



MEDIA RELEASE

Wheat Grower Reorganization Makes Good Progress

December 08, 2003. The renewal committee of the Western Canadian Wheat Growers Association is on track to revitalize the organization as the voice for prairie grain farmers who want to operate in an open and commercially responsive marketplace. The committee met in Moosomin Saskatchewan last week to review progress and prepare recommendations to present to a general meeting of Wheat Grower members in the new year. Members of the committee agree that an enormous vacuum currently exists in policy making in grain production and marketing, and commercial grain producer's voices are not being heard in policy making.

Clayton Kotylak of Montmartre SK and Curtis Hiebert of Sperling MB are two of the young farmers who have joined the renewal process for Wheat Growers. They believe the industry has a good future if a reasonable policy and trade environment is secured. Kotylak said, "prairie grain producers have demonstrated over and over again that we can survive and compete in world markets, but today the markets for Canadian grain are unreasonably distorted by subsidies, market access limitations, and duties imposed by the United States." "And in the face of this," he added, "the government of Canada has not demonstrated that it is willing to protect prairie grain producers from the effects of these market distortions, or to establish a level playing field for our sector".

Hiebert, a recent university graduate in agribusiness who chose farming over graduate school and other job offers, observed that the so-called '*agricultural policy framework*' (APF) offered up by the federal government is a weak response to the policy needs of prairie agriculture. He said, "As producers, we are competing against the treasuries of the United States and the EU, and access to many markets like Japan, Korea and the EU are restricted by tariff and non-tariff barriers. The costs of trade actions brought by the United States against prairie wheat exports have cost producers millions of dollars". The federal government is responsible for terms and conditions of international trade.

In addition Kotylak and Hiebert noted that deficits in Canadian Wheat Board (CWB) pool accounts will soon be made public. Trade sources indicate the total deficit will be somewhere between \$75 and \$100 million. These losses will be made up by the Federal Government, and their occurrence is likely to bring new trade pressure from the United States. Direct payments such as pool account deficits made up the Federal Government are considered subsidies, and will be targeted by US interests.

However, even worse for prairie farmers is the approximately \$1/2 Billion loss represented by the failure of the CWB to capitalize on prices available to farmers in crop year 2002-03. This is

evidenced by the CWB's own Pool Return Outlook in the fall of 2002, when after harvesting last years drought ravaged crops the CWB indicated that farmers should expect to receive \$300 per tonne for average quality wheat. However final CWB operating results will bring over \$60 per tonne less, resulting in the \$1/2 Billion shortfall. In addition, after one of the smallest crops in recent history much of the wheat was left unsold. This obvious failure to maximize returns to farmers demonstrably highlights the need for improved marketing systems and risk management for wheat. Too much of farmer's money is being left on the table.

The response of the federal government to these and other problems in the prairie grain industry has been the APF. That approach does not address the fundamental issues of U.S. and EU subsidization, market access or U.S. trade actions, nor of compensating grain producers for the hurt caused by uneven playing fields. Instead it terminated a reasonable safety net program called NISA and replaced it with a new program that will reduce producer protection and provides greater support to farms that do not manage risk well. The APF does not deal with the most important economic issues facing prairie grain producers.

In view of these important issues and the weakness in federal agricultural policy, the need for an effective producer organization representing commercial grain farmers is as important today as it has ever been. The renewal committee of the Western Canadian Wheat Producers Association is committed to reestablishing the organization as the voice of commercial grain farmers who prefer an open, competitive market environment for their products.

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