



WESTERN BARLEY GROWERS ASSOCIATION

A strong voice for a vibrant, market responsive barley industry in western Canada

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Letter to the Editor

The Western Barley Growers Association (WBGA) is encouraged by the recent announcement of the CWB's multi-year supply agreement of malt barley to COFCO, China's largest grain buyer. However, even though the agreement appears to be significant for Western Canadian malt barley producers, WBGA has concerns about the accuracy of details included in the media.

For example, the April 22nd Western Producer reported the deal "guarantees China will buy at least an additional 150,000 tonnes each year for the next three years". However, the CWB's John Lyons states in the same article "the sales are not necessarily in addition to traditional export levels." Since the CWB indicates this is not additional business, the Producer report is misleading in saying this deal guarantees additional tonnage.

In the same article, CWB CEO Ian White is quoted as saying "Western Canadian farmers have achieved a significant piece of premium business in a highly competitive and volatile market". However, the article also states that "prices will be negotiated at the time of sale". Since China has never been seen as a "premium" market and price was not negotiated at the time of the supply agreement, it is misleading to say this agreement represents "premium business".

To put this deal in perspective, this agreement does not guarantee additional malt business with China and it certainly does not guarantee "premium prices" for any malt barley sold within this agreement. As for the repeated use of the word "guarantee", are we absolutely certain that COFCO will execute the deal as negotiated; are we absolutely certain all or part of the agreement will not be cancelled? In the international grain trade, nothing is that certain.

The WBGA supports the CWB's efforts to secure long term agreements in the sale of malt barley for Western Canadian malt producers. There is no doubt that the CWB's agreement with COFCO may be significant. The truth of the matter is that this agreement represents only a portion of traditional business (it's not additional) and the CWB will still need to be competitive when pricing it out. What's more, there really is nothing to stop COFCO from changing its mind part way through the agreement.

The CWB should have corrected these statements, perhaps through a letter to the editor. But because the misleading message is actually positive for the CWB, it has little incentive to do so. Perhaps they recognize that they would have to contact every news organization with the corrections and it would be too big a job. The CWB should have made sure that its message was clear in the first place.

Farming is big business and malt barley producers need to base their financial decisions on facts and not vague or misleading statements. The CWB needs to be more forthright in its releases and the media owes it to Western Canadian producers to ensure accuracy with its news stories.

Brian Otto
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