





## Don't let the decisions get out of your hands

Current negotiations at the World Trade Organization have important implications for western Canadian farmers. If a final agreement is reached on the rules of world trade, you will see changes that could affect the way you do business and how much it costs. It could even take marketing decisions out of your hands.  
**The WTO could change the Canadian way of farming.**

## What is the WTO?

The WTO was set up in 1995 as a forum for countries to negotiate trade rules. Headquartered in Geneva, Switzerland, the WTO consists of 148 member nations or groups of nations. Its role is to act as a forum for negotiations, to monitor trade policies and to handle trade disputes.



## What's going on?

WTO members are currently trying to negotiate a new agreement for world trade, including the trade in agriculture. This set of negotiations, called "the Doha Round", is hoped to be concluded in 2006. The goal is to reduce practices and policies that distort trade. The CWB does not sit at the negotiating table, but is working behind the scenes to ensure negotiators are clear what's important to you.

## How could this affect your farm?



**Elimination of your CWB guarantees:** Last year, Canada signed a framework agreement that will, if a final WTO deal is reached, end Ottawa's guarantees of:

***CWB borrowings.*** This 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 no assets since all net revenue goes back to farmers. Without this guarantee, borrowing will cost the CWB (i.e. farmers) more.

***Initial payments.*** This ensures you are not out-of-pocket if final sales return ends up below the initial payment you received at delivery. Without this guarantee, additional risk management would be needed, at a higher cost to farmers.

**Threat to your marketing system:** The 2004 agreement also puts future use of your single-desk system up for negotiation. The single desk does not distort trade, a fact reinforced last year by a WTO panel ruling that dismissed American allegations. Nonetheless, the basis of farmers' current marketing system remains threatened.

**Other countries make your choices:** You should decide what marketing system is best for you as a western Canadian farmer. The debate over the CWB single desk belongs with Prairie farmers – not with countries that compete with Canada for wheat and barley sales. They do not have your best interests in mind. Since the single desk does not distort international trade, it is none of their business.

## Why is this happening?



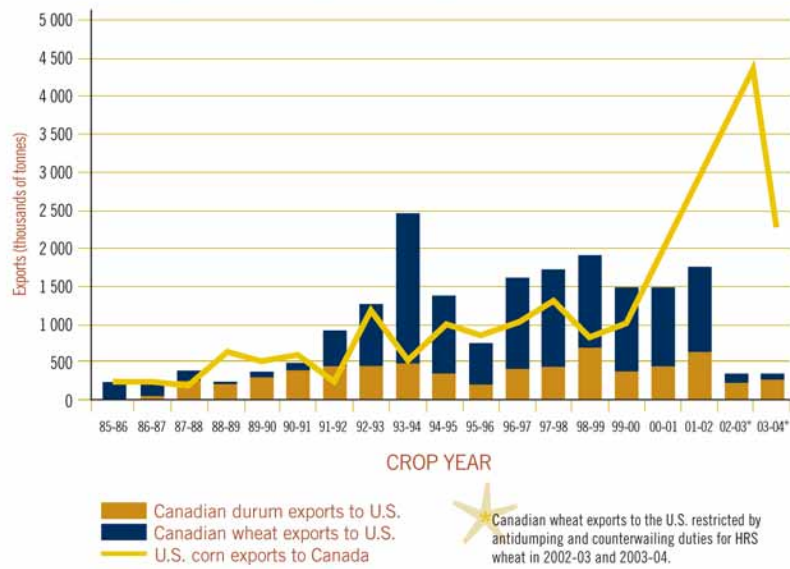
Since free trade began between Canada and the United States in 1989, continuous trade challenges have been launched by American interests opposed to the flow of Canadian wheat into the United States. The success of western Canadian grain marketing became a political irritant south of the border.

In response to intense political pressure from protectionist groups in states like North Dakota, the American government agreed to a multi-pronged attack on the CWB. This included domestic trade challenges, a WTO dispute-settlement case and pressure on the CWB at the WTO.



Free trade, however, was intended to increase the flow of trade in both directions. It also resulted in greatly increased American imports to Canada, such as U.S. corn.

Canada-U.S. trade in wheat, durum and corn



## What about creating a “level playing field” for world trade?

*“Level” does not mean “the same”.* There can be no cookie-cutter approach to agriculture policy, as all countries have different agricultural situations. Trade rules must focus on reducing the real causes of trade distortion – not making every country’s policy the same. Farmers in each country must be allowed to choose the marketing systems that suit them best.

*“Level” means non trade-distorting* or at least minimally trade-distorting. Farm supports and export subsidies by the U.S. and European Union are, by far, the most trade-distorting elements that drive down grain prices. Yet, while your modest supports through guarantees to the CWB may be eliminated, farm subsidies in the U.S. may not go down very much.



Western Canadian wheat and barley farmers need to see an ambitious outcome from this WTO round. You would benefit from elimination of export subsidies, disciplines on export credit and food aid, reductions in trade-distorting domestic support and gains in market access for your crops.

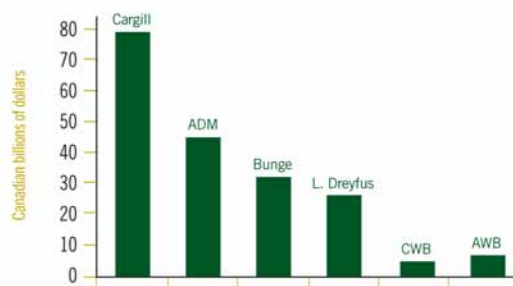
Expectations, however, need to be realistic. The WTO is not a solution to the farm-income crisis.

## Who do you compete with?

Through the Canadian Wheat Board, Western Canada's wheat and barley farmers become major commodity exporters, selling more than \$4 billion worth of grain to customers in 70 countries. The CWB is your marketing agency. By selling your grain together through its single desk, you are able to compete with the largest transnational grain companies in the world.

## CWB competitors

Annual company revenue\*



The world wheat trade is controlled by a handful of very large players.



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



# What can you do?

The Canadian way of farming is at stake.  
It is important for you to act.

**Stay informed.** Start with the trade section of [www.cwb.ca](http://www.cwb.ca).

**Speak out.** Let your political representatives and farm leaders know where you stand.

**Work together.** Presenting a united front strengthens Canada's negotiating position.

**Debate western Canadian issues at home.**  
The debate over the CWB single desk belongs with you.

**Don't let the decisions get out of your hands.**



**Prairie strong, worldwide**