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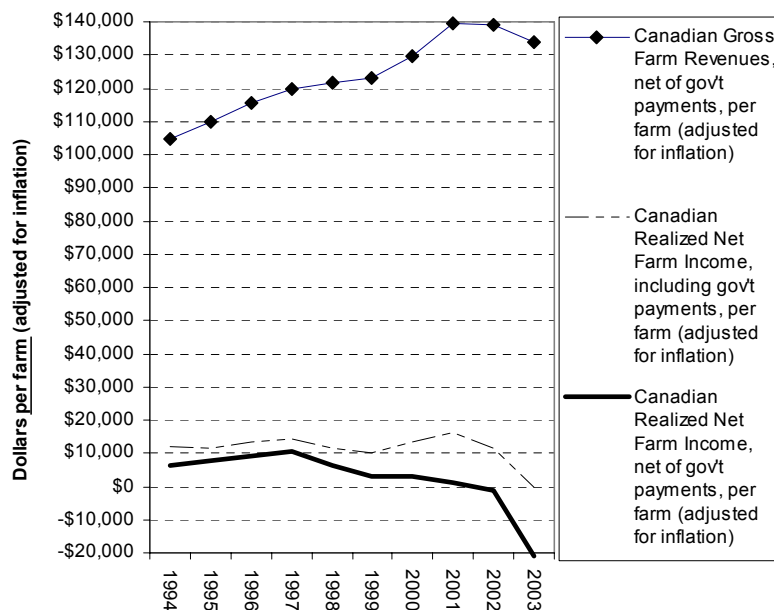
WTO: DON'T GET FOOLED AGAIN

SWIFT CURRENT, Sask.—NFU President Stewart Wells says farmers should evaluate the potential of a new WTO agreement in light of nine years' experience with the existing agreement.

Wells said that: "Politicians and farm leaders are predicting prosperity and higher prices if we sign a new WTO agreement. But they made the same promises nine years ago when we implemented the 1995 WTO agreement. And the result of nine years of WTO-regulated agriculture is not prosperity, but the worst farm income crisis since the 1930s. Farmers have not been the beneficiaries of nine years of WTO rule: farmers have been the victims"

The graph below shows farmers' gross incomes, realized net income (including subsidies), and realized net income from the markets alone (with subsidies subtracted).

Gross and net income, per farm, adjusted for inflation: 1994-2003



Gross farm revenue is up 22% since we implemented the 1995 WTO agreement. This increase is partly the result of increased exports. Net income from the markets alone, however, has plummeted from about \$8,000 per Canadian farm in 1995 to *negative* \$20,000 per farm today.

This net income drop is not just the result of the BSE crisis: net income from the markets fell consistently through the latter '90s and early years of this decade, reaching zero in 2002, well before the BSE crisis. Nor is oversupply the cause: world grain stocks/use ratios are at their lowest levels since 1973. Net incomes have fallen fastest in sectors most dependant on exports (grains and oilseeds, potatoes, hogs, cattle, etc.) while farmers producing commodities for our domestic market (milk, poultry, eggs) have been relatively unscathed.

"As the government gets ready to sacrifice the Wheat Board and supply management to get a new WTO deal, farmers should think about the past nine years," concluded Wells.

For More Information:

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