

# STANDING UP FOR CANADIAN INTERESTS

Winston Churchill once said that having enemies was a good thing, because it meant that you had stood up for something, sometime in your life.

Standing up for the rights of Canadian farmers to choose their own marketing system has never been so important. WTO negotiations are heading into the home stretch and our chief competitors would like to dictate how we do business.

The EU and U.S. know the CWB is valuable to western Canadian farmers in the world market and they want to get rid of a tough competitor.

They also know they can use the issue to turn the world's attention away from their own trade-distorting subsidies. It was a successful tactic for much of December's ministerial meeting in Hong Kong.

But, with deadline looming and the world watching, an interim agreement was adopted. It called for disciplines on, but not the elimination of, the single desk.

It was a reprieve – but likely only a brief one.

The WTO's heavy hitters are driving for an April 30, 2006 deadline, and they know there's more than one way to achieve their objectives.

In the weeks ahead, negotiators will get down to the real work of deciding what 'disciplines' to adopt. Depending what they ask for, those restrictions could gut the single desk and its ability to obtain premiums for Canadian farmers.

Meanwhile, even though western Canadian farmers will already lose their guarantees on borrowings and initial payments, Americans and Europeans are demanding more. They want to eliminate the single desk, even though numerous U.S. investigations have proved that it is not trade distorting. Those demands have no place in these negotiations.

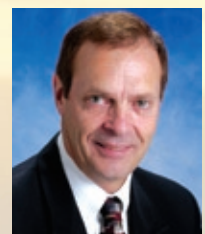
Important policy decisions that will impact the future of your farm – and your community – will be decided as you head into the busy spring seeding season.

That's why it's critical that farmers send a strong message to Ottawa. The CWB doesn't distort trade – many investigations have proven that. Western Canadian farmers should determine the type of marketing system they use for wheat and barley. That's why the new Canadian government must go into talks with a mandate to preserve Canadian farmers' right to choose the future of their marketing system.

**That's why now, more than ever, it's critical that farmers send a message to Ottawa.**

Chuck Strahl has recently been appointed the new minister for the Canadian Wheat Board and Agriculture and Agri-Food Canada. Take some time to fill out the attached card and let him know where you stand on this critical issue.

Together we have a voice. Don't let it be silenced by our international competitors.



**Ken Ritter**  
Chair, CWB board of directors  
*Kindersley-area farmer*



# WHAT YOU'RE SAYING

**Something has to be done about agriculture in Canada and our government MUST start to stand up for us on an international level or we will soon be out of business!!**

**Cameron & Christean Konashuk**  
Spirit River, AB



**We must maintain this fair and equitable marketing system. Because if we ever lose it, it will not be easy to get it back. It does not distort trade and is supported by the majority of producers in this country.**

**Susan Proven**  
Minnedosa, MB

**I agree that decisions regarding our marketing systems should be made by us, the farmers, not other countries (by political pressure), or by any elected or public official.**

**Gerald Aime**  
Clandeboye, MB

**The USA has not honoured any of the previous trade agreements, so why should we give anything away to watch them sign another!**

**James B. Woodworth**  
Elrose, SK

**Please do not allow the EU to pressure the WTO to abolish the current CWB set-up, while providing meaningless "reductions" of their own.**

**Ian Marcell**  
Winnipeg, MB

For more information go to  
**[www.cwb.ca](http://www.cwb.ca)**

STAND STRONG  
FOR FARMERS  
AT THE WTO



# WTO DEADLINE: APRIL 30 A DEAL AT WHAT COST?



## NOW IS THE TIME TO STAND STRONG FOR FARMERS AT THE WTO

The United States and the European Union already demanded the elimination of Ottawa's guarantees of CWB borrowings and initial payments; now they want the single desk. What will it mean to your bottom line?

### Loss of guarantees on CWB borrowings and initial payments

#### Higher costs. More risk.

Financing its operations will cost the CWB and farmers more. Ottawa's guarantee on CWB borrowings allows the CWB to borrow money for cash-flow purposes at interest rates comparable to those obtained by the large transnational grain companies you compete with. Their huge assets assure good rates, but the CWB has virtually no assets, since all revenue goes back to farmers.

Without the guarantee on initial payments, the CWB will incur more price risk when making payments to farmers – managing this price risk will come at a higher cost to farmers. Ottawa's guarantee on the initial payment ensures you are not out of pocket if final sales fall below the initial payment you received at delivery.

### Loss of the single desk

#### Lower prices.

Without the single desk, 85,000 farmers will compete with each other for sales to a handful of companies. Who has the leverage? Then, the companies selling your wheat will undercut each other to capture market share on single sales. The net result will be lower returns for farmers. One economic study quantified the loss at between \$10-\$25 a tonne. What does that mean per year? A minimum loss of between \$265 million to \$690 million, according to the same study.



### Higher freight rates.

In an open market, a variety of grain companies will be vying for limited rail capacity. A recent study indicates train freight rates will soar under such a system. In fact, under a market-based system in the U.S., freight rates in Montana and North Dakota are almost double compared to those in Canada.

### Increased concentration and foreign ownership in the system.

In the absence of the single desk, a handful of foreign multinationals would likely step in to control Canada's grain trade. These multinationals answer to their shareholders, not farmers. It will be extremely difficult for farmer-owned enterprises, like inland terminals, producer cars and short-line rail operations to survive in such an environment.

### Clout on issues that affect your bottom line.

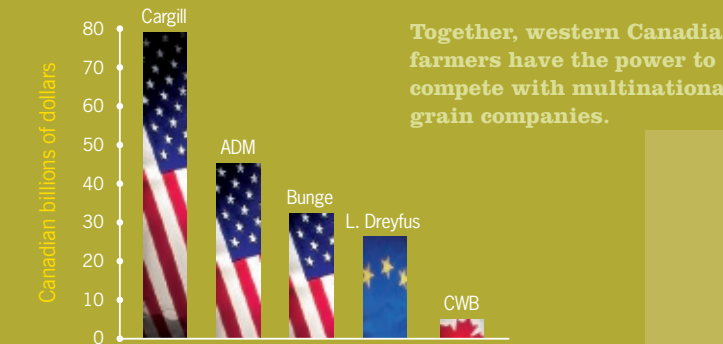
The CWB is a strong advocate for farmers' rights, whether it's producer cars, joint running rights, trade challenges, or genetically modified wheat. American interest groups have launched 14 trade challenges against the CWB since free trade was instituted in 1989. Fourteen times, we won. Now, the American border is open to Canadian wheat. Together, farmers have power.

Canadian farmers stand to benefit from a good WTO agreement. A deal that eliminates export subsidies, reforms export credit and food aid, reduces trade-distorting domestic subsidies and improves market access could help level the playing field.

But you shouldn't have to give up things that aren't trade distorting – like the single desk – to achieve these much-needed reforms. Farmers should decide the future course of the CWB's single desk – not the WTO, foreign governments or our international competitors.

### Global grain trade

The key players (annual company revenue\*)



Together, western Canadian farmers have the power to compete with multinational grain companies.

\* Most recent data available, most for the year-end within 2004. Sourced from public Web sites and annual reports. Represents gross revenue for Cargill and CWB; net revenue for ADM and Bunge. Louis Dreyfus figure represents an annual average.

**Some of Canada's chief competitors in the global grain trade want to dictate the marketing system used by western Canadian farmers.**

# Threatening your bottom line.



Dear Minister Strahl,

Canada must protect the interests of western Canadian farmers at WTO negotiations because:

- Farmers should decide their marketing structures, not the Americans or Europeans;
- Farmers are at a competitive disadvantage due to subsidies in other countries; and
- Canadian farmers, their marketing systems and products are increasingly under attack, despite the fact that they are not trade distorting.

Comments: \_\_\_\_\_

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Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/Town: \_\_\_\_\_

Province: \_\_\_\_\_ Postal Code: \_\_\_\_\_

**I look forward to your reply.**

