



For Immediate Release

July 14, 2006

Wheat Growers Applaud Federal Plans to Move Forward on Marketing Choice

The Western Canadian Wheat Growers Association is pleased with the announcement by federal Agriculture Minister Chuck Strahl to move forward on plans to enhance profit opportunities for prairie wheat and barley farmers. The federal government is planning to hold a roundtable meeting with farmers on July 27 in Saskatoon to chart a path toward implementing marketing choice.

"It's great to see some action on the federal government's campaign commitment," says Cherilyn Jolly-Nagel, President of the Wheat Growers. "Giving western farmers marketing choice will give us the ability to greatly improve our prices, cashflow and delivery opportunities."

The Wheat Growers are convinced implementing marketing choice will also lead to greater rural prosperity. "We currently see a good percentage of canola, oats and pulse crops processed on the prairies," says Jolly-Nagel. "We have every reason to believe farmers and others would be more willing to invest in value-added processing of wheat and barley in western Canada under a market choice environment."

The Wheat Growers note the delay in implementing marketing choice has cost prairie farmers millions of dollars. The Wheat Growers had called for marketing choice to be implemented by August 1, 2006, however that timetable is no longer achievable.

"It's most unfortunate that we don't already have marketing choice," says Jolly-Nagel. "Prairie farmers have lost millions and stand to lose millions more in lost revenue over the next crop year due to CWB marketing restrictions."

Jolly-Nagel was referring to the rally in wheat prices in recent months which the Canadian Wheat Board has inexplicably failed to capture. (See attached backgrounder).

"For a farmer who expects to harvest a winter wheat crop of 80 bushels to the acre, the CWB monopoly is costing him more than \$100 per acre. That's a huge amount of money to be leaving on the table," says Jolly-Nagel.

The Wheat Growers will be attending the roundtable meeting in Saskatoon, and will be putting forward proposals consistent with our position paper on CWB reform that was released in March. Under the WCWGA proposals, the CWB would be transformed into a fully producer-owned and controlled entity, and would continue to offer farmers price pooling in addition to forward price contracts. Farmers wishing to market their grain through the CWB pool accounts would be required to provide a tonnage commitment by a specified deadline date each year.

"We look forward to participating in the Saskatoon meeting, and putting forth constructive ideas on how to transform the CWB into an effective marketing tool for prairie farmers," says Jolly-Nagel.

The WCWGA, an independent producer organization, has spent 36 years bringing forth innovative farmer-driven solutions and will continue to lobby on behalf of forward thinking, progressive producers in an effort to make farming sustainable and profitable.

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For further comment, please contact:
Cherilyn Jolly-Nagel, President
Western Canadian Wheat Growers Association
Tel: (306) 354-2517

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**Backgrounder to WCWGA Media Release
(Wheat Growers Applaud Federal Plans to
Move Forward on Marketing Choice, July 14, 2006)**

- The CWB has failed to capture the rally in U.S. wheat prices that has occurred over the past several months. From January 1, 2006 to July 13, 2006, the December futures price of spring wheat on the Minneapolis Grain Exchange has climbed from US \$3.98 per bushel to U.S. \$5.10 per bushel or from Cdn \$4.61 bushel to Cdn \$5.77 per bushel. Prices have increased by more than \$1.00 Cdn per bushel, and yet the CWB's projected returns for last year's crop have fallen. The CWB Pool Return Outlook, basis Vancouver, for the 2005/06 crop year for #1 CWRS (13.5% protein) has declined from \$204.00 per tonne in December to \$201 per tonne in its latest price projection. The Pool Return Outlook (PRO) for the 2006/07 crop year has increased by only \$5 per tonne (i.e. \$0.14 per bushel) since the projection was first announced in February.
- For spring wheat, prices available to western Canadian farmers under the CWB's fixed price contract are about Cdn \$0.70 per bushel below U.S. elevator prices in the northern states. Even after allowing for additional freight costs (about \$0.30 per bushel in southern prairies, \$0.60 per bushel in the northern prairies), the U.S. values are superior to the fixed price contracts being offered by the CWB.
- For winter wheat, prices available to western Canadian farmers under the CWB's fixed price contract are, incredibly, about Cdn \$1.60 per bushel below U.S. elevator prices in the northern states.
- For those farmers planning to sell their new crop wheat through the CWB pool accounts, the price outlook is even worse. The CWB's latest Pool Return Outlook for the 2006/07 crop year for #1 Canada Western Red Spring (CWRS) wheat is \$0.60 per bushel lower than the price the CWB is currently offering to farmers under its fixed price contract. For #1 Canada Western Red Winter (CWRW) wheat, the PRO outlook is a further \$0.38 per bushel below the astonishingly poor price currently offered by the CWB under its fixed price contract.

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