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**TODAY'S FARM INCOME PROJECTIONS
HIGHLIGHT PROFITEERING BY INPUT COMPANIES**

SASKATOON, Sask.—Agriculture and Agri-Food Canada today released its 2007-2008 Farm Income Forecast. A careful reading of the numbers reveals the immense power of input suppliers to capture the lion's share of farmers' revenues.

Grain prices are up sharply—double in some cases. Farmers' gross revenues for 2007 are up 9% over 2006. And 2008 revenues are projected to be another 18% higher again.

But despite sharp increases in prices and revenues in many sectors, AAFC projects farmers' Realized Net Income from the markets to be *negative* for both 2007 and 2008. (Realized Net Income from the markets is a measure that subtracts out the masking effect of taxpayer support programs.)

For 2008, AAFC projects farmers' Realized Net Incomes at \$2.6 billion. Program payments for that year, however, are projected at \$3.8 billion. When taxpayer-funded support payments are subtracted, farmers will be left with a Realized Net Income from the markets of *negative* \$1.2 billion for 2008.

“The combination of high grain prices and negative market net incomes casts into stark relief a problem that has been plaguing farmers since the mid-1980s: fertilizer, fuel, chemical, seed, and machinery companies, and other input suppliers have positioned themselves to extract virtually all farmers' revenues. These companies do not face sufficient competition that would otherwise discipline their prices,” said NFU Director of Research Darrin Qualman. Qualman is preparing a presentation for the House of Commons Standing Committee on Agriculture that looks at the role of high input costs in creating the ongoing farm income crisis.

Qualman noted that the AAFC projections are negative despite the fact that they largely overlook the price collapse for livestock producers—AAFC projects livestock receipts in 2007 and 2008 to be higher than in 2006. “AAFC is telling us that crop receipts will be more than \$6 billion higher in 2008 than in 2006, and that livestock receipts will be slightly higher. Despite these billions, farmers' realized net market incomes will still be negative. Policymakers need to get curious about where all the money is going,” said Qualman.

He concluded: “Fertilizer companies reaped windfalls in 2007—over a billion dollars in profit in their fourth quarter alone. Energy companies did likewise. Farm machinery companies are posting record profits. And farm families continue to struggle with negative net incomes. Market power is distorting the fair sharing of benefits in the agricultural sector. Politicians in Ottawa and the provincial capitals need to summon the courage to tackle this problem.”

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