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**national farmers union**

*In Union Is Strength*

**FOR IMMEDIATE RELEASE**

**AUGUST 3, 2004**

## **WTO DEAL AIMED AT UNDERCUTTING NET FARM INCOME**

**SASKATOON, Sask.** - The recently-signed World Trade Organization (WTO) negotiating framework will cost Canadian wheat, durum and barley farmers hundreds of millions of dollars per year, according to Stewart Wells, President of the National Farmers Union (NFU).

“By signing onto the WTO framework agreement July 31, the Canadian government has been played for chumps. They’re sacrificing initial price guarantees, one of three essential pillars of the Canadian Wheat Board (CWB),” stated Wells. “They’re also agreeing to put single-desk selling, the key pillar, on the chopping block.” The end result of weakening or destroying the CWB, he pointed out, will be a sharp drop in net income at the farm gate.

Wells said it is “idiotic” to dismantle Canadian farm institutions that capture more money from the marketplace. Every few years, he added, Canadian trade negotiators give away several hundred million dollars out of farmers’ net income. “In 1988, farmers lost as much as \$580 million per year when the federal government cancelled the two-price wheat system. In 1995, the Crow Benefit was axed, which has cost producers over \$600 million dollars annually ever since. The government used the excuse that these programs had to be terminated to accommodate international trade deals. Now that same excuse is being used to dismantle the CWB and eventually other orderly marketing agencies as well.”

He said the fact the CWB was specifically targeted in the WTO text is profoundly misguided in light of the fact the CWB does not distort world trade. “A recent WTO panel investigated the CWB and confirmed it was indeed a fair trader,” stated Wells. “To have the CWB lumped in with export subsidies adds insult to injury.”

Wells said the aim of the WTO agreement is to boost trade in export commodities. In the current hyper-distorted market dominated by global giants like Cargill, ADM and ConAgra, this translates into downward pressure on net farm incomes because large transnational companies tend to source commodities from the lowest-cost producers.

“As Franz Fischler (Ag Commissioner for the European Union) admitted in a private meeting with me in June, the WTO process is not designed to raise the net incomes of farmers. The WTO is solely aimed at increasing trade volumes, and if that means less money for farmers, that’s tough,” explained Wells.

Over the past decade, farmers have lost billions of dollars as Canada has implemented a series of substandard farm safety-net programs, each of which was largely dictated by

WTO rules. Now, the WTO is bearing down on the CWB, and farmers stand to lose tens of millions of dollars per year if the CWB loses its financial partnership with the federal government. In the long-term, the destruction of the CWB would cost farmers hundreds of millions of dollars annually.

The NFU President renewed his call for a government and Minister of Agriculture that will work to increase net farm income, not decrease it. "We have yet to see any federal government policies that would raise farmers' net incomes from the marketplace.," he noted. The NFU has strongly requested that federal Agriculture Minister Andy Mitchell attend the NFU annual convention in November.

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