recall in the early '70s, there was a lot of grain companies. Every Pool—Manitoba, Alberta, Saskatchewan Wheat Pool—all had elevators there. Cargill was really just getting going as far--. They had just bought some McCabe and so forth. Everyone was, I think, focusing on their business. I think everyone--. I think Saskatchewan Wheat Pool at the time was very predominant. I mean, most of the grain was grown in Saskatchewan and easier to move than Alberta. I would say, at the time, they were the predominant company and viewed that way. Cargill was an upstart. They were just getting going.

NP: Any other comments about the ports, either Churchill or Thunder Bay, before we move along, as we need to, to other--?

PR: No. I can just say one point. I'm a little disappointed with the amount of terminals being closed in Thunder Bay. I would have been supportive to have at least a few more facilities still standing and operational. I think a year like this proves that we could have used a few more facilities. I realized it was a tax issue with the companies owning the terminals, but you would hope they could have worked something out with the city and worked out a tax base that would make sense. If some years there wasn't enough grain and other years, like this year, there was sufficient grain, you can work some type of arrangement out. But I'm disappointed in that because I have a soft spot for Thunder Bay, having worked there. I understand the mechanics of it. I understand the St. Lawrence Seaway. It's very important. I've shipped out of every port in the St. Lawrence—Montreal, Baie-Comeau, Port Cartier—and have worked in Quebec City, so I have a flavour. I like to see the lakers. I just think it's part of our history, our heritage. The Seaway was a marvellous piece of work. It gave us great opportunities. I know it's not as economical as going through the West Coast, but it's still part of what we need to maintain.

NP: Yeah. Just to add to that, reading the newspaper yesterday, 20 ships sitting in Vancouver. I have seen ships sitting in Thunder Bay this year.

PR: There's five sitting there right now.

NP: In Thunder Bay?

PR: Yes. Some ocean freight.

NP: When does it become so costly because of congestion that Thunder Bay becomes an option?

PR: You have to understand the majority of the business that we're doing right now is going to Asia. So obviously Thunder Bay is not an option in that regards, but when you have vessels going to Europe, to, as I explained, we do a lot of business to North Africa, to Morocco, to Algeria and Tunisia. We do durum to Italy and so forth. There should be opportunities that you want to ship through Thunder Bay rather than pay demurrage off the West Coast. I realize everybody wants to ship in a 50,000 metric tonne Panamax, and it's not sexy to ship in 25s, but you have to look at the opportunity. Can I move a little bit more grain if I went this way? Maybe a little less revenue, but can I move more grain? Can I service more customers? At the end of the day, you have to look at it that way. People have to analyze that. If you're going for every nickel and dime, you're going to go through the West Coast. Right now, the demurrage rates aren't too bad, but I've seen days where the demurrage rates were \$25,000 a day. Trust me, the boats sitting there for a weekend is a very painful exercise. There's a limit. After ten days, you realize, "Maybe I should have gone through Thunder Bay." You can service a lot of South America through Thunder Bay. I used to service Colombia out of Vancouver, but at the time, I could also service it out of Thunder Bay. You can service Mexico, the east coast of Mexico very easily out of Thunder Bay for canola and for wheat [inaudible]. There's different things you have to look at.

NP: Does it make any difference from the standpoint—we talked about the ships—but as far as the railways are concerned, does it really matter which way you're going? You're going to have difficulty.

PR: Well, you have to have traffic going in all directions. You have to have traffic going east and west and some south. I believe that—and I'm not going to talk as a logistical expert for the railroads—but I would see that they'd want to have some traffic going east also, and if you can unload the trains in Thunder Bay without much wait, I would see that as being a plus. Everybody says we have excess capacity in Thunder Bay. I think it's going to be a little tight this year, but still I do believe you have opportunities to move a lot of grain through Thunder Bay. And then you can also bypass Thunder Bay now and then and go to Montreal and Quebec City. Those are two areas you can unload cars if need be. It's an extra five days in your cycle, but it's also possible.

**[0:30:28]**

NP: Let's move onto your next step, which according to my records—which could be wrong—was 1977 you took a job with Cargill.

PR: 1977, my first--. Yes. I took a job at Cargill, and they started me in the credit department. In their opinion, I didn't know very much about the grain business, which was fine.

NP: Before you go on, did you pick Cargill, or were you looking to work wherever you could?

PR: I was looking to work, but Cargill had an ad in the business section looking for an assistant credit manager, and at the time I was working for a carpeting firm. I was credit manager. I was doing some--. It doesn't matter. The other parts of the business. So I applied, and they interviewed. Fortunately, they gave me a job. I had talked to other grain companies. I think some it was a courtesy to my dad, but Cargill was very good. They hired a lot of young people and trained them well. I must admit, it was a great company to work for, gave me some wonderful opportunities. I got wonderful training. I worked for them for about a year and a half before they moved me into trading, and then I started trading domestically corn, and then I started trading export corn to Cuba. We used to export quite a bit of corn out of Ontario and out of Quebec into Cuba, 50 to 100,000 metric tonnes a year. There was days when the Russians used to pay for the Cubans' business and so forth, so it was very interesting times I worked for them. As I say, they did send me to Montreal for six months, and then I moved to Quebec City for a year or a little over a year.

NP: Cargill here, it was the Canadian incorporation.

PR: Correct. There was a Canadian side of the business.

NP: So was there close connection with Cargill out of Minneapolis? Did you take any training there?

PR: I did go to Minneapolis for the odd courses, but most of the business relationship was only upper management in Minneapolis. The trading wasn't as coordinated as it is today. In those days, the office in Toronto traded the way they wanted, the office in Montreal, Vancouver--. It was a little silly at times. I would buy grain, and my office in Toronto sold it to me through a broker. So in those days a little dysfunctional, if I can put it that way. Certainly, that has altered very much. You always have to be in the same position.

NP: What created the dysfunction do you think? How did things get to be that way?

PR: I just think it was the competitive nature of the company to make business, and every office had to make a profit. Every office had to make money, so you all have a bottom line to attend to. What happens is you start trading. You had the domestic market to trade in, but then you start taking positions thinking, “Well, this is going to happen. That’s going to happen.” They’ve corrected those things. It’s just not the way to do business.

NP: What did you--? So trading was a bit different endeavour for you. So what did trading teach you about the Canadian market, the competitors’ market, your customers?

PR: Well, first of all, the good part of the market is in those days we used to ship a lot of grain to eastern Canada. It wasn’t a self-sufficient area of the world. We used to traffic feed barley, feed wheat, and oats into eastern Canada, primarily Quebec and the Maritimes. Obviously, speaking French gave me an advantage. I could deal direct with some of the customers. [Coughs] Excuse me. Being a little bit from Quebec, I understand that a lot of the businesses are family owned in Quebec. You understand that it’s not the Cargills of the world. It’s family businesses, and it’s third, fourth generation. You understand that. You understand they’re going to deal differently than companies. You also realize that their business is built on relationships more so than others, because they’re not leaving. The brothers are still going to be there ten years from now, 20 years from now, whereas Cargill merchants would change every three years, somebody else introduced, and so forth. It also gave me a better introduction of the amount of grain we could move down east and what we had to do in the country.

**[0:35:15]**

In those days, we didn’t move grain 12 months of the year from certain areas. Elevators just got shut down. Winter would arrive, and I think our fellows went hunting and curling. The business, again, has changed. We are shipping grain 12 months of the year from every section of the province right now. So it really gave me a good understanding of the eastern business more into the Maritimes and so forth, did business all the way into there. And then, how far we could draw western Canada. Then I would go visit the customers down east, go visit the farmers on their farm, and then you could see the business and the relationships, and you explain to them where their grain was going, the tie-ins, and where the grain came from. It gave them a better experience from your side of how the mechanics worked, of how they got their grain all the way from 1,500 miles away.

NP: How would you--. Or can you characterize the difference between western Canada grain producers and eastern Canada?

PR: First of all, in western Canada it’s much larger farms. It’s been, until just recently as you know, it was controlled by the Wheat Board, a lot of the grain movement and sales. In eastern Canada, supply management, it’s a lot more dairy, chicken. It’s smaller farms. How can I put it? Better subsidized. I mean, the Quebec government, the hog industry is well subsidized. The poultry

industry has a quota system. The dairy system, as I said, is supply management. It's very, very different than in western Canada. You know, the seigneurial system left a lot of land where three brothers would each have 100 acres rather than one brother get the 300. So it's fragmented a little differently than in western Canada where, at the time, you know, most farms were 500 or 600 acres. Now they're a little larger than that. But that was the real big difference, and you realize why the efficiencies weren't there. You can't buy all the equipment for 100 acres where you can buy a lot of equipment for 600-700 acres. There's more efficiencies. Then you realized that for a lot of the farms they were small because they would just do dairy or just do hogs or birds or feathers. It just made it different. Their winters weren't as cold as ours. I won't say they were extremely balmy in those days, but it wasn't as cold, and it wasn't as wide open. Their business was different than it is, and it still is because of the supply management. It's still different.

However, now, with corn, beans, they can grow bigger crops, bigger yields, whereas in wheat, where they were only getting 30 bushels an acre, now they're getting 130-140 bushels an acre out of corn. Those things have changed immensely, so now they're self-sufficient and even export some grain. So over time, that evolved, and they've about become self-sufficient, and there's really no grain from the west that goes east anymore, so we export ours, and we go different directions.

NP: You mentioned that one of the customers that you were dealing with was Cuba.

PR: Yes.

NP: Tell me about that experience.

PR: It was very interesting business because I would deal with a company called Island Port. Obviously, the US—since the Bay of Pigs and still today—cannot trade with the Cubans, so we were trading with the Cubans. They required some corn. Russia had, as you know, started trading in Canada, much against the US's condemnation, but at the time, certainly the Russians and Cubans had a very close relationship. The Russians introduced the Cubans to Canada and to buying corn. The corn they bought from Canada was mostly for feed for their animals. They bought maize from Argentina. The maize is red, and they made their porridge with it, so that was human consumption. What we shipped out of Canada was animal consumption. So the Russians got them to come to Canada. I would deal with officials from Island Port, and now and then, I'd go meet them in London, England, in an office there. It was just interesting business. We would ship--. Most of the grain—well, primarily most of the grain—came out of Ontario. Some came out of Quebec, the port of Montreal, the port of Quebec City, and one year we shipped one cargo out of Thunder Bay from Manitoba corn. So it was--.

**[0:40:00]**

NP: Cargill had an American parent company.

PR: They were American, the parent company, and we traded out of Geneva. We traded out of Canada, and eventually the US government cautioned every US company if they traded into Cuba, then their top officials would be arrested. So we stopped trading.

NP: Sort of an incentive. [Laughs]

PR: It was a major incentive. So we traded corn--.

NP: Did you go to Cuba?

PR: No. At the time, I could have gone. [Telephone chimes] That's just my phone. At the time, we could have gone, but to make a long story short, no. They met us outside the country, the Cubans. Of course, our Minneapolis office was always concerned. There was always, "What if something happens if you go there?" But I was just there last week. Wonderful place—third world country, but very nice people. Very nice climate. But they need some help.

NP: Did you visit a farm? [Laughs]

PR: No. No, I didn't.

NP: No busman's holiday, as they say.

PR: Correct.

NP: Tell me about the typical day, if there is such a thing—or cobble it together—for a trader.

PR: Well, a typical day is you come in--. I mean, when I first started in the business, the futures market in Chicago, Kansas City, and Winnipeg only traded between 9:30 and 1:15. That now has changed. It trades in excess of 20 hours a day.

NP: Why the restricted time?



PR: Well, the time, you didn't have as much trade. You didn't have banks trading in. You only had grain companies trading in it. It was just had been established under those parameters. So you would come in in the morning, and you'd start reading wires about what happened overnight. You didn't have the internet. We didn't have as much information in those days. The natural thing is you try to read as much information as you had from the office in Geneva, from other things. You didn't have the clarity as you do today that there's no rain in Argentina or there's a drought in Brazil. That today is instantaneous. So you would get as much information as you can, see how much grain you bought overnight, see how much grain you'd bought in other offices overnight. Had we sold anything overnight? Had we sold some cargos to someone? And then take all that information and analyze it, and then have a quick meeting with the other traders to see if we're all on the same page—what did we want to do that day, prices to send to the country, people want to buy or sell futures, or exactly what did you want to do. So you tried to scope as much information as you could, and then if you weren't certain, you'd start making phone calls, start to phone Europe. Europe has a six-hour advantage on us, so when you get in the office at 7:00 or 8:00 in the morning, it's already after lunch for them, so you start talking to them.

NP: Who is the “them” that you would talk to there?

PR: Our office in Geneva our brokers were dealing with, our customers were dealing with. Anyone that we could get information from. I had customers—when I worked for UGG—I had customers in Belgium and in Germany and in Holland and in France. You'd phone them and the guys in Morocco, see if anything had changed. Anything change with the government or how was their crop doing? Was it dry? Whatever information you could get. But not everyone interprets the information the same way. Then you tried to establish what the price ranges were to deliver it into their countries, what they're willing to pay. So that was part of it. And then once the day begins, you start either trading the futures, you're buying cash, you're talking to your elevator, your buyers in the country. You're trying to talk to your--. Making certain you have the right stocks in the right places is always important. What's coming in? What's available to be bought off farm? You're hoping that your information from your elevator manager is accurate or semi-accurate. It's just a matter of educating yourself everyday and finetuning the information that you have to make sure nothing has changed, if something drastic is happening.

As an example, sports is going to having a strike, baseball is going to have a strike in the US, and you start--. Well, is it going to be a one-day strike, a one-month strike, or a whole year? If they start talking the whole year, well, we used to sell to Heinz. So you short mustard, You say, “Well, mustard's at 20 cents. If there's going to be a strike, how many millions of hot dogs do they sell every weekend?” Then you say, “Well, you know what? We're going to short mustard because we're not going to need so much mustard.” Things of that nature, you interpret that information, and you look at different things. Where is the World Cup going to be? What are they going to do? Then they passed a law in the US that you can inject a percentage of mustard in hotdogs and so forth. You say, “Well, they're probably going to need a percentage more mustard.” So you start buying mustard a little earlier,

hopefully, that you catch a penny or two on the rise. You just read as much as you can, and you try to interpret it. “What can it do for our company? What does this mean?” As you read information and so forth, and away you go.

**[0:45:25]**

NP: Did Cargill have its own market analysis group that you would--?

PR: They did, but it's a lot more—and a little today—it's a lot more--. When you asked about education, of getting people who can write reports, who can--. You have somebody who's reading the Reuters reports and reading different reports and then puts it in a caption form, and I did that for a little bit. At times, you would read the article and say, “What's the most salient points from this article?” You put it in caption form because you can't read every article from start to bottom, so you just--. The important thing is analyzing information and getting all the information. How much can you trade? How much can you move? What's realistic. You might think, “Well, I can sell 10,000 metric tonnes.” “So can I.” “Well, we only have room for 10,000, so flip of a coin. Who does what?”

NP: With all of those things that you've got to consider—what you've got out in the country, what you've got available or can have available at port, ability to ship it—how quickly does a trade have to be done? Like how can you consider all of that stuff and still--?

PR: Well, you already have an anticipation of how much you can do at certain ports. The thing is how much can you stretch people, and how much can you stretch the situation? You'd have a meeting, “Look, I can make this trade.” Sometimes you'd make the trade and go talk to the terminal guys and everything and “Oh, how could you do that?” “Well, look, guys. You can do this. We can move this back here. You have good transportation.” People say, “What if I did this?” “Well, you could do this in the terminal.” You need to make sure they understand and you understand exactly what there is, and as traders, you always stretch them, and they're always upset, but you always stretched them. It always worked.

NP: Yeah. Was that your job, then, to stretch them? Or you made the deal and then somebody else followed in and did the stretching? [Laughing]

PR: I would make the deal and stretch. I would meet with the transportation, the terminals, and tell them what I'd done because--. Yes. But you know the mechanics of what it can do. And having worked in Thunder Bay—this is where having worked in Thunder Bay made a big difference for me—because I knew some of the things you could do, how you could clean, how you could speed things through, how we could bypass, how we could blend. I knew those factors which other traders didn't.

NP: Especially if they liked you.

PR: Yes. That made a difference. When I go to Thunder Bay and told them, “I’ve done this.” They said, “Yeah. We understand you’re pushing us,” but they got into it also, and it takes--. Also, if you have people who want to succeed and do well, they’re all onboard with you. It’s easy to say no, but it’s a lot different. And all you do is you garner the efficiencies. You take away the inefficiencies, and you know there’s some weak points. You just strengthen those points.

NP: Just thinking back to that time with Cargill because at some point I’d really like to focus in on the barley because that’s, as I said to you on the phone, we haven’t had a lot of people with your experience. So it will be a good addition. What would you say--. Two things. What was the biggest challenges in those years with Cargill and trading? What did you consider your biggest success?

PR: With Cargill?

NP: Or what were you proudest of during just that capsule of time?

PR: With Cargill?

NP: Yeah.

PR: Obviously--.

NP: Challenges, success, those two sides.

PR: The challenges were--. That’s a good question. My biggest challenge is when I was transferred to Quebec City. I was the first Cargill person to ever go to Quebec City. We had bought a company called Gagnon Boucher (sp?), and all the employees there had been employees of Gagnon Boucher, and the president of the company was still there, Andre Boucher. When I arrived, he wasn’t happy to see me. I was considered a spy to the company and trying to just report back to Winnipeg of how the business was being run and critical of the business. The company was losing money when I arrived. That part of the company was losing money. In the year I was there, besides getting some terrible assignments from my boss, I learned a lot of the business, and I was able to turn the business around. We made some--.

**[0:50:30]**

NP: What was their business?

PR: Their business was trading grain into Quebec. They had bought an oil refinery, oil tanks, storage tanks, and converted them to grain tanks. So there was five huge tanks. It held 35,000 metric tonnes of grain. It could only be serviced by self-unloaders. So the boats load in Thunder Bay, come to Quebec City with feed barley, feed wheat, and feed oats, and we would trade that into the Quebec region and into the Maritimes. All truck business into those areas. So I was responsible to help in the trade of that grain.

NP: Can I ask another question? What was it that Cargill saw in that business that made them buy it, do you know?

PR: Oh, yeah. Absolutely. They believed that Quebec was obviously not self-sufficient. It was a huge market. Because of the supply demand, the money was pretty well guaranteed. There wasn't many bankruptcies due to the arrangements the government had with the hog producers and chicken and so forth. So they thought it was a huge, huge area, and it was at the time a very big area. Lots of grain traded. It certainly was easy access to load out of Thunder Bay, our facility, and load to this area. We traded a lot of grain into Quebec. Bunge, which was in Quebec City also, was our competition, and Co-op Fédérée, which was called the "Wheat Board of Quebec", were the huge buyers. They owned numerous feed mills. They had many quotas for dairy and mostly poultry. So they were always a big buyer of feed, and there was a lot of small operations, hog operations, and so forth and feed mills that we provided with. So it was big competition.

NP: This is an inserted question, but Bunge, were they doing the same thing, or were they purchasing grain to export?

PR: Bunge was doing three things. First of all, the majority of business was taking grain from Thunder Bay into Bunge to export offshore. Secondly, they were taking grain from western Canada—feed grains from western Canada—and doing the same thing as Cargill, selling it to the domestic market. And thirdly, now and then they were taking grains from the Maritimes and Quebec and exporting it. I did some business out of there. They had pits to unload trucks, exported barley out of there one year to Morocco, and they can bring in corn and export, and now they even take in soybeans for export. But primarily, Bunge was built to take export grain through their facility.

NP: So back to your challenge with--.

PR: So my challenge was they were losing money, they were having difficulty doing business, and I was able to make in excess of half a million dollars in my first year. The reason I did that is I found truckers in Ontario who had business in Quebec. They couldn't speak French, so they had trouble coming into Quebec, so I facilitated that. But in that respect, they gave me cheaper truck

rates. They gave me guaranteed trucks. I was able to do business other people couldn't. I was able to buy us some soymeal from the plants in Windsor and Hamilton. It gave me an upper hand. I got to know some—much to the surprise of my boss—I got to know a lot of the buyers. I went to visit them and personally develop a relationship with them, and I was able to get some of their business. I had better margins. So I was extremely happy when I was able to perform because it was, at times, a little worrisome when you're by yourself and not too much support.

NP: Who would have thought that your competition there would have been aware that the ability to create these connections were pretty important. [Laughs]

PR: It was, but some people didn't--. You had to go the extra mile to find the odd, if you want to call them, opportunities. That's what it did. I mean, you have Ontario truckers coming in that were pulling out some product going back into Ontario. They needed some loads in, and I just guaranteed them loads in. They could load Sunday nights, phone me Monday, and I'd find a home for it. It was just opportunities. And there was other things I was able to do that things were on. When you're running a business as they were with no one ever to come in from outside, you think you're doing everything right, but there's things you can do differently. I mean, having worked in Winnipeg, I worked in Montreal, there's always things you can look at differently. With a critical eye or critiquing eye, you can do things differently and just tweak a few things and get a couple people onside with you. They had a couple young traders there who said, "Look, Pat. That makes sense. Let's do it that way." Just change.

Well, if you alter that percent or two that you're losing into a percent or three to make a profit, that's five percent you've changed. It's not a significant amount, but it turns into profitability, and that's what you have to do. You have to have a keen eye. "Okay, what are they doing? What would you do different? Would this work here?" And Quebec is a little different than the West. Like I said, it's a lot of family businesses and so forth. So, "How do I do business differently here? How do I introduce myself to these guys?" You've got to visit some buyers and say, "Look, I know Bunge does all your business. Would you give me five loads a month?" "Sure. We'll try. See how it works." Five loads you didn't have before, another customer five loads. The next thing you know, you've got an extra 100 loads you didn't have before. It's just doing business a little differently. Not trying to get it all, just getting a little piece of it. Just saying, "I want to take five percent of your business or ten." They'll never know it's missing. So you introduce yourself, introduce new ideas, new ways of doing business, and--.

**[0:56:38]**

NP: How did that turn out? How did the challenge--?

PR: It turned out well. It showed me that, if you want to say, the street smarts and what I learned, it pays off. It showed me going forward I had a skill set that really worked well. And I went to visit Bunge. I knew the president of Bunge through my dad, sat down, had lunch with him, and we talked about if we ever needed help to work with each other. My boss found out. He was extremely distraught. I'd phoned Winnipeg, and I said, "Look, that's the way I do business." I said, "Just do your thing."

NP: Bunge president, was he--?

PR: He was in Quebec City.

NP: Okay.

PR: Valmont Vachet was--. And then I got to know the trader. There was no reason why if my boat was late, we wouldn't help each other out, and in those days, they didn't do that. Well, it was more economical to work with each other than not at the end of the day.

NP: So did that challenge turn out to be your best success as well, or is there something else that--?

PR: No, for Cargill, yeah, that was a big challenge and very successful. I mean, from when I started to what I accomplished, it was a big thing for me.

NP: Then you moved on.

PR: Then I went to work for Stow Grain, came back to Winnipeg.

NP: Now, Stow Grain. I've never heard of them before.

PR: No, you wouldn't have. They no longer exist. It was three brothers who owned a grain elevator in Graysville, Manitoba, which is very close to Carman—eight miles away west of Carman, southwest. They'd approached me. They'd approached me, took me out for dinner the week before I was leaving for Quebec City, and said they'd like to hire me. I said, "You can't because I've just accepted a job in Quebec City, and I've given my word." And they said, "Well, what would it take to change your word?" "Nothing. I've given my word. I'm going to Quebec City. Phone me in a year." Well, they phoned me in a year, and they offered me a position. It was interesting because, at the time, Cargill were debating where I was going next, and I didn't like some of the answers. [Laughs] I wanted to get a little bit more like my dad, international and so forth, and I thought Cargill was my vehicle, but

it just didn't turn out that way. There were some issues, so I left. I came to work for Stow Grain. They set up an office here in the old Grain Exchange Building, and I started trading. My first venue was all my contacts in Quebec, some of the guys that did-- . So I phoned. I started shipping feed wheat to them by railcar, so that was very interesting. They were very supportive, and I had some customers who, "Ship as much as you want." I had some customers in the Maritimes also. So I developed a business which they didn't have.

Then I started trading export off the West Coast through Continental Grain, started getting some contacts and doing more and more business. Then I learned a little bit about doing business into Europe. So the company started to expand, and we were doing well. They built another elevator—very small elevator—in Souris, Manitoba. So we started to trade on the trading floor, trade cash. It was interesting times.

NP: Why did the Stow Brothers, why did they go into this for themselves as opposed to just deliver to someone else? It's unusual that anybody was starting up their own operation.

**[1:00:14]**

PR: It was. It was. I guess the fact that they had an elevator, they thought that maybe they can get a little more ambitious. I mean, in hindsight, I think it was a crazy move on my part, I mean, to leave Cargill, the biggest company, to go to the smallest company in western Canada. But it really turned out well. I mean, I learned to trade other commodities. We did business with Gimli. Gimli was obviously the makers of Seagram's and their Kolomyka vodka. We sold them a lot of corn and rye. It was very good contracts. That was the base of how we made some money, and the eastern business was very big. Shipping railcars, at the time, they'd never done that, and profitability was huge in shipping railcars.

NP: Is Gimli still operating?

PR: Yes.

NP: Okay.

PR: It's owned by Diageo presently.

NP: DiAngelo?

PR: Diageo, I think it's called. They're still there. They're still there. They're huge, and they still buy local rye and corn. So that was interesting times.

NP: How was--. They would have been making their own arrangements, then, with the rail companies, and a small company wouldn't strike me as having much leverage with the--.

PR: They didn't, but what I did is in those days, you used to have--. Every grain company had producer cars. So Stow Grain was allowed one car, but in Plan C you were allowed unlimited cars. **[1:01:52 If I ordered Plan C, it sold them down east]**. Well, what happened is every company had one car. So **[1:01:59 Malchie Grain]** in Quebec, Bunge in Quebec, other grain companies I knew, I'd phone them and say, "Can I have your car this week?" "I don't know what you're talking about, but yes, you can have my car." So I phoned about ten companies that I knew very well, and they would give me their cars. So all of a sudden, when you asked the question, "Where do I get my cars?" I realized there was a way to get around this. We couldn't survive on one car a week, so I found how to get extra cars. I could ship cars to Thunder Bay and deliver. I could ship cars in different areas.

And then the railroads and--. The railroads were okay with it, but Manitoba Pool wasn't okay with it. They were next door to us. They were trying to find out what is going on here. "It's got to be illegal." They kept phoning the railroads and the Wheat Board, "There's something illegal about this." It was all legal. Then eventually they started phoning these grain companies. Some of these companies, like I said, **[1:02:52 Malchie Grain]** and all these others said, "Pat, is this anything illegal?" "No. It's all legal, guys. I wouldn't get you in trouble." So you learn to work the system, if I can use that term, and we really evolved. We really took off and started contracting grain for the fall, for September, October, November, so I could ship it down east to my business and started tying up contracts at both ends. It started to be a lot of fun. We really grew the business.

**[Audio pauses]**

NP: I've got it now. What is it?

PR: Fair enough.

NP: So if we encapsulate that experience with Stow Grain, you went from there to UGG, is that right?

PR: Correct. Yes.

NP: So Stow Grain. Biggest challenge, how you dealt with it? Can you think of anything else that--?



PR: Stow Grain was a huge, huge challenge when you consider that at one time it was only--. I hired two more traders. But the big thing with Stow Grain was when I ran into trouble was when there was a big drought in '88, and the problem was I was afraid--.  
[Telephone rings] Do you need to take that?

NP: Yes. [Audio pauses] With Stow, and then we'll move onto UGG.

PR: Major accomplishment was Stow became a household name in Winnipeg, if you want to say, in the grain trade. People knew who we were because we were trading, and that was kind of great because when I went there, nobody knew who they were. When I eventually left, people knew Stow Grain. It wasn't a powerhouse, but it was somebody who did some serious business, somebody who traded with them, who was good business.

NP: And I think you started to talk about what the challenge was, and that was, you said, about 1988? There was a--.

PR: The challenge was actually, if you want to put it, is I was doing most of the trading. I did hire some people, but it was, at the end of the day, you realized that it was 40 people relying on you. It makes it difficult. And then there was a drought in '88. We realized that we weren't going to do as well, and it started to phase in that there could be a lot of people hurt here if you don't succeed on a regular basis. I guess I was a little burnt out. I worked hard for seven years.

[1:05:21]

NP: And then came the move to UGG. What opportunity presented itself there?

PR: UGG was a big company. I didn't know an immense amount about them, but they were a big co-op and so forth. I felt at the time they were well financed, and everything was going well. I learned differently once I got in there, but I started in the trading area working for one of the feed grain traders, and then the manager in charge, Brian Hayward, came to see me one day. He didn't know me that well. We got to know each other a little bit, and after about six months, he says, "We're going to make some changes, and I want you to be part of the changes." Then they made me trading manager, made me in charge of all the trade. I really, truly enjoyed my time at UGG.

NP: When did you start there?

PR: I started in--. Where were we? '70, '79, '90. Was it '91?

NP: Around '91.

PR: Let's say around '90-'91.

NP: And how long were you there?

PR: Seven years.

NP: So to '98.

PR: You'll see a seven-year itch. You'll notice that there's seven years in most places.

NP: Yeah, right! [Laughs] There seems to be some--.

PR: So I worked, then I got into the trading, and we were mostly trading on a FOB [Freight On Board] base, FOB Thunder Bay, FOB Vancouver, and to me, it didn't make sense. It wasn't profitable. I knew some grain trimmers through my dad and Holland, so I phoned. I said, "Look, can we do business? How do we do things?" So I started doing some business in Belgium in the hog industry selling feed peas and into Holland, and then I knew a good friend of mine had worked for a company in Montreal named Agro. He was a broker into France and into Morocco. He introduced me to some customers in France in the hog industry in Bretagne. So I started to compete against Toepfer and other companies offshore and wasn't getting much cooperation, but I started to learn how to trade in the export business. And then one of the things I did is started selling part cargos, like I told you earlier on, grocery cargos—a hold of canary seed, a hold of mustard, two holds of flax—and different things so that I could service more customers. A lot of the small customers I had could only take 250 tonnes at a time, so it was a matter of combining as many people as you could on a cargo—started doing business in that manner instead of trying to sell a whole cargo to one person.

So that really opened some doors for me and opened some opportunities for me, and then I realized there was different ways of doing business. It was smaller time. So what I did was I sat down with Cargill, and I sat down with JRI [James Richardson International]—two traders I knew—and we made an arrangement over lunch on a handshake that we would do boats together. What it meant is that we would charter boats together, and when the boats came to Thunder Bay, we would say, "Well, do you need this boat?" "I need some flax, or I need two holds." To make a long story short, this relationship worked for three years. We averaged about 40 boats a year. It was a fantastic relationship. Very good relationship. And every year, one of us would take responsibility of the work on the boat, and we hired a broker in between us to make sure that no one was taking advantage of

everyone. In the fourth year when we sat down to negotiate, one of the partners said, Cargill said, “Our Geneva office wants in. They want to be a partner.” And we said, “This was always going to be Canadians.” So we just had lunch, shook hands, and that was it, but it worked for three years. It was a great relationship.

In the meantime, I got to know more and more customers in the export side. It was wonderful. And then, I really started doing malt barley business, and it developed into a huge business. I had some customers in China, and then I flew into Colombia, into Bogota. I’d made arrangements. I met through a broker, and I flew into Bogota to meet the buyers, and I met the buyers. Most people were a little concerned to go to Colombia in those days. It was a little dangerous. So I flew in, met the buyer, and to make a long story short, I had a very good relationship. I sold to them for about five, six years into Colombia.

NP: This is through UGG?

PR: Through UGG. And I shipped out of Thunder Bay, shipped out of Vancouver. I developed a huge, very successful trade in malt barley, as well as started doing business domestically to Canada Malt and to all the Canadian companies, to the US, and to Rahr, to AB. And one year, I traded into China. I traded into Brazil. I traded into Colombia, traded into Mexico. Australia had a terrible drought. I traded two cargos to Australia, traded to Korea. Had an unbelievable year. You know, we were very big in the country, just were doing very, very well trading malt barley, and it expanded our business, obviously, into areas we hadn’t been before. And as well as I was trading in France and Morocco, things we’d never done before, so it was really enjoyable time of my life. I really worked hard, but the benefits were wonderful.

**[1:10:48]**

NP: What made the markets available? Why hadn’t UGG or somebody else tapped those markets?

PR: Well, it’s not like some of those markets weren’t getting tapped. It’s just Colombia, they weren’t buying as much grain at the time. They were buying a little bit from Australia, a little bit—one or two cargos—from Canada. I just went to visit them. I caught them on a wave as their business was expanding, and it was fortunate, so we worked together. We sat down there, and I said, “What is it that you want? How can we do business together?” And we developed an extremely good relationship. They were very comfortable. I explained to them how the market worked, how the world prices—. And one year, I flew down in February in the middle of winter and said, “Look. I’m not comfortable with the world market. There’s problems in Europe. There’s problems in Australia. I think you should do something.” And they did. They bought some grain. Eventually, it was \$40, \$50, \$60 cheaper than the world market when we started shipping it because in February—30 below—there’s not much going on here, but you could see problems developing. When we started shipping in October, November, December, January, problems had occurred in those

countries, and the market was relatively inexpensive to everything, so it just made sense. So it was a good relationship. I flew to Colombia a few times. As I told you before, I knew the country and some of the history of it, and it forced me to learn a little Spanish later, so I could at least do a little bit of business with them that way.

NP: So how would you describe doing business in Colombia versus doing business in France? Other than you could speak French, which would make life a lot easier. [Laughs]

PR: Doing business in Colombia was not awkward. It was one buyer, a very good buyer. It was owned by one family. The fellows I dealt with, I had a contact in Bogota, fellows I knew, the Lopez brothers. Everything worked well. I must admit, doing business in Colombia was easy.

NP: How did you know the Lopez brothers?

PR: I'd met them through another person and got to know them. We conversed very naturally and very easily on the phone, and then one day I said, "Well, I'm going to come down to visit. I mean, if I'm going to do business with somebody, I need to see their operations." And we did, and I was one of the first persons to visit the Colombians in a long, long time in that business.

NP: What were they producing?

PR: Beer.

NP: Beer?

PR: This was strictly for beer. This was all malt barley. They were buying six-row malt barley at the time and eventually switched to two-row malt barley.

NP: Why?

PR: Why? Because we were starting to run out of six-row barley here. [Laughing] They didn't need to know. And the extract was better on two-row, and I told them, "The whole world buys two-row," which they do. Canada was unique. I said, "The thing is, if you ever make excess of malt, you can ship it to anywhere in Latin America or South America. Somebody will buy it from you. They won't buy six-row malt, but they'll buy two-row malt." It was just more feasible, easier to do business that way. They were

good. We had a great relationship. I would always tell them, “Don’t buy everything from me. You should buy some cargos from Australia in case we have problems.” They learned to buy optional origin, and it was very good business. Very good business.

NP: Any differences in how their operation worked in producing beer, or is malting pretty much the same right around the world?

PR: It’s the same all around the world. They had it built by Germans. Germans are notoriously renowned for building excellent malt houses. Great brewers, and that’s who they had it built by. The only challenge going to Colombia is imagine shipping 30 below, and it’s 30 above there when it gets to Cartagena. You’re shipping from here to down there, and sometimes there was issues in the grain. We’d send some technicians down to make sure, and we’d tell them, “Guys, be careful. Don’t hold the grain too long.” And they’d say, “Gee, the grain’s still cold.” “Well, it left at 30 below, guys. It’s not going to warm up. It’s in a hull. It doesn’t warm up that quickly.” But as I say, technically everyone knows how to malt barley. Everyone makes beer--.

**[1:15:13]**

NP: So what would they have to do? Raise the temperature somehow?

PR: No, they’d--. The grain would warm up. It wouldn’t take long to warm up. It’s just a matter of if it gets too hot, they have to make sure they keep things cool and so forth. It’s the same issue when you go to China, especially when you ship in the winter in February. It’s 30 below. It gets there, it’s 30 above or whatever. They all know how to deal with it. It’s just some varieties are a little more finicky than others, and you just want to make sure. We would provide them with sufficient information that they can malt it properly, and now and then, there were technicians that would go down and teach them. I’m not a technician. I’m a trader. I buy and sell it, but you find the right help for them.

NP: Moving to UGG, having worked in Cargill, any differences that you saw in the operations?

PR: I think Cargill was a little bit more organized. I saw a huge difference between the privately-run operation vis a vis a co-op run operation. Whereas Cargill would put their best people in, sometimes the co-ops would put people in based on seniority. You’re not always putting your strongest people into positions, and it was, I think, endemic to the situation at times. That was a big factor. Whereas Cargill wasn’t opposed to change, initially change here was not the easiest thing in the world.

NP: Why do you think that was?

PR: I just think they were settled in their way of doing business, and they had been doing it that way for years. Why change? “It’s working. Why change? Why do you want to rock the boat?” “Well, because there’s a better way to do business, and we could do more.” The thing that also you want to do is eliminate the waste and the errors. When you do a budget, if you’re sitting doing your yearly budget and say, “We’re going to do five percent more,” then I’d say, “Well, we’re going to do one percent more.” They say, “What do you mean?” I say, “Well, look. If Cargill and JRI and everyone else is sitting in their office and saying they’re going to do five percent more, well we’re already 50 percent more as an industry. Let’s do one percent more, but let’s not make the mistakes we did last year. Let’s avoid the mistakes, just avoid those, and one percent more, we’ll make a lot more money.” And we did.

NP: So what were some of the mistakes that occur in those situations?

PR: Well, sometimes you’re permitting your country operation to buy whatever they want in the elevator. They’re bringing in all sorts of grain. “Well, I can move feed peas. I can move this.” “Well, there’s no room for feed peas.” I’ll give you an example. Every morning I would get the stock sheets. Well, we had 8,000 tonnes of flax. I said, “Ship it all to Thunder Bay because there was a huge inverse in flax. I could sell it. I can move it to Europe.” Then guys would come back, “Well, we can’t. There’s 40 tonnes here. There’s 20 tonnes there.” I said, “Well, how many car lots do you have?” Rather than 100, I had 18. I said, “All right. Do two things. Either truck the flax from one elevator to the next, or ship flax. Put it in two hoppers in the car and put peas in the other two hoppers because if they mix up, it’s easier to separate, or put canola. Whatever.” So to make a long story short, moved that grain to Thunder Bay, opened some bins in the country. Get it to Thunder Bay, sell it at an inverse. Just things--. And some of the flax had been sitting three, four years. You just work smarter, if I can use that terminology, and that’s what you did. You started looking at, “All right, how can we work better?” Sit down with each other, say, “Look. We’ve got to improve this.” That’s what I’m saying about eliminating some of the waste and improving. So I would work a little harder on the sell side, but, “Let’s coordinate what we need coming in in the country and then move it. If you had too much, move it to Thunder Bay. We have storage. We have cleaning capacity. And just let’s use all our assets properly.” It’s amazing what you can do, how you can change things and be a little bit more profitable.

NP: What was happening at UGG at that time because, obviously, very shortly would be moving into major, major changes?

PR: Yeah, there was. I mean, one day I went to have lunch with Brian Hayward, and he said, “I’m moving up.” He was my manager. “To what position?” “I’m taking over the company. So that was--.

NP: Who did he replace?

PR: He replaced--. Oh, what was his name? Not Lorne Hehn. It escapes me right now, but it was a huge move.

NP: Greg Arason?

**[1:20:01]**

PR: No. Greg Arason worked for Manitoba Pool.

NP: Oh, okay. Sorry.

PR: Yeah, Greg went to the Board. Lorne Hehn had been at UGG. He went to the Board. I forget the guy's name. It's terrible. I see him as clearly as I see you. So that was a big move, and then Brian was very supportive of what I did, and he gave me a lot of liberties to just make it work. And I did. I must admit, it was an enjoyable time in my career, very enjoyable.

NP: When did UGG and--?

PR: Viterra?

NP: Manitoba Pool, I guess, is the first.

PR: Oh. That happened--.

NP: After you left?

PR: It must have been after I left. Was it before? Yes, they engulfed Manitoba Pool. [Coughs] Excuse me. They engulfed Manitoba Pool, and then they got bigger, but then eventually Viterra or Sask Wheat Pool bought them out, as you know, about six years ago, five years ago.

NP: Mmhhh. Oh, yeah. I followed all those. [Laughs]

PR: No, I know you did. Some of the years escape me. I joined UGG in '88 because it was the drought of '88.

NP: Okay. Oh, okay. And left in '98?

PR: Left in '95.

NP: '95. Oh, okay. Yeah. So things hadn't really started to happen there yet. This is an easy question. Tell me about the barley business, the malt barley business.

PR: Malt barley business, obviously, is a very special business. It's now a special crop. It's unique, as you know. No malt barley, you don't make beer. Without--. I got into it a little bit because the fellow that was trading it originally at UGG, we just moved him to another area, so I really inherited it, and I had never traded it before, but I really got engrossed in it. It's a varietal situation. The specifications are very different, and the customers are very unique. I mean, there's only four customers in North America. There's Anheuser-Busch, there's ourselves, there's Rahr, there's Malt Europe. These are malt houses. You sell to malt houses.

NP: What's Rahr?

PR: Rahr is a US company.

NP: Spelled--?

PR: R-A-H-R.

NP: Okay.

PR: And they're in Minneapolis and Shakopee, and then they're also in Alix, Alberta. They're maltsters. And then there's, of course, Canada Malt's the biggest in Canada, and Cargill was a big maltster. They have an operation bigger in Spiritwood, North Dakota. So I started trading malt barley domestically, and then I started looking where else? I mean, the Chinese were evolving. Tsingtao, Chinese business was evolving. I met a lady who worked for Tsingtao in Vancouver, and to make a long story short, started trading to that company. Then I got involved in the Colombian business, then I flew to Mexico to meet the owners of Modelo, and then I flew to Guadalajara to meet the owners—or Monterey—to meet the owners of FEMSA, that's like Heineken now owns FEMSA, and we own Modelo. It was like Molson's and Labatt's in those days. So I got to know both parties, sold to both parties. You ship rail cars, and one year I shipped out of Thunder Bay to Veracruz. Another cargo I shipped to Brownsville.

So I started knowing all the players and introducing myself to them and telling them we were one of the biggest shippers of barley, and really, we did a great job. We were good at analyzing the market, shipping the commodities as wanted. And then it developed a



little bit more into China, started doing some more cargoes with some different companies. So we were a big player. We did a lot of business.

NP: And there's also the contract side of it with the farmers. Was that your responsibility as a trader?

PR: Yes. Yes.

NP: So tell me a bit about that.

PR: Well, what we did is, regardless of the fact that the Board is Involved, you still had to physically go get the grain. So what we started doing is developing a system advising farmers how we'd buy grain. We'd tell them, like, "You grow malt barley," and everybody always wants to move off the combine and so forth and wants to move grain early. What we started doing is buying grain in segments, September, October, November—or off the combine September, October, November—then January, February, March, then April, May, June, then June, July if necessary, and telling farmers, "Fine. You're selling us 500 tonnes? We'll take 200 now. We'll take another 100 later." Their job was to grow good malt barley, and our job was to move it. They did their part. We could do our part and supply our customers at the other end. So you need to get all parties onside of what they need and what they want and so forth.

**[1:25:31]**

And the farmers, I'd go speak at groups and meet them. Some I'd go see on their farms, and some--. When you speak to farmers, they don't ask questions, but you'd stick around for a day, and they'd come and see you privately. So you start building your business that way and I started telling farmers, "Thank you for growing barley. What do you want to do next year?" Don't forget, barley's in a rotation, and you just build up your business base. Once you got your--. Also, you had to get your elevator managers involved in it, wanting them to handle malt barley. It's a more difficult crop to handle. If something goes wrong, there's a big difference between malt and feed. They can take a big hit on their bottom line and their bonuses and so forth, so everybody has to be engaged.

NP: Let's talk about the farmers then. Was that always problematic? Because I would think--. What made the difference in growing conditions, and what kind of control would farmers have over any of those conditions?

PR: Well, you have to be--. Yeah. Mother Nature is certainly the last determinant of whether you're going to have a malt barley crop or not. Some others, there's best practices that you have to follow, and if you don't follow the best practices—you try to cheat,

cut corners—the odds are you're not going to make malt barley. There's a difference between a malt barley grower and a barley grower, and what you try to do is find the malt barley growers. Those who enjoy doing it, and those who most of the time produce a crop, like, nine out of ten years, providing Mother Nature doesn't—or hail or some other thing—doesn't happen. So the key is to wean out the barley growers and find as many malt barley growers as you can.

NP: So what are the practices they have to follow in order to do the best they can to produce malt barley?

PR: Obviously, you know, you've got a good piece of land, good, certified seed or good, vibrant seed that germinates properly and so forth, the right amount of nutrients, the fertilizers, the nitrogens. Making certain that you spray the crop at the right times, that you're monitoring your crop. You go visit it every week or every three days. You just can't put it in the ground and walk away. Making certain that you're combining it properly so you're not shattering the grain, and that once it's in your bin—if it's made the quality necessary—that you're storing it properly, that you're monitoring that it doesn't catch, that it's not heated, or weevils get in or anything else. Part of the arrangement of getting a premium for it is you're looking after it properly. It's not like you just throw your feed barley or even good wheat, you throw it in the bin and just leave it there. As long as it's properly dried, it's not an issue, but malt barley, you've got to be careful. You've got to make certain that everything is properly done.

NP: And what atmospherically can happen to, like--?

PR: Traditionally, if you take off a good crop—for example, this year—if you store it properly, nothing should happen to it. You should be able to carry it for--.

NP: So the right amount of water--?

PR: Yeah. If it's--.

NP: So if it's--.

PR: If it's dried properly, at the right moisture level, and so forth, there shouldn't be anything that should happen to it for quite a while.

NP: Okay. Does it matter whether there's--. Which is worse for it: too much rain or too little?

PR: I think too much. Barley has a problem with too much rain. Too little, it can still survive. It has some properties of it that won't do as well as others. It won't be as plump as others, but it shouldn't affect the rest of it. Too much, it drowns out. There's a disease called fusarium that causes a problem in the barley, and if there's too high a level of fusarium in your grain—or vomitoxin—then you can't select it. You can't use it. It creates gushing in the beer, and it's just not acceptable.

NP: Now, so that's the farmers. What about the country elevator people? What do they need to be aware of to not screw things up?

PR: They need to be aware of, obviously, accepting grain that makes the specifications, not blending it with something else, not trying to take 15 protein and blending it with 10 protein and trying to magically make things work because there'll be results at the malthouse that will be very noticeable. You know, make sure it's properly dry and that the same variety is in the same bin because it's all traded based on varietal specific, so not trying to mix. You know, we bought grain where guys have a little bit of extra six-row, so they figure, "I'll throw it with the two-row. It's okay." It's not okay—just items that common sense tells you, "This is what I have to do to malt barley." And some of the managers don't like to handle it because of that reason. "It's varietal specific. I can't put three loads of canola--. You know, I can put three loads of canola into one bin, but malt barley, if it's two different varieties, I can't keep them in the same bin. I only have half-bins full. I'm losing space. If something goes wrong in the barley, it comes off my bottom line, which we don't like." So there's some elevators that don't like to handle malt barley, and others are very good at it, extremely good at it, and they like to handle it.

**[1:30:49]**

NP: With the advent of the inland terminals versus the little country elevators at every stop, does that make it easier? Does that make it easier for the companies to not worry about mixing and--?

PR: It does because--. [Laughs] I think, in general, today you have trucks--. Once you load a truck, it can go 50 miles, 100 miles, and it's a lot easier. Before, you didn't go more than 10, 15 miles. You can have elevators that handle primarily malt barley. Therefore, you can contract out 100-200 miles, and they deliver to that elevator, and that elevator can ship—especially for export—100-car trains. That brings efficiencies. Yes, it does make a difference. You have less elevators handling grain. It's a lot easier if you have three elevators shipping you 100 cars each to a boat in Vancouver. It makes things a little easier.

NP: Who pays the extra freight for shipping those distances?

PR: It's all should be involved--. You know, there's trucking premiums. There's premiums for barley.

NP: It's all part of the contract?

PR: Part of the contract. You're buying on a delivery basis. You try to, at least.

NP: Yeah. Is it a buyer's market being, you know, say UGG buying it from the farmer, or a seller's market, or does that vary?

PR: It varies on the year. It varies on the size of the crop. This year, the crop is outstanding. Probably the nicest crop I've ever seen. It is 100 percent a buyer's market right now. Last year, it was a seller's market. There wasn't enough barley around to cover all the requirements of both domestic and export, so it was strictly a seller's market, as well as because of the corn drought, prices went up so high that feed and malt were at the same levels. So if you didn't pay a premium, you weren't going to get your malt. This year, we have a huge, huge crop. We're buying grain. People are chasing us to buy.

NP: This sort of takes us--. Well, no, I guess with malt barley--. You were selling directly or developing markets directly with the companies in other countries so that you really were in competition with JRI, Cargill, and--.

PR: Toepfer and other people, yes. That's correct.

NP: Yeah, yeah. And there aren't--. There's just, as you mentioned, the Rahr, Anheuser-Busch, Canada Malting, and Cargill. Were you, when you were with UGG, were you also selling to those companies?

PR: Yes.

NP: To the bigger companies?

PR: I was selling to everyone in North America.

NP: And tell me about that North American market.

PR: North American market, it's a 100 percent rail market. Rahr is in Shakopee, which is next--. It's like Winnipeg and Saint Boniface. It's Minneapolis next-door. Then I would sell into Milwaukee, and that was rail, selling into--. When you sell to AB, there was different facilities, their malthouses that it would go to. Canada Malt, there's some—I should say all—there was some truck involved with Canada Malt because they have an operation in Calgary. You deliver there by truck, but we also delivered by rail. They have an operation in Thunder Bay, so we deliver there by rail, as you know. And then there's an operation in Montreal,

and we would ship there by rail also. In those days, you didn't have to ship 25-car trains. You could ship five cars, and they needed five cars every week, and it was business we did. I think for those companies, it was a matter of not always buying from the same supplier, so you try to get a little bit of action through all those people. The secret was to trade to all of them if you could. It would just permit you to trade more grain, bring in more grain. It was nice to do business with all of them. If you didn't, so be it. And then, Thunder Bay permitted me the access to go, as I said, to Mexico and to Colombia if need be if I had overages. It was a great place. In those days, the ocean vessel ships weren't that expensive, not like today.

**[1:36:12]**

NP: Now, Canada Malting was shipping into the States as well. Would that be--?

PR: Yeah, they owned operations in Pocatello in the US and LA, and they had malthouses in those places also. Yeah. They still operate those. I think they closed LA, but they still operate in Pocatello.

NP: You may not be able to answer this question because it's a question about Canada Malting out of Thunder Bay. I was talking to the manager there, I guess, over a year ago.

PR: Al?

NP: No, not any longer.

PR: Oh, he's gone?

NP: No, there's a Jim now, Desaulnier. They were shipping a lot out of Thunder Bay versus out of Calgary, and then for some reason there was a shift, and my question is why would there have been a shift, do you know? Why would, all of a sudden, you be completely changing your port of shipment, or location of shipment, because Calgary wouldn't be a port?

PR: No. Well, the Calgary business, they primarily supply Molson's and so forth.

NP: Okay.

PR: The shifting thing is just a matter of the cost of barley, but last year, as an example, if you could get barley in Manitoba and ship it to Thunder Bay, you did. There was a real shortage of barley last year, and maybe it was more economical to go through

Thunder Bay last year and process it there and ship it down to Montreal and wherever other operations they were covering. Other years, if it's plentiful in Alberta, and they want to max out Alberta for profitability wise, it depends. Normally, they try to get all three of their operations running well, but it varies some years. I think even last year, Canada Malting imported some barley from Europe through Three Rivers from their Montreal operation. Last year was a terrible year. It was very short of grain. The only reason we weren't short, we carry grain for 16 months, so we can easily survive until a new crop. If there had been a problem with this new crop, that's a whole different thing, but this new crop is fantastic. And the other advantage, our crops in North Dakota were excellent last year, so we were very well covered as far as an operation and the grain coming out of Canada. Even though it was so-so, we weren't as reliant on it and so forth. So that could be the issue. It depends from year to year what the--. Like this year, the grain is plentiful. The grain is inexpensive, so hopefully they're using Thunder Bay properly, but I don't know what their sales book is.

NP: I'm stepping back just a little bit because one of the things that you mentioned when we were talking about the malt barley business and the farmer's part in it, you mentioned the importance of making sure that you have the proper seed. Are there companies that specialize in malting barley seed?

PR: Yes. There's seed companies in western Canada that are involved in canola, wheat seed, and barley seed, and certainly some company--. And then they have farmers that grow it for them, for seed dealers and representatives. There's always somebody growing seed for you. The most important feature of this is telling what you think you're going to see going forward. As AB, we're telling them, "Look, we want these varieties of six-row, as an example. These varieties of two-row." And the seed grower will produce the seed for you. So it's a matter of communicating with the seed companies, and then they communicate with their seed growers to provide you with seed.

**[1:40:14]**

NP: Yeah. What is the connection between the buyers—like your company—and research into seed development?

PR: We spend a great deal of money. We have an operation in Fort Collins, Colorado. We spend in excess of \$5 million a year doing seed research. We sponsor an institution called Barley Malt Research Institute, BMBRI [Brewing and Malting Barley Research Institute] as it's called.

NP: Where is it?

PR: Right next-door here.

NP: Oh, okay.

PR: We contribute a lot of money to them. They have, I think, 26 research programs going this year. As I said, we put money in the University of Saskatchewan. Our company now, since we're so global, we look at operations in Mexico. We look at operations in the Ukraine and Russia to see if there's some seeds that we could--. If there's varieties that we can transfer from one country to the other. We're very similar in our topography here in Canada compared to Russia and the Ukraine—very important, very, very important. As you know, we're not in GMOs. We're not genetically altered the way canola and soybeans are and rice and so forth. So there's a critical mass. There's people. We have scientists. It's on the front burner all the time trying to find new varieties, better yielding varieties, better for the malthouse, better for the farmer—yield, shorter maturity dates, disease resistant, can be straight cut rather than knocked down first. Lots of money spent, lots of time devoted to it. I've got a conference call once a month regarding that process.

NP: Is it a hard thing to resist the GM approach to seed varieties?

PR: It's not--.

NP: Becoming more increasingly difficult?

PR: [Laughs] I think it's more difficult for the wheat industry than it is for ourselves. The short answer is yes because, obviously, farmers, as you see, are gravitating to growing more corn, more soybeans. Here in Canada, there's 160,000 acres of soybeans in Saskatchewan last year and corn acres. You're concerned that we'll fall behind, but GMO--. There's two ways of doing it. You develop GMO, but are your customers going to accept it? Right now, they're saying, "No." Or you realize that malt barley's a special crop, and you have to pay more for it to be grown. So you pay premiums for it. The yield and the return might not be the same for a farmer of some other commodity, but you have to make it so.

NP: Is the business big enough—the malting business—big enough to support traditional research?

PR: It is. Yes, it is because the companies are aware of it, and they're providing money to the research, and the government has been good. Obviously, there's more money in the private research for wheat because it's a much larger crop, but the simple answer, at this time, the answer is yes. As we go forward, we'll see.

NP: Mmhmm. You left UGG and then--.

PR: Went to Conagra.

NP: Conagra. Now, Conagra, at one time--.

PR: Conagra was out of Omaha, Nebraska. They built four elevators here in western Canada, and they owned Canada Malt. It was called Conagra Malt.

NP: Yeah. What did that move offer you that made it worthwhile to move?

PR: I mean, they pursued me for quite a while. They offered me the opportunity to certainly concentrate on malt barley, since we owned the malthouses in Calgary, Montreal, and into Thunder Bay. It gave me an opportunity, also, to start some projects that I'd never done before or was able to do at UGG as far as in the malt business. I really specified and concentrated on malt barley.

NP: So what did you want to do?

**[1:45:01]**

PR: Well, first of all, what I did is I built what we call labs at every one of the facilities. We had four—Yorkton, Kurin--. Oh, what was the other one? I built labs in the facilities so when the barley came in, the fellows could test the grain immediately, even to the point we had germination cabinets. Within a week, they knew if the grain was good or bad. So we didn't have to send it and wait two weeks. Then what we did is—it was a way, an introduction for our company, nobody knew what Conagra was—is the other thing I did is I was the first one to start paying for barley upon delivery. Normally, you would ship barley, wait for the car to be delivered, tell the farmer it's okay, then pay them. So we called it street malt. We're the first ones to start that, much to the chagrin of our opposition. So we started buying grain, and the fact that we bought street malt, it gave us the opportunity for the farmer to start--. "Well, where's your durum? Where's your canola?" It gave us the opportunity to buy us the other grains, but it gave us a big advantage. And then what I did is specifically started going out to farmers, telling them what we wanted to grow, and giving their timelines of when they can deliver much more specifically because I was selling to Canada Malt. Obviously, we were sister companies. Then I was doing some export business into the US and Mexico and still doing a little bit of business offshore, so really able to build a huge program out of three elevators. It also helped us to, as I say, to build our other grain handling.



NP: What happens when you're paying the farmer on delivery and then, all of a sudden, you get it to wherever you're going, and you find out that it isn't--? How does that--? What do you do with the product that's not suitable, and how does that affect the farmer?

PR: I'll be honest with you, in the seven years I traded for them, we only had seven cars that were rejected out of 7,000 or so. To answer your question, it's the worst phone call you can make. To receive, I should say. Then you have to find--. Then you start seeing if there's a way they'll take it at a discount, or is there a way we can work something out? And if the answer is no, then you have to bite the bullet and find a feed market, take your loss, and just go on with life, and then go back and see what you did wrong. But the advantage of having the labs there and then going to the farms and getting the samples and re-examining the grain was a huge benefit. As I said, seven cars over seven years, it's peanuts. People lose 25-car trains sometimes, and we got very good at it, but it's not a fun phone call.

NP: No. [Laughs]

PR: Trust me.

NP: I think that's an understatement.

PR: I've had some before that it was awkward.

NP: Now, am I correct in saying that Conagra's involvement with Canada Malting wasn't long-term?

PR: No, they owned it--. It wasn't. They sold out--. I mean, Conagra was long-term in Canada. They eventually shut down and sold everything to Richardson's.

NP: Are they South African?

PR: They sold their operations to Richardson's. They closed down. We were, at one time, 50 employees here, and then down to seven, and then down to three. Eventually, they closed down, and Gaviolon bought--. But in Canada, Richardson's bought the four elevators, and Canada Malt was sold—or Conagra Malt—was sold to Grain Corp in Australia. So yeah. Things changed in a hurry.

NP: So who owns Canada Malting now?

PR: Grain Corp, Australian company.

NP: Oh, really?

PR: Yes.

NP: Because I just watch the signs go up and down on the elevator in Thunder Bay, and I wonder who's who. And they're Canada Malting still. That's the name now.

PR: Oh, yeah. Yeah. They're not going to change it in Canada. Now ADM [Archer Daniels Midland] is trying to buy Grain Corp.

NP: Okay. I'd hate to get bored. [Laughs]

PR: Takes a lot of changes, but it was good. It was a good time. We did a lot of business. Did a lot of business quietly. It was just a different way to do business.

NP: Finally, we come to the move to the current position, or was there something else that I'm missing in between?

**[1:50:01]**

PR: Well, when Conagra shut down, I went to work for Purdue in the US in Toronto.

NP: Oh, okay.

PR: But that was a short-lived two years.

NP: And just tell me quickly about Purdue. And it's spelled like the university?

PR: Yes. Yes. They were a produce shaper. They had some operations in Canada, which we sold in the western--. They were a big chicken operation, let me put it that way. They produce 15 million pounds of--. We fed 50 million birds a week. We produced 20 million pounds of chicken a week. We produced 90,000 metric tonnes of feed every week. So from the Mississippi to the Atlantic, they sold chicken. From the south to the west. Very big in the US and so forth. They're out of Salisbury, Maryland. I worked for them. Very, very intriguing. I learned how to trade peanut meal and some other things I'd never done before and realized that some

of the peanuts that were not suitable for human consumption could be fed to chickens or to catfish. So there was a lot of things I learned. It was a dark time and an interesting time because I lived in Toronto. My wife stayed here, and I'd commute every three or four weeks. It taught me something else too. I was very appreciative when I got back to Winnipeg and when I got a job with Anheuser-Busch at first, now it's Anheuser-Busch InBev. It's been fun. I mean, I enjoy malt barley, obviously. The nice thing, I've retained a lot of my contacts, and even some of the farmer contacts I've been doing business with for a long time, with some of the characters I deal with. They are malt barley growers.

NP: Well, and I think there's probably a pit more cache to malt than to chicken feed.

PR: Yes. Much more. Much more. Although, that was a little interesting. [Laughs] There is. There is a lot more.

NP: When did you start with Anheuser-Busch?

PR: September 1<sup>st</sup>. That would be '06.

NP: So tell me about that company. What is, in your mind, unique about it compared to all of the others you've worked for, or whether it's just like all the others you worked for?

PR: Oh, no. It's very unique in the sense that it's 100 percent a beer company. It is unique in the sense that when I first arrived here, the Busch family—although they didn't own all the shares—controlled the-- They ran the business. Obviously, it's a very proud company. You've got the Clydesdales. You had the amusement parks. You had all sorts of-- You know, they own golf courses. They were involved in all sorts of other activities besides the beer business, but they were the beer business. "The kings of beer," they say in the US. In Canada, they started introducing their beer. It was a fun company to work with. It was a company that never wanted to run out of beer. It wasn't as profitable as it should be because they had a-- They were overstaffed. They were loose in how they did their business before, but it was a great company to work for.

Then we got bought out by InBev, which is a combination of some Belgian company, but really this company is owned by three Brazilian families. They run the company. They run the whole show. It's a very, very differently-run company. And since AB wasn't investing anywhere—you know, they invested a little bit in China at some point—but Anheuser-Busch InBev is a dynamic company. As I said earlier on, we're the biggest brewers in the world, and now we're the biggest maltsters in the world. At one time, we were always big brewers, but ever since we took over control of Modelo, which is 60 percent of the Mexican market—they have three huge malthouses, breweries—we've just gotten that much bigger. We are in every part of the world but South Africa. Parts of Asia we're not in, but certainly we're big in China. Obviously, we're huge in Brazil and parts of South America. In

parts of South America, we're 90 percent of the market or 95 percent of the market. There's no laws restricting you for how much of the market you can control. It's a very vibrant company. It's extremely, extremely well-run. They look under every stone to maximize profits. They look at any new invention, any new proposal. They do benchmarking. In other words, their operations in Europe, their operations in North America, their operations in Mexico and South America, "Which are the best practices we can use?" And then incorporate those everywhere they can—in their breweries, in their maltings—and just try to be as efficient as possible.

**[1:55:07]**

NP: So you sitting here in Winnipeg, where is their head office now?

PR: The world head office is in New York. There's about 40 employees there. The head office I report to is in Leuven, Belgium. That's the international office, and it controls everything. There are seven zones. North America is a zone. The head office is in St. Louis. Mexico is a zone. The head office is in Mexico City. In Latin America, we have two zones—Latin American South, Latin American North. In the north, it's in Rio, and in the south, it's in Buenos Aires. In Russia, Moscow. Ukraine and Moscow are a zone. It's in Moscow. Europe, it's in Leuven. China, it's in Shanghai. So everything's a zone, and everyone's got to make their profits and so forth. But Leuven controls everything.

NP: Mhmm. So what are-- Is the Winnipeg subzone--.

PR: I'm part of the--.

NP: North American.

PR: North American zone. However, I'm the only person outside of Leuven that works for Leuven. It's called GPOs, the General Procurement Office. You know, that's--. And I'm the only one who doesn't live in Leuven. You have to live there otherwise, and they made an exception for my case because I work both for the international side and this zone.

NP: So how important is the Canadian supply to a massive company like that?

PR: Well, it's a good question because, first of all, whether you know it or not, we own Labatt. We own Kokanee, and we own Keith's. So we need about 100,000 metric tonnes of barley here in Canada per year. I ship barley in Montana, and I ship barley into North Dakota to subsidize the US a little bit. It varies from year to year. I'm responsible to coordinate shipments of Canadian

barley into China. I do some business—necessary now—I'm involved with some of the product going to Mexico. So on the international side, Canada is very important in providing grain. So I am the only employee of the company in Canada.

NP: Canada's export market—broadly, not just what you deal with—in barley is what percentage of the world trade in malting barley? You know, not within a percentage point, but within general.

PR: We do normally--. The US will buy maybe 300,000 to half a million metric tonnes a year, and China will buy the same thing. Maybe one million metric tonnes a year. When you produce a crop of nine million, it's ten percent of the crop. Then we do some feed barley out of Canada to Japan and to Saudi Arabia some years. So it's a substantial amount of money. Then you have to realize it's a premium market. It normally trades at a \$50 premium over feed.

NP: Mmhhh. So who are Canada's biggest competitors in malt barley?

PR: Australia is a large competitor. Europe, but Europe not always goes to Asia. And then Argentina recently have become a competitor.

NP: So if you were dividing up--. If you had a pie of malt barley for delivery from all the suppliers, what percentage of that pie is traditionally Canada's?

PR: We're about 20 percent.

NP: Okay. So not shabby.

PR: We're substantial. Yeah, not shabby at all.

NP: [Laughs] Now, speaking of global markets, and the Canadian Wheat Board [CWB], I believe, in its previous life had a corner on the market for malt barley. So what difference have you seen in that change, now that it's a private--?

PR: Well, there's been opportunities and challenges with the Board losing their single-desk monopoly. The opportunities are we can ship anywhere in the world we want to. In other words, I can buy grain in Yorkton, Saskatchewan. I can ship it to Mexico. I can ship it to the US. I can ship it in Canada. Before, if I bought grain Yorkton, I'd have to identify where I'm going with it. Was it staying in Canada? Was it going to the US? Was it going somewhere else? And the Wheat Board would adjust the price

accordingly. There'd be all sorts of mechanics to change the price. You couldn't buy--. When you bought grain, you had to identify the destination.

**[2:00:18]**

NP: Why was that? Just because of shipping costs?

PR: Well, they wanted to make sure if there was a premium in Mexico or if there was a drought in Mexico, we'd have to pay more for it. They were trying to extract additional revenue.

NP: For the farmers?

PR: For the farmers. And sometimes, the highest paid barley was in Canada. We had to pay an arm and a leg for it because we had no choice. We couldn't bring it up from the US. We couldn't bring it from Europe. So the Board would extract--. Now, when I buy grain, I can--. If I buy grain in the middle of Saskatchewan, I can ship it to the East Coast, Thunder Bay. I can ship it to Conrad, Montana. I can ship it to Fargo, and I can ship it to Mexico. I can buy it all the same price from the farmer and then decide where I want to go with it. So that provides some opportunities that we didn't have before. Also, we can make different deals with the farmers. I can buy grain at \$5 a bushel, and I don't have to pay the Wheat Board, call it a finder's fee or whatever price they want for it. So we can negotiate with the farmers direct, which is a lot easier and great for us.

The difficulty is, if I'm going to say there's a challenge, is that in the past, if I wanted to buy 150,000 metric tonnes of barley in the middle of February to go to China, I could phone the Wheat Board, and they'd have a price. Today, for me to phone an exporter and say, "I want to buy 150,000 tonnes of barley in the middle of February." "Can't do that." Or the price is exaggerated, or they'll sell to me on optional origin. It could come out of Australia, it could come out of Argentina, or Europe. We want to buy--. I'm a Canadian. I want to buy specifically Canadian barley and so forth, so that's made it a little bit more awkward. It's a little bit more difficult to buy cargoes than it used to be. Companies--. Well, you have to remember, now the companies have to trade wheat and durum and barley with no Wheat Board pricing. So how big a position can you take overnight? I'm going to sell 20-50,000 tonnes of wheat. Well, I can't sell 50,000 tonnes of barley as well and canola and so forth. I can't--. There's limitations on positions that companies can take. I think barley is one that they're not taking big positions on. [Laughs] They're taking bigger positions on other grains presently.

NP: Which leads me to a question because I was thinking about this the other day, and actually in relation to insurance costs and thinking that certain companies, like Cargill for certain—Richardson's less for certain, but more for certain than P&H [Parrish &

Heimbecker]—there's a lot of risk that if you're small, can you afford to take them? And what does that say for the long-term for smaller operations?

PR: Well, there's always--. Well, P&H is unique. They have some flour mills in Canada. They have an export terminal in Vancouver. There's always the ability to share a cargo with someone else. There's always the ability to sell a smaller cargo. Some people don't want a full 50,000-tonner. Those opportunities present themselves. Certainly, they can't take the bigger positions. The other issue we have, also, is you have three major companies now that control 85 percent of the trade, so you don't have much selection, right, to go to. If you have an issue at one company or another, you're down to two companies to trade with. It's awkward. I mean, there's only Cargill, Viterra, and JRI that control most of everything right now.

NP: So that's who you deal with?

PR: Have to when I want to buy a big cargo. When I want to buy 50,000 tonnes, I can't be buying it from small companies. So I'm really down to three suppliers.

NP: Hm!

PR: And if they have their own programs and other things going on, I mean, those are the challenges. Where before, you'd phone the Wheat Board, and they'd arrange your cargo. They always had space available through their agreements with the terminals. They always had space in October, November, December. You could get things then. So there's been some changes. It is going to take a little bit of time to adjust for everyone. I mean, you talked earlier on about boats waiting out on the West Coast. Well, in the prior times, the Wheat Board paid all of those demurrage bills. You'd read stories about the Board paying \$25 million in demurrage and so forth.

NP: Well, and they had the Canadian Ports Clearance Association [CPCA], which efficiently--. And you could go from elevator to elevator to top it off, and now they're not doing that.

**[2:05:05]**

PR: Correct. Now people aren't doing that. Now people aren't sharing, and there's difficulty. It's going to take the trade a little while to learn how to--.

NP: Well, and how do you balance that—[laughs]—against charges of monopolistic behaviour?

PR: Well, it's tough to comment on that point, but I think the companies have to learn how to play well together. You need to.

NP: Without colluding.

PR: Yes. I mean, when you have a boat loading, and you don't have enough grain, and you phone your neighbour, "Can you lend me 10,000 tonnes?" You've got to allow them to start doing those things.

NP: Yeah.

PR: You just have to learn to do that because it's going to make it more efficient for everyone.

NP: I don't know if you're able to comment on it—or even want to comment on it—so what about the farmer?

PR: I think the farmer, at the end of the day, is going to be able to do better. The one who wants--. I've got to be cautious in that because there are some farmers that liked the Board system because their neighbour didn't get any more than they did on it. Today, some of the farmers are a little sharper than others in the sense that they know how to market grain, and they're not afraid to take positions. They're going to take advantage of some of the fellows who always waited until their crop was off to market it. Some of these other fellows already booked their space in the elevators quicker. They already sold their grain. They've made arrangements. There are some farmers that I know and deal with, they grow 10,000 metric tonnes a year. By the end of February, all their grain is gone. They've got all their money. Their grain is gone. Others, I've talked to some recently, except for the malt barley they sold to me, they don't have anything marketed yet, and there's not much direction to any of it. They don't feel comfortable. They're shellshocked. They're shellshocked that the market's going down, and they're not comfortable how to market the grain. It's going to take some time for the industry to understand how to trade in this new environment, and the farmer could be the biggest loser until he catches on. You're going to see, if you go out in the country, there's a lot more coaches, if you want to call them, companies trying to advise farmers how to market their grain.

NP: Yeah. Which the Wheat Board used to do for them.

PR: Correct. It's been a big adjustment.

NP: Yeah. Another cost to the farmer.



PR: Correct.

NP: [Laughs] But then again, you think your dad might listen to this interview.

PR: Exactly!

NP: We're coming near the end. I hope I'm not setting your schedule back too badly.

PR: No, no.

NP: Any connection with the Canadian Grain Commission [CGC] in your--?

PR: Besides that I have a brother working there?

NP: Oh, that's right. I knew that! I thought, "I wonder if his nose is out of joint that I haven't interviewed him since--." [Laughs]

PR: You know what--.

NP: Is he still there?

PR: Yes.

NP: What's his position there?

PR: He's moved up. I don't even know his position, but I know he's in charge of the supervision issues and training and so forth.

NP: Okay. So in human resources?

PR: Yeah. No, he's not in human resources. He's in the management side, but he's moving up. He's doing quite well.

NP: Okay.

PR: CGC is an area that was much more involved than before, but obviously, it's an area I really don't touch on anymore except when we ship grain offshore, but then for documentation. Otherwise, we really don't do very much with them.

NP: So do you use ship's agents essentially, and they sort of--?

PR: No. What I do is I buy all my grain C & F when I go to China.

NP: Meaning, C & F?

PR: Cost & Freight. So somebody has to deliver it to my destination in China.

NP: Okay.

PR: I used to be a five-person office. I'm a one-person office. So I don't have anybody to do documentation and so forth. So what I want is the grain to be delivered in China, send me one invoice. I don't want to have to pay for terminal elevations. I don't have to pay for stevedores. I don't have to pay for the vessel. I don't have to pay for unloads. So everything comes. I get one bill at the end.

NP: So who deals with the logistics?

PR: Well, Cargill will do that, or Viterra will do that. Whoever I purchase from, rather than buying a FOB basis, Free On Board, I buy on C & F, deliver to China, as an example.

NP: So again, the small operator is going to have difficulty with that if there's just the cost of doing that if you don't have a real system in place.

PR: They could. Yeah. Exactly. If you're equipped, you can do that. That's, I found--. Because once they reduced my staff, I had to find different ways to do my business. So now I buy everything. For example, I buy delivered Montana. I buy the grain delivered Fargo. So they look after the rail costs. They look after the customs, the duties, everything, and we just get one invoice, and we just pay it rather than four, five invoices. It's much easier.

NP: Is any business done out of Thunder Bay for your company?

PR: No. We stopped three years ago. We had a plant in Manitowoc in Wisconsin very close to Milwaukee, and we used to ship boats out of Thunder Bay. As I said, 10 boats. 100,000 tonnes a year, ten boats a year. Unfortunately, we closed that plant down, so now I ship everything into Fargo, Fargo Moorhead, and I ship everything into Montana.

**[2:10:14]**

NP: By train?

PR: By train, all by train. I do have some business out of southern Manitoba that goes in by truck. I've 20 8-metric-tonne trucks. Probably do about 25,000 tonnes in that way. Small amount. 1,000 trucks.

NP: How sad.

PR: It is.

NP: Poor little Thunder Bay.

PR: Oh, I miss Thunder Bay because we used to get small boats—10,000 tonners, four holds—it was perfect. It would take-- I made arrangements the boats would arrive at 8:00 in the morning and would normally be out by 8:00 or 10:00 that night. They couldn't go over 12:00 because CGC refused to work after 12:00, which was ridiculous because then I'd have to pay eight hours of demurrage until 8:00 in morning to finish the boat. So I found little boats that worked well, and we have draft restriction for Manitowoc, 23 feet. So it was just beautiful. It really worked well.

NP: Which reminds me of something you had said earlier, and that was you knew Maurice.

PR: Yes.

NP: In a former life. So tell me a bit about that business that you did through the Western Grain By-Products.

PR: Well, if you recall, I mentioned for three years we had a consortium between Cargill, JRI, and UGG. What we used to do, we had a broker who we gave them the ability to re-let freight. So some of the grain coming out of Maurice's house was special crops. That's where our boats would go sometimes on their re-let freight through Maurice, and I met Maurice a few times. We thought-- We didn't want to own the commodity, so we just re-let the freight. So we talked to Maurice, and we did a lot of business for those

three years we worked with him. Then other years, I did some business with him. They were a very, at the time, really 100 percent a specialty house—canary seed and mustard. You name it, they did it—specialty peas and so forth. They were just a good house to deal with.

NP: And they had their certification in--. Organically certified shipper.

PR: Correct, correct, which they got a little later, which they were the only ones. Thunder Bay had its attractions, as I said before. The nice thing about Thunder Bay is the different houses you could load--. The load rates were a little different, but it was very accommodating because you had storage and cleaning.

NP: Okay. Into some finishing off questions here. Have you pretty much dealt with the changes that you've seen in the industry by answers to other questions, or is there anything else that you'd like to add in addition?

PR: No. I think I have. I mean, obviously, when I first started in this industry in the late '70s to today, I mean, there's been some radical changes—as you know, first of all, the Wheat Board losing its monopoly. All the Pools are gone. Some companies have come and gone, like Elders Grain and so forth. A lot of different things have occurred. I mean, obviously, when I first arrived, Thunder Bay and the St. Lawrence were the primary export ports that we used. Now Vancouver has taken over with the Asian market. You know, to think when I first started how much grain we exported to Russia, and now the Ukraine and Russia and the Black Sea market are huge exporters and big competitors of ours. So things have, obviously, evolved. Things have changed. It's a changing world all the time. No, I think most of it, you and I have covered. But those are the most salient points of the business.

NP: Yeah. I have a bet going—[laughs]—on the future of the port of Thunder Bay with someone who is still involved in the grain industry, and particularly in the port of Thunder Bay. My bet is on the negative side. Am I going to win my bet? What's your crystal ball saying?

PR: I think you are. I mean, what are we at—4.5 million tonnes? What do they--?

NP: I think they did six-something last year.

**[2:15:00]**

PR: Six last year, yeah, and they should do about the same this year. I hope you lose it. I think you're going to win it.

NP: I do too.

PR: I hope you lose it. I'm afraid of--. I know for sure you'd lose it if they could ever build another terminal on the West Coast, and one thing that is happening on the West Coast, whether you know it or not, there are some companies that are shipping through Portland now. That, obviously, makes sense. I think eventually if the rail lines will permit you, you can ship through the Gulf. The Wheat Board did some business through the Gulf of Mississippi.

NP: Well, I was wondering about that because I had read something in one of the trade papers about a large elevator being built on the border of, I don't know if it was eastern Saskatchewan and North Dakota. I don't know if they match up that way.

PR: Yes. Oh, that. You're talking about at Nordgate, and that's--.

NP: Could be.

PR: Nordgate is--. The company, it's called Riverland, and Gavilon bought something there also. There's a small throughput facility there on the west side, but even if you build a great place there, the dynamics of it is most of the traffic there right now is oil, and if you build a--. The area where they want to build, to me, doesn't make sense because of the simple reason that there isn't much grain grown around there. I mean, you're talking about Weyburn Terminal and some others. Weyburn's not going to let their grain go to this new facility. And then they're talking about bringing corn and soymeal up and so forth. Well, you need to have trucks to take that out, You need to find it, and there's not that many feed mills in Saskatchewan. If you're doing it in Alberta, it makes more sense, and maybe you're backtracking to Manitoba a little bit to the Brandon area and so forth. I don't know.

NP: Does it allow you to do more of that Mississippi shipping that you're talking about?

PR: You could, but you've got to draw the grain from a long way in Saskatchewan. I mean, you've got to go by a lot of elevators. And whether Glencore and JRI and others will let you do that, that's a whole different animal. I know Gavilon is a very aggressive company, used to own Conagra, but we'll see what happens.

NP: But could it, even though they wouldn't ship through the elevator, could that lead to a boost in the rail traffic in that direction and therefore just make it that much easier than heading across the frozen north country?

PR: It could, and I hope it isn't. In Thunder Bay, I think people have got to look at Thunder Bay a little more realistically. I always loved using Thunder Bay because it was a great option, and I found ways to make it work very easily. I realize that the ocean

freight and the lake freight is different now than when I used Thunder Bay to an excessive amount. I just hope there's a way to do it because I see Viterra has bought a house in Montreal. Do they bypass them? I know the railroad's encouraging bypassing Thunder Bay and going straight there, and they do give incentive rates. Quebec City is the same thing. They can unload railcars, but there's only two places you can unload railcars. Three Rivers a little bit, but it's only Montreal and Quebec City. The other ones—Port Cartier and Baie-Comeau—can't. They're--.

NP: And given the gridlock on the rail—and they're tearing up lines through Northern Ontario not building them—and the fact, or at least the statement, that lake shipping is a more economic shipment including the cost of your Seaway fees versus rail--.

PR: It is. Let me put it this way. Do you negotiate a tonnage rate? Do you get a discount from the railroads? There's a lot of things going on that we don't know about. That if I sat across from you, and you were CN or CP, if I guaranteed you one million metric tonnes to Montreal or Quebec City--.

NP: All of a sudden, you've got the--.

PR: Would you give me back \$2 a tonne?

NP: Yeah. Hm.

PR: Negotiations are hard and fierce. Different things are happening.

NP: Yeah.

PR: And that's one thing I miss. Being here all alone, I don't get the information I used to. I'm not as well versed in what's going on. I can imagine some of the things going on.

NP: Well, and this is almost a philosophical question based upon your--. And this is taking you back to your university history studies. [Laughs] A lot of what happened in Canada, from my experience and reading, happened in order to build a country and make it economically viable. So things were done like subsidizing railways and so on, having the Wheat Board, as an example, to overcome some of the hardships of a lot of country in the middle of nowhere and farmers growing grain to be marketed. Is that still the interest, and if not, does it make a difference? Like, is there any need anymore to think Canadian?

**[2:20:29]**

PR: I think your initial statement was very altruistic. I mean, we had forefathers that were thinking forward that you needed to unite the country, and the only way to do it is to build railroads. They were generous in those who put their money to build railroads. I mean, some went broke and so forth, as you know. And they were very generous in the land allocation and towns and so forth, which has always been a complaint. I mean, the Crowsnest rates, one of the biggest complaints were when the railroads were able to get rid of that rate--.

NP: "I want my land back." [Laughs]

PR: Yes. "I want my land back. You got all this free land, you built a lot of things on it, or you sold some of it at a profit, which helps you arrive at where you are today." Part of it is, like, the Wheat Board built hopper cars so that the grain could be carried. The initial point was, "We're all Canadians. Let's make this work." I think that was very altruistic and very good. Today? We're still Canadian, but everybody is out for themselves, unfortunately. It's a different world. It's a different world. You see it in Bay Street. Every dollar you can eke out and the profits and losses. I mean, I've been in the business close to 40 years, and I see a huge difference. It was a little bit more--. I wouldn't say it wasn't as competitive, but you didn't try to eke out every dollar from everyone.

NP: Can Canada survive from what you think? Like, are we--.

PR: I think we're going to survive, but it's becoming more awkward. But, yeah, good question--.

NP: The industry can survive, but is--.

PR: Yeah. We can survive.

NP: Yeah. Can Canadian industry survive?

PR: Yes. Canadian industry can survive, and nothing like--.

NP: Under Canadian ownership?

PR: That's a good question. We've seen--. Well, let's see. We have JRI.

NP: P&H.

PR: That's a good question. P&H. Paterson. I'm not sure they'll all exist in five or ten years. I think P&H for certain, but who knows. Paterson, if there's no follow up, we'll see.

NP: We'll see. Now, we're--. Thinking back on your whole career, what are you most proud of?

PR: You know what? Most proud of? Really, you know, proud of the fact that I was involved in the cash plus. I mean, some of the committees I was involved in were able to make some changes in the grain industry, positive changes that helped the industry move forward. You know, all the--. It's such an encompassing question because I'm proud of the fact that I did some business overseas. I was able to do things that people said you couldn't do, like the little thing in Quebec when I worked for them, the transfer. We made money. When they set the consortium up, when I was told I couldn't export, I couldn't compete against other exporters. I was threatened by others that we wouldn't be successful. At the end of the day, just the challenges that presented themselves and the fact that the grain trade permitted you to--. You didn't always have restrictions. It gave you the opportunity to take advantage of situations, to take chances, and you were rewarded. I think that part of the business was really enjoyable.

NP: My impression has been, from learning about the industry—in great measure from your dad initially—is that it's this great big jigsaw puzzle, and everybody has their place in it, and if you take it out, it's not complete. So my impression, as well, is that Canada, over great odds, became an international player in the grain trade. So the job that you have done or are doing, how do you think you contributed to Canada's success as a world-class grain trader?

**[2:25:06]**

PR: Well, I think that, first of all, I've always been a strong proponent of just Canadian grains. Although I had the ability to trade optional grains my whole career, I always was pushing Canadian grains. It wasn't a matter of just profitability. It was just the fact that I was very proud about trading just Canadian grain. What footprint do I leave in the grain trade? I think for me, there can't be too many people who have trading across Canada the way I did, and offshore—traded through the Maritimes and all the way to BC, traded in the Fraser Valley at times. You know, what I've done in malt barley, and the amount of business I did in malt barley, and the clients that I encouraged to buy from Canada and to even consider Canada as a source for them to buy from. I mean, some of the business I did in France and so forth, Canada wasn't ever really considered as an option. There's enough grain grown in Europe. Those are great memories I'll have. It's kind of like my dad who introduced the Chinese to Canada and the Russians to Canada. I don't have a story like that to go with, but I enjoyed the fact that I was able to do some business in Colombia and encourage them, and they still do business in Canada. You think--. I'm hoping I left a good footprint out in the country. A lot of



farmers who respect me, and I do business with, and we've had long-term relationships. I've respected the fact of what they do, how hard they work. They respect the fact of what I do, and together, we're able to accomplish a lot of good business together. I think, at the end of the day, it's like everything else. When I'm gone--. It's like putting your fists in a bucket of water. When you pull it out, that hole fills very quickly. That will happen. But I certainly think I've contributed to western Canadian business. I've--.

NP: Built and maintained a relationship?

PR: Absolutely. And you know, exported millions of tonnes of grains over my career. It's been fun. It's been good.

NP: We had talked about this earlier that we're hoping at some point to set up an interpretive centre in Thunder Bay to celebrate the history of the Canadian export grain trade, and also to advertise that it still exists. So in the barley area in particular, what kinds of things or what do you think should be featured in order to celebrate the barley side of the industry?

PR: Well, there's two components of the barley side. There's the feed, and there's the malt. On the feed side, as you well know, a lot of—as I told you earlier—a lot of business was grain was shipped to Quebec and the Maritimes, and then the Russians were the biggest proponents. They took so much barley out of Thunder Bay. I don't think there's ever been a buyer similar to the Russians. And then on the malt side, we were probably some of the biggest shippers of malt barley. We put barley through Thunder Bay to go to our US plants. In the time I've been there, we've put in half a million tonnes. I don't think too many people put malt barley through. In my years, as I said, I did malt barley to Colombia. I did malt barley to Mexico on a few occasions. So Thunder Bay has had barley going through there. It's not a normal commodity that goes through Thunder Bay, so it's been very unique, and I've been part of that for--.

NP: So what do you think could illustrate that?

PR: How would you illustrate it?

NP: Mmhmm.

PR: I think--.

NP: In a way that the public would be attracted to know that that happened and what's happening today as well, if not through Thunder Bay, in other places.

PR: I think that it's like anything else. A picture of a laker loading malt barley as an issue. I think it would be one way to demonstrate that it was part of the history of Thunder Bay of the grains they've handled and the components and the places it went to. I mean, I think if you take a diagram of Thunder Bay, yes, everything went to Quebec and Montreal and so forth, but I think what you'd like to do is expand it. See every country it went to. It went to Algeria. It went to Tunisia. It went to Libya. It went to Morocco. It went to this--. As a component of what they did for all those years. I mean, from '58 until today, the amount of grain that went through Thunder Bay and what it's done. I think it's beyond just saying, "Thunder Bay just shipped to the St. Lawrence." I think you need to expand on that a little bit. Where did it really go? Or a component of all the salties that left there. If you want to do the lakers, "Here's a component of it. We did the St. Lawrence, and here's the other component of where it went and so forth." Thunder Bay was a very vibrant and important part of our history.

**[2:30:33]**

NP: And Canada still ships to all those places, just from a different location. So if you're looking at--.

PR: Absolutely. Yeah, not as much. Let's put it that way. Not as much. We're not doing in the teens of millions of tonnes out of there, but 5 or 6 or 7 million.

NP: Yeah.

PR: I wish it was back to 10 or 11. Maybe next year we will get there because of, again, the big crop.

NP: Yeah. Yeah. But if we're looking at this featuring the international grain trade nationally, then you can also tell the story of shifts in delivery over time.

PR: Yes, correct. Yeah.

NP: Yeah. Well, thank you very much.

PR: You're welcome.

NP: I've taken a lot of your time. It's been very interesting. I've learned about a different side of the industry, and I was hoping to do that. So thank you very much.

PR: You're welcome.

NP: Any questions I should have asked you that I didn't?

PR: No, I think you covered everything.

NP: [Laughs] All the bases?

PR: I think if you need something, give me a call, right?

NP: Okay. Thanks again.

PR: You're welcome.

**End of interview.**