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Agroalimentaire Canada**Agriculture and Agri-Food Canada****NOVEMBER 8, 2006 - 17:22 ET****AAFC: What is the CWB's Real Premium to Farmers?**

By the Honourable Chuck Strahl, Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board

OTTAWA, ONTARIO--(CCNMatthews - Nov. 8, 2006) - Canada's New Government campaigned on the promise of giving Western wheat and barley producers a choice in how to market their products, including, but not limited to the Canadian Wheat Board (CWB).

Some claim that the CWB provides an annual premium of between \$500 million and \$800 million to producers. Those who make this claim then conclude that the CWB's monopoly is worth that much on an annual basis. This is a grievous exaggeration being promulgated by the groups who wish to deny farmers the right to choose how to market their grain.

Those who cite such a benefit to producers from the CWB are including things not related to the monopoly, such as the interest benefits of the federal government's guarantee of CWB borrowings, the impacts of railway regulation, and even the decisions of private companies to pursue or withdraw applications to license particular varieties of grain.

These claims also often ignore the costs of the monopoly to producers, in particular, excess domestic handling charges and farm production inefficiency stemming from inaccurate marketing signals.

Studies claiming price premiums for wheat and barley sales in the range of \$300 to \$400 million can be countered by other valid academic analyses, such as *The Economics of Single Desk Selling of Western Canadian Grain* by Colin Carter and Al Loyns, *Benefits and Costs of a Voluntary Wheat Board for the Province of Alberta* by the George Morris Centre, and *The Canadian Barley Industry in Transition: A Study for Alberta Agriculture, Food and Rural Development* by the Sparks Companies, that show that price premiums are negligible and costs significant.

The CWB has provided some benefits to wheat and barley producers, particularly its strong reputation and its contacts and experience with buyers. But change is necessary and change is coming. Many of the benefits of the current CWB can also be supplied by a voluntary CWB in a competitive market.

Farmers want the ability to add value to their crops and capture more profits beyond the farm gate. They deserve to have the opportunity to seek out the best possible return for their own product - just as they would with canola or pulse crops or apples or cattle or any number of other farm products raised in Canada. For most of the past seven decades, Western Canadian wheat and barley growers have not had that choice.

The value-added side of agriculture, the agri-food side, is doing very well. It has seen huge increases. It is controlling the vast majority of the exports and domestic use in this country now. Currently, by law, Western Canadian wheat and barley growers are fenced off from that. They are prevented from choosing to market their product to a pasta plant, or a value-added organic grains business, or supplying wheat to ethanol plants in the U.S. Any combination of these or other marketing options may make sense for a particular producer in a particular place at a particular time. They should be the ones to decide what is the best option for them.

Western Canadian wheat and barley producers have a world-class product and should have the option to maximize their returns and earn their money directly from the marketplace if they choose to.

The grain industry is of vital importance to Canada's economy and it is a proud part of our national history. Canada's New Government intends to serve it well, and it intends to act in a way that provides the best chance to earn a living for those proud men and women who toil in the fields so that all Canadians can enjoy the fruits of their labours.

Canada's New Government is firmly committed to providing marketing choice to western grain farmers, while continuing to preserve a strong CWB.

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