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FOR IMMEDIATE RELEASE

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**WESTERN BARLEY AND WHEAT:
FROM SINGLE-DESK SELLING TO SINGLE-DESK BUYING?**

ROSSENDALE, Man.—The recently concluded merger of Saskatchewan Wheat Pool and Agricore United will leave the merged firm with 40% of the prairie country elevator system, 50% of port capacity at Vancouver, and 57% of capacity at Thunder Bay.

On the one hand, grain companies are merging to decrease competition and boost profits. On the other, the Conservative government is dismantling the CWB. “Government and corporate policies seem poised to transition the barley and wheat sectors from single-desk selling to single-desk buying,” said NFU Manitoba Coordinator Fred Tait.

Tait noted that this move repeats a similar one in the hog sector a decade ago. In the late-’90s, provincial governments dismantled hog farmers’ single-desk selling agencies. At the same time, almost on cue, hog packers began merging and consolidating. Today, most western farmers are largely captive to one packer. Over the past ten years, hog farmers have gone from single-desk selling to single-desk buying. Partly as a result, most of the smaller, family-farm hog producers have been forced out—hog farm numbers have been cut in half in a single decade.

“In a repeat of the hog debacle, we see governments pursuing policies that will make barley and wheat producers weaker and corporations pursuing policies that make them stronger. That sort of power shift is inevitably going to cause a profit shift,” said Tait.

Not only will the newly merged Sask. Pool/Agricore have more power to extract money from farmers, it will *need* to extract more money. “Sask. Pool raised over \$1.5 billion through debt and equity offerings. Those investors and creditors want strong returns. The money to pay those returns will have to come from farmers,” said Tait. He noted that the billion dollar plus merger can have no real benefit for farmers. “Despite the rhetoric, this isn’t ‘investment’—not one new elevator will result. In all probability, there will be closures. If we follow the money, billions will need to flow from farmers, to the new company, and on to bankers and shareholders,” said Tait.

He concluded: “Grain companies understand the value in working together rather than competing against each other. The Canadian government is pushing farmers down the opposite path—destroying their collective marketing agency and forcing them into destructive competition, neighbour against neighbour. The hog sector gave us a preview of how this will turn out. This time, the losses will be even larger. As they say, history repeats itself, and each time it does, the cost goes up.”

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