

The Wheat Grower

November 2007

In Pursuit of Free Markets

From the President, Cherilyn Jolly-Nagel

A lot of Wheat Grower time and energy is devoted to obtaining marketing freedom for wheat and barley. This should come as no surprise. In terms of putting more dollars in your pocket and in your community, no other agricultural policy issue in Western Canada comes anywhere close.

However, our pursuit of free markets is not confined to grain or even the "output" side of agriculture. It is also important to gain as much free trade on the input side, whether that's fertilizer, fuel, chemicals, seed or machinery. In our view, free trade is the best way to ignite competition and to ensure we aren't paying more for our inputs than we should.

That's why we were encouraged to see a shipment of Russian-produced fertilizer imported by Farmers of North America through the Port of Churchill in October. While it's too early to say whether this will become an economically viable option in the long-term, introducing another source of supply in the fertilizer market would certainly be a welcome competitive development.

It's also important to recognize the profit link between free trade in inputs and outputs. If we were to get marketing freedom for wheat and barley, Canadian farmers and businesses would have greater opportunities to ship grain to the U.S. (and Russia!) and backhaul fertilizer. The resulting

arbitrage between our markets would be good for both sides of the ledger - higher prices for our grain and lower costs for our inputs.

Make no mistake - I don't expect to see a flood of trucks heading to the border once we gain marketing freedom. As is the case with oats, flax and canola, there is some direct trucking to U.S. markets, but the vast majority is shipped by rail. I expect the same would hold true for wheat and barley.

For markets to arbitrage, you don't need a whole lot of cross-border shipments - what you need is the **ability** to trade. Just ask any Canadian retailer who is feeling the effects of cross-border shopping. Only one in ten shoppers might make a trip to the U.S., but it's the ability of consumers to cross-border shop that is forcing retailers

here to match prices being offered in the U.S. What we're seeing in retail, we need to see in agriculture.

So whether it's trade talks at the WTO, bilateral trade deals, free trade in chemicals or fertilizer imports, the Wheat Growers will always be strong advocates for reducing trade barriers on both the input and output side of the ledger.

The Wheat Growers are excited about our convention in Minneapolis in January - our theme is "Pushing the Boundaries" and a good part of the agenda will be devoted to pursuing ways to obtain freer trade in grain and farm inputs. I hope many of you will be able to join us in this "cross-border shopping" exercise and bring back good information and good memories. □

Goodbye to an old friend.

The Wheat Grower family is deeply saddened by the death of Clarence Taylor on October 29 in Regina at the age of 88. Clare was one of the founding members of the Wheat Growers and served on the board of directors from 1973 to 1981. Clare will be fondly remembered for his good humor, dogged determination, and dedication to the Wheat Growers. Ahead of his time, Clare was the driving force behind the legendary "direct hit" unit train grain shipment in December, 1971 in which 90 cars of wheat were shipped from Saskatoon to Vancouver in 42 hours and loaded directly onto a ship through Federal Grain's Neptune Terminal. As a long-time soldier in the cause of marketing freedom and clear thinking in the grain industry, Clare will be greatly missed.

Our condolences to his family.

On October 1, the Wheat Growers sent the following letter to the Agriculture Minister and a separate letter to the Prime Minister outlining the need to move forward with legislation to gain marketing freedom.



October 1, 2007

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food
House of Commons
Ottawa, ON
K1A 0A6

Dear Minister Ritz,

We are writing to express our ongoing frustration with the Canadian Wheat Board (CWB) monopoly and how it continues to prevent us from accessing higher prices for our wheat and barley. The inability to directly market our grain is costing individual prairie farmers tens of thousands of dollars in lost revenue, and in some cases, hundreds of thousands.

The Wheat Growers are working closely with the Western Barley Growers Association in supporting an application to intervene in your government's appeal of the Hansen ruling on barley. While we are hopeful of a positive outcome in these proceedings, we recognize that resolution of the matter could take several months, particularly if the matter is further appealed to the Supreme Court.

Quite frankly, our members cannot wait that long. While world grain prices are strong, our experience has shown that they can also be fleeting. Our members want to be in a position to capitalize on the current prices (in some cases, by forward selling) and will only be able to do that if we have the freedom to market our own grain.

In light of this situation, we strongly urge your government to announce in the Throne Speech that it will introduce legislation this fall to provide for participation in the CWB to be voluntary, for both wheat and barley. We further ask that this legislation be subject to a confidence motion, so that all Members of Parliament are required to take a stand as to whether they believe western Canadian farmers should enjoy the same rights and freedoms as farmers elsewhere in this country.

While the Wheat Growers recognize your government has faced several obstacles in your efforts to provide prairie farmers with marketing choice, the unpleasant truth remains that we have no greater marketing freedom than was the case when your government first took office more than 20 months ago. In our view, introducing and passing legislation to bring about a free market in wheat and barley is the only enduring solution to this intolerable situation.

Thank you for consideration of our views. We look forward to your positive action.

Sincerely,



Cherilyn Jolly-Nagel
President



Mike Bast
Chair

- c. The Right Honourable Stephen Harper, Prime Minister of Canada
Mr. David Anderson, Parliamentary Secretary to the Minister of Agriculture and Agri-Food
Mr. James Bezan, Chair, House of Commons Standing Committee on Agriculture and Agri-Food

Wheat Growers in Action . . .

- On May 31, the Wheat Growers issued a press release supporting proposed changes to the Canada Transportation Act that would strengthen railway service provisions and lower freight rates by \$2.00 per tonne. In early June, the Wheat Growers wrote several letters to key Members of Parliament seeking passage of the legislation relating to the freight rate reduction. On June 18, the Wheat Growers issued a press release congratulating Parliament on passing the legislation to lower freight rates, to be effective by January, 2008. The other changes to the Act have been re-introduced in legislation before Parliament this fall. The Wheat Growers are part of an industry coalition seeking to ensure this legislation is passed.
- On June 11, several Wheat Grower members attended a news conference held by Agriculture Minister Chuck Strahl announcing the federal government's plans to introduce a free market in barley on August 1. The Wheat Growers issued a press release

strongly endorsing the announcement.

- Blair Rutter, Executive Director and former directors Edward Cook and Joe Janzen attended a Canadian Agri-Food Trade Association (CAFTA) reception in Winnipeg on June 11. Alanna Koch, former Executive Director of the Wheat Growers is now President of CAFTA, a strong proponent of freer trade.
- The June edition of Barley Country profiled Wheat Grower director Matt Sawyer in a story entitled *Fourth-generation farmer looks to future with optimism*.
- On June 19, President Cheryl Jolly-Nagel attended a Cross Border Forum on Agriculture in Washington, D.C. The Forum focused on the interdependence of Canada-U.S. agricultural trade and the need to further reduce regulatory trade barriers. While in Washington, Cheryl met with Daren Kopock, CEO of the National Association of Wheat Growers to discuss trade and wheat biotech.
- Over one hundred members and guests attended the Wheat Grower BBQ held on June 21 during the Farm Progress Show. The event was held at

Brandt Agricultural Products and featured a tour of their plant. Thanks also to other event sponsors including JRI, FarmPure, Arysta LifeScience and Big Sky Farms for making this event such a huge success.

- The farm of Manitoba Vice-President Grant Dyck was featured as the cover story in the June edition of Country Guide.
- On June 25, Bill Rusk, Saskatchewan Director participated in the On Farm Food Safety management meeting in Ottawa. A producer manual has been developed to help grain farmers conduct a food safety self-audit on their farms.
- Stephen Vandervalk, Alberta Vice-President attended the Grain Growers of Canada director's meeting in Calgary July 4 and 5.
- On July 9, the Wheat Growers issued a release in support of the decision by the Canadian Transportation Agency to uphold a level-of-service complaint filed by Great Northern Grain against CN Rail. The company had filed the complaint in response to changes in CN's policy for booking advance car orders that discriminated against shippers with less than 100 car spots.



Pushing the Boundaries Wheat Grower Annual Convention Minneapolis, MN

The Wheat Growers invite you to attend our 38th annual convention and annual meeting to be held January 23 - 25 at the Hilton Minneapolis hotel.

The theme for this year's convention is "Pushing the Boundaries" and promises to be an exciting and informative event. The convention will kick off with an opening reception on the floor of the Minneapolis Grain Exchange on Wednesday evening, January 23 and will close with a banquet at the historic Mill City Museum on Friday evening.

The Convention will feature the usual great lineup of speakers. We will also be having tours of various processing facilities on Thursday afternoon. Please be sure to send in your registration form and book your hotel by January 2 to guarantee you receive the Wheat Grower preferred room rates. The registration form is enclosed with this newsletter. More details will be sent to you in December. In the meantime, watch for convention updates on our website at <http://www.wheatgrowers.ca/events.htm>

- On August 1, the Wheat Growers issued a press release expressing our extreme disappointment in the decision by Justice Hansen to overturn the proposed free market in barley. We subsequently wrote a letter to the federal government urging it to appeal the decision and to introduce legislation in Parliament to bring about marketing choice for both wheat and barley.
- The Wheat Growers and Barley Growers went ahead with the "Barley Freedom Day" event on August 1 at the Jim Pallister farm at Portage la Prairie. Cherilyn Jolly-Nagel and Blair Rutter were among the 150 members and guests who re-asserted our determination to gain marketing freedom. Thanks to Jim for hosting the event and making it a success despite the disappointing circumstances.
- On August 7, the Wheat Growers and the Western Barley Growers Association issued a joint press release and position paper calling on the federal government to implement a free market in barley by harmonizing regulations across the country with respect to the issuance of export licenses. The organizations also called on the government to introduce legislation to provide for the voluntary marketing of barley and wheat by the CWB on a permanent basis.
- On August 14, the Wheat Growers issued a press release welcoming Gerry Ritz as the new federal Agriculture Minister. On the same day we also issued a release documenting the losses that farmers are going to suffer on barley if the court decision is not overturned.
- On August 30, President Jolly-Nagel attended the ceremony announcing the launch of Viterra. She also attended a luncheon at the Regina Chamber of Commerce where Minister Ritz was the guest speaker. Later that day, Cherilyn met with Minister Ritz following his announcement that the federal government would be appealing the federal court decision on barley.
- On August 30, the Wheat Growers issued a press release supporting the federal government's decision to appeal the court ruling on barley.
- On September 25 in Winnipeg, Executive Director Blair Rutter met with Wayne Molstad, the new U.S. Minister-Counselor for Agricultural Affairs for Canada, and USDA officials to discuss cross-border agricultural issues.
- On October 2, the Wheat Growers sent a letter to Minister Ritz and Trade Minister David Emerson urging the Canadian government to take a more positive stance in world trade talks, including sharp reductions in agricultural tariff barriers and trade-distorting subsidies.
- Cherilyn Jolly-Nagel and Blair Rutter participated in Monsanto's Grower Advisory Council meetings in St. Louis on October 3 and 4. The meetings covered a range of topics including glyphosate pricing, advances in biotech and seed policy issues. A highlight of the meeting was a tour of Monsanto's research facilities.
- Saskatchewan directors Gerrid Gust and Kenton Possberg met with Agriculture Minister Gerry Ritz in Duval, SK on October 11 to discuss a number of agricultural issues, including the need for CWB legislation and Canadian Grain Commission reform.
- On October 17, the Wheat Growers issued a press release regarding the Throne Speech in which the federal government signaled its intent to provide marketing choice to western Canadian farmers.
- On October 19, the Wheat Growers issued a press release and price charts documenting the positive impact on cash barley prices when the proposed free market was announced in spring, and the negative impact on barley prices following the July 31 court decision.
- On October 29, the Wheat Growers sent a letter to CWB Director Rod Flaman asking him to resign his seat as a Director of the CWB in the wake of his winning the Liberal Party nomination in the federal riding of Regina-Qu'Appelle. In our view, he cannot properly discharge his duties to farmers as a CWB director while at the same time seeking public office. □

Board of Directors

Cherilyn Jolly-Nagel, President
Mossbank, SK
Tel: 306.354.2517
cjolly@wheatgrowers.ca

Mike Bast, Chair
Winnipeg, MB
Tel: 204.255.6187
mbast@wheatgrowers.ca

Grant Dyck, Vice-President, Manitoba Region,
Niverville, MB
Tel: 204.388.4613
gdyck@wheatgrowers.ca

Geoffrey Hewson, Vice-President, Saskatchewan Region,
Langbank, SK
Tel: 306-538-4596
ghewson@wheatgrowers.ca

Stephen Vandervalk, Vice-President, Alberta Region
Fort Macleod, AB
Tel: 403.553.4423
svandervalk@wheatgrowers.ca

Gerrid Gust, Secretary/Treasurer
Davidson, SK
Tel: 306.567.2152
ggust@wheatgrowers.ca

Kevin Bender, Bentley, AB
Tel: 403.887.5795
kbender@wheatgrowers.ca

Con Johnson, Bracken, SK
Tel: 306.293.2902
cjohnson@wheatgrowers.ca

Kenton Possberg, Humboldt, SK
Tel: 306.682.3744
kpossberg@wheatgrowers.ca

Bill Rusk, Nipawin, SK
Tel: 306.276.2507
brusk@wheatgrowers.ca

Matt Sawyer, Acme, AB
Tel: 403.546.2259
msawyer@wheatgrowers.ca

Executive Director:

Blair Rutter
Winnipeg, MB
Tel: 204.256.2353
brutter@wheatgrowers.ca



**Western Canadian
Wheat Growers**