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FOR IMMEDIATE RELEASE

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**WHAT'S THE WHEAT BOARD WORTH TO FARMERS?
\$800 MILLION PER YEAR!**

SWIFT CURRENT, Sask—The National Farmers Union has calculated that marketing and policy benefits of the Canadian Wheat Board are worth at least 800 million dollars per year. That is more than 2 million dollars extra per day in the pockets of western Canadian farmers due to the existence of a strong CWB.

The NFU today released a factsheet explaining its calculations and the value of the CWB to farmers. The factsheet is available by request from nfu@nfu.ca and will soon be posted on the www.nfu.ca website. A brief background on the calculations is attached to this release.

Commenting on the value of the CWB, NFU President Stewart Wells said: “A strong CWB with its single-desk selling advantage is worth \$800 million per year to farmers. That amount roughly equals the value of the Crow Benefit that farmers lost in 1995. The loss of the Crow is a significant cause of the farm crisis now gripping farmers. Losing the CWB would be equally devastating.”

Wells continued: “Another important point is that extra 2 million per day is coming from the marketplace, not from taxpayers. Anyone trying to destroy the CWB marketing and policy advantages is going to make the Canadian farmers more reliant on tax dollars and farm support programs.”

NFU Vice-President Terry Boehm pointed out that, over and above the price premiums it earns in world markets, the CWB provides huge benefits by reducing transportation costs. He said: “The CWB’s very successful work advocating on farmers’ behalf within the grain handling and transportation system puts hundreds-of-millions of dollars in farmers pockets each year. And without the CWB, farmers would have little effective access to producer cars. Lose the CWB and freight rates and elevator tariffs rise dramatically.”

The NFU’s factsheet includes a mail-in card addressed to Canadian Minister of Agriculture Chuck Strahl. The card tells the Minister that “the dual market is a delusion” and that “the only real choice is between the CWB and a US-style open market controlled by Cargill and the other grain companies.” It tells Strahl: “Hands off the CWB!”

— 30 —

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Backgrounder to the NFU's May 25, 2006 news release

Canadian Wheat Board benefits to farmers (millions of dollars per year)

1. Wheat price premiums	\$212.0
2. Barley price premiums	\$57.6
3. Total net interest earnings	\$68.5
4. Transportation - Terminal rebates, penalties, tendering, & despatch	\$43.3
5. Transportation - Capped freight rates	\$225.2
6. Transportation 3 – Railway “Level of Service” complaint	\$3.0
7. GM wheat - Market loss	\$84.6
8. GM wheat - Agronomics, fusarium, etc.	\$80.0
9. Blending	\$30.0
10. Market Development, risk management savings, producer cars, etc.	???
TOTAL	\$804.1

1 & 2. Wheat and barley price premiums: The CWB's single-desk selling advantage enables it to extract higher prices in world markets and to price-discriminate between buyers. (Figures based on the work of economists Kraft, Furtan, and Tyrchniewicz; and Schmitz, Gray, Schmitz, and Storey.)

3. Interest earnings: Because of its government partnership, the CWB can borrow at low interest rates to finance sales, but it charges customers commercial rates and passes the difference back to farmers. (Data from CWB Annual Reports.)

4. Transportation – rebates, tendering, penalties, and despatch: The CWB's role in transportation means the system runs more efficiently and the savings are captured by farmers. (Data from the CWB and its Annual Reports.)

5. Transportation – Freight rates: Economist Gray and Furtan estimate that without the CWB, freight rates may be as much as \$30 per tonne higher. The NFU uses the much more conservative figure of \$5 per tonne.

6. Transportation – railway “Level of Service” complaint: In the winter of 1996/97, CN & CP moved other goods and left grain sit; the CWB acted on farmers' behalf, and won a Level of Service complaint. The NFU's calculation uses \$3 million per year as a representative benefit.

7 & 8. GM wheat – market loss & agronomic effects: The introduction of GM wheat would have cost Canadian farmers \$423 million annually in lost markets (Furtan, Gray, Holzman, 2005) and \$400 million per year in increased agronomic costs. 20% of those figures are used to represent the CWB “share” in creating the cost saving benefit for farmers.

9. Terminal blending: Because farmers using the CWB maintain ownership of their grain, farmers capture the increased value that results from blending: \$30 million per year. (Data from a CWB news release, 1999.)

10. Other benefits: CWB benefits not included in this flyer's total include: risk-management savings, market development, access to producer cars, support for shortlines, the continued existence of the Canadian Grain Commission (which would disappear if the CWB is destroyed), currency value management, etc.

For more details on all of these figures and calculations, see the NFU's factsheet “The CWB: What's it worth,” available on request from nfu@nfu.ca (and at www.nfu.ca) .