



**WESTERN BARLEY GROWERS ASSOCIATION**

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**WBGA builds support for agricultural commodity clearing**

March 31, 2008 (Calgary, Alberta) – Support is growing for a proposed voluntary agricultural commodity clearinghouse in western Canada. The Western Barley Growers Association (WBGA) launched the AgClearing project two years ago with support from Agriculture and Agri-Food Canada's Private Sector Risk Management Partnerships (PSRMP) program.

Project research indicates 70 per cent of western Canadian producers support clearing for a range of crops.

Originally proposed as a way for producers to improve default protection when marketing their crops, the concept of agricultural commodity clearing quickly revealed numerous other advantages in forward contracting; delivery assurance; price discovery; operations and logistics; and margin captures through strategic marketing.

"Agriculture is changing and so are the ways crops are marketed," WBGA president Jeff Nielsen says. "Clearing would bring improved business practices to the agriculture sector. These practices are accepted and proven in commodity and financial markets around the world. Clearing is fair, balanced and it would protect crop producers and crops buyers from financial failures and contract defaults."

The AgClearing project team has presented and promoted the concept of voluntary agricultural clearing to farm groups and other stakeholders across Manitoba, Saskatchewan and Alberta over the past two years.

Currently, the AgClearing project is considering clearing for non-Board crops such as feed barley, feed wheat, flax, canola, oats, peas and lentils. While these grains represent just a portion of the 50 million tonnes of grain produced in western Canada each year, the project found they generate sufficient volume for a clearinghouse to be a sustainable and profitable business.

Nielsen emphasizes the WBGA is seeking a business entity to launch, manage and oversee clearing activities. "We've built a solid business case demonstrating that a business entity could operate a clearinghouse with an expectation of profitability and a reasonable rate of return on investment."

The WBGA's next steps are to work with farm commodity and policy organizations to endorse clearing and then develop a joint proposal seeking transitional federal government support for the initial start-up of agricultural commodity clearing with a private-sector business entity.

"Our focus now is to build greater understanding about clearing and its many advantages and benefits," says Nielsen. "This is an exciting concept and we believe agricultural and financial communities in Canada are ready for it."

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