

# Lentils are the new lentils. Sask. lentils on world map

The town of Davidson (population: 1,117) has earned a place on the Canadian map for several reasons.

It's the midway point between Regina, Saskatoon and Moose Jaw.

It's the home to the Tractor Bellies men's hockey team and the Midway Mixers dance club.

It's the site of the world's largest coffee pot. Davidson is also the hometown of Murad Al-Katib, the man who has put Canada — and its lentils — on the international map.

As president and CEO of Saskcan Pulse Trading of Regina, which was named Saskatchewan business of the year in 2004 by the Saskatchewan Chamber of Commerce, Al-Katib has overseen this country's development into the world's largest processor and exporter of lentils.

That represents more than 900,000 tonnes annually, of which 98 per cent is produced in Saskatchewan.

Furthermore, he has done this in just three years by forging a public and private partnership, which includes the federal and provincial governments as well as the Turkish firm, Arbel Pulse and Grain Company, BASF Canada and the farmers themselves. And in the most Canadian of ways, he has helped to build regional agri-business diversity through his own diverse, multicultural roots.

"Growing up in Davidson I played hockey and curled and played baseball like everyone else in town," says Al-Katib, whose father, a doctor, immigrated to the community from Turkey in 1965. "Because I was born here, I could never really understand why my mother insisted that all of us learn to speak Turkish."

Thanks to his mother's language lessons — rather than his on-ice prowess — Al-Katib was ready when Arbel, already the largest customer for Canadian lentils, decided to make a direct and local investment in processing them prior to export.

"I had the right experience to get involved, but I also spoke the language and understood the cul-

ture," he explains. "That gave them the extra confidence to go ahead, to feel they communicate easily with a local who also knew where they were coming from."

The boom in lentil crops over the past several years is a function of several things: international demand, a desire to produce a commodity that is less volatile in price than wheat, the drive to avoid a price-fixing, central marketing agency such as the Canadian Wheat Board, and the need to rotate traditional crops with ones that restore nitrogen levels to the soil, which lentils do.

Although poor growing conditions affected the quality of last year's lentil crop and the strong Canadian dollar has nibbled away at profit margins recently, Al-Katib remains bullish on the outlook for Saskatchewan producers, who have now devoted more than two million acres to lentil production.

Al-Katib's optimism is based on the continuing shift from green to red lentils, crops which command a premium price on international markets, and ongoing investment in the development of new seeds and refined varieties.

The farmers themselves are funding part of this process by paying one per cent of their gross revenues in a "check off" that goes directly to research and development through the Saskatchewan Pulse Growers in Saskatoon.

They also represent pea and chickpea farmers. "Everyone always challenges the role of government in these initiatives," Al-Katib concedes. "But this is a model that shows exactly why this sort of partnership can work. We've actually managed to commercialize public policy."

He notes the processing facility built in Regina two years ago to peel, split and polish local lentils, has added about 40 per cent to the market value of the crops. It has also created about 100 new jobs in the area.

For Saskcan's business model to continue working, however, the venture must constantly race to remain the world's lowest cost producer of lentils, principally because almost all of the other growers



—CanWest News Photo

## Murad Al-Katib, president of Saskcan Pulse Trading Inc., is optimistic about the export future for Saskatchewan lentils

are geographically closer to the major markets in the Middle East, India and Europe.

Soaring fuel costs have been a recent hurdle for Saskcan because all the lentils must be containerized and shipped by rail from a land-locked region to international ports. The transportation costs alone comprise about 20 per cent of the market cost of Canadian lentils.

That compares with about a seven per cent transportation cost component in the price of rival Turkish lentils. Another challenge is to deal with customers of distinct cultures and languages in 33 different countries.

"In the Middle East, understanding the cultural element is essential. There, business is built on patience and relationships," says Al-Katib. "It's

equally important to be sensitive to local pace and preferences."

For example, in the Middle East, bright, shiny red lentils are considered the most valuable, while in Europe, a dull finish is more popular. That means some of Saskcan's product is highly polished with oil, while other batches are untouched.

Al-Katib also emphasizes that one powerful advantage his company has is its Canadian identity.

"Canadians are often oblivious to the fact how powerful this country's reputation is in international markets. We're seen as fair and reliable and honest," he says. "They just love Canadians here."

And they probably don't even know about the coffee pot in Davidson.

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Table with columns: Commodity, Price, Commodity, Price, Commodity, Price. Lists various commodities like oil, wheat, and metals along with their current prices.

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