



The Canadian Wheat Board
La Commission canadienne du blé

November 17, 2006

The Honourable Chuck Strahl, P.C., M.P.
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board
Agriculture and Agri-Food Canada
Sir John Carling Building
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Ottawa, ON K1A 0C5

sent via fax: (613) 944-9272

Dear Minister Strahl:

By way of this letter, I would like to comment on your recent op-ed piece and follow up on a few outstanding items from our meeting November 3rd in Winnipeg.

Your latest article: What is the CWB's Real Premium to Farmers? cites three studies which emphasize costs rather than benefits associated with the CWB. As you may know, most of these studies were commissioned by the Alberta government whose position on the single desk is clear. More importantly, however, none of these studies had access to actual CWB sales data. By contrast, the CWB-sponsored studies that reach opposite conclusions did have access to CWB sales data, and were written by serious academics who publish peer-reviewed journal articles. I also note that the most recent wheat study which the CWB commissioned had the use of confidential CWB sales data scrutinized by independent auditors to verify the results.

A fundamental component of all studies related to the CWB, both for and against, is speculation on what would take its place if the CWB were no longer around. The three studies you cite assume that a perfectly competitive, low-cost system would result from the elimination of the CWB. One must be careful of this assumption as the industry already has very concentrated ownership and, based on this past week's announcement of Saskatchewan Wheat Pool's hostile takeover attempt of Agricore United, it is likely to become even more concentrated. This is not an environment that is even close to consistent with perfect competition.

There is academic controversy about the value created by the CWB. However, there is no question that the studies outlining the significant value of the single desk have the edge on analytical strength as well as access to the key data necessary to reach reasonable assessments of the value of the system. This fact was borne out in the Charter Case where Justice Muldoon, after hearing all the evidence from academics on both sides of the issue, clearly concluded that the salutary benefits of the system clearly outweigh any deleterious effects. It was in this case that Dr. Colin Carter admitted under oath that he had continued to present papers about the CWB even after being made aware that data he used to support his conclusions was inaccurate. It is this work that you are using to support your article and public statements.

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However, putting aside these pieces, one cannot ignore other credible sources. In this regard, I draw your attention to the United States International Trade Commission which, during its 2001 investigation, found Canadian durum prices to be higher than American prices in 59 out of 60 months examined. This is an incredible finding from an organization that was directed to determine the reasons behind increases in Canadian grain trade to the United States.

Turning now to our November 3rd meeting, we informed you that our customers are becoming very concerned about the ongoing uncertainty of the CWB's future. As we indicated at the time, Canada's marketing efforts and our international reputation are at risk the longer this uncertainty persists. In response, you indicated that you would consider language that you would use publicly to give some certainty to this issue. In this regard, we ask that you provide that clarity so that our customers clearly understand the environment in which Canada is operating.

Furthermore, we view this debate, not as one between political parties in Ottawa, but as one between your government along with a minority of farmers and the legitimately elected board of directors of the CWB with the majority of farmers who support the single desk. It just doesn't seem right to bar one side of a debate in a democratic society. Again, I would respectfully request that your government rescind the Order in Council and work constructively with us on finding resolution to this very divisive subject.

Finally, during the course of the meeting you indicated that you would be interested in pursuing discussions with us on how farmers might enhance their marketing power in this very competitive global grain industry in a way that provides farmers more flexibility but which retains the value of the single desk on wheat. In this regard, we briefly discussed additional flexibilities such as policies for organic marketing or value-added activities. I would like to take this opportunity to invite you to meet with our board in order to begin such discussions. I look forward to speaking with you in the near future.

Yours truly,

A handwritten signature in black ink that reads "Ken Ritter". The signature is fluid and cursive, with the first name "Ken" and last name "Ritter" clearly legible.

Ken Ritter
Chair, CWB Board of Directors

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c: Laurie Throness, Chief of Staff to the Minister for the Canadian Wheat Board,
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