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national farmers union
In Union Is Strength

December 5, 2007

An open letter
to Ken Ritter, Chair, Canadian Wheat Board
and the Board of Directors of the Canadian Wheat Board

Dear Ken and our other farmer-elected Board members:

The companies that own Canada's malt plants are now calling for the end of CWB single-desk barley marketing and pooling. When dealing with companies like the maltsters, farmers urge you to remember the business case for orderly CWB marketing: It puts hundreds of millions of extra dollars in the pockets of farmers each year, and gets that extra money to farmers in an equitable manner.

It's no surprise that the malting companies have come out against the CWB and farmers' market power. The malt companies smell blood—farmers' blood—and their corporate natures are running true. Independent economists have consistently shown that CWB barley marketing puts tens-of-millions of additional dollars in farmers' pockets every year. Malt companies want those millions.

Farmers laughed when they saw recent reports that maltsters are calling for the end of the barley single desk so that there can be better "price signals." Maltsters are trying to bring the same "price signals" to barley that livestock companies have imposed on livestock farmers. Captive supply and confidential contracts have all but obscured the real price signals in the livestock business. And the "price signals" right now from these companies are returning 2 cents per pound for many hogs.

CWB marketing works. It provides farmers with millions of dollars in additional income. It provides price signals (\$11 durum sends the same message as \$8 yellow peas—grow more!). CWB price signals are often clearer and more dependable because they can't be manipulated for one or two weeks in order to "buy acres" in the spring. CWB barley pooling provides equity, fairness, and low-cost risk management. And the CWB's single

desk gives farmers power in the marketplace. If it had been up to the maltsters and similar companies, the CWB would not have been invented in the first place.

In mid-October, Minister Ritz speculated that government moves toward termination of the barley single desk “might not face resistance from the CWB”. But there is no good reason for the CWB to compromise in the face of maltster and government pressure. The government is unlikely to succeed in dismantling the CWB through legislation. And farmers, working together, have stopped the government from using the Cabinet Order route. The threat of federal government action has been reduced, and farmers have indicated through Director elections and surveys that they don’t want to see changes which will weaken the Board.

Further, the malt companies don’t have as much power as they pretend. The best strategy for the CWB is simply to market to the malt companies through similar mechanisms and arrangements that all parties used last year. There is no reason malt companies cannot live with those arrangements—except that the malt companies don’t want to pay farmers what the single desk can charge them in a tighter market.

Since the destruction of our Canadian-owned Co-operatives, many farmers have realized that the CWB is our last entry point into, and window on the world’s grain handling, transportation and marketing system. As such, the CWB is even more important to farmers than it was in the past. Canada’s malt plants are owned by a handful of the most powerful companies in the agri-food chain: Cargill, Archer Daniels Midland (Brian Mulroney is a Director), Rahr Malting, Viterra, Tiger Oats, and others. If farmers are to survive in a world dominated by such giants, we need a strong, intact CWB working on our behalf.

Farmers are watching and acting as corporations and governments turn up the heat on the CWB. We are firmly behind you, and urge you and your fellow elected Board members to keep promoting the business case that maximizes returns to farmers for wheat, durum, and barley—single desk selling, pooling, and government guarantees.

Sincerely,

Stewart Wells
President
National Farmers Union