



WESTERN BARLEY GROWERS ASSOCIATION

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For immediate release

CANADIAN WHEAT BOARD'S EXPORT FEED BARLEY PROGRAM KEEPS A LID ON FARM PRICES

Airdrie, AB. – August 27, 2010: The CWB's new Guaranteed Price Contract (GPC) for feed barley fails miserably at translating export prices to farm gate returns for prairie barley farmers, according to the Western Barley Growers Association (WBGA).

"Global feed barley prices have sky-rocketed in recent weeks" says WBGA president Brain Otto. "But these higher prices are not reflected in the prairies."

Media reports have indicated that global feed barley prices have doubled this summer, reaching as high as the equivalent of US \$260/tonne FOB Vancouver. Barley growers around the world are experiencing higher prices. For example, Australian domestic feed barley prices have reacted, rising by a reported \$65/tonne. "Unfortunately, feed barley prices in Western Canada have remained flat", says Otto, citing data collected by the Alberta Grains Council.

The CWB has made offshore sales of feed barley and covered those sales from farmers through its new Guaranteed Price Contract (GPC). "This is where the problem starts", says Otto. "Not only are the prices to farmers well below offshore values, the CWB failed to widely publicize the program, so only a few farmers could respond."

Trade sources have reported that the CWB's best GPC tender price to date is \$215/tonne basis in-store Vancouver. "This is about \$50/tonne below the reported export values", says Doug McBain, director of WBGA. "The only reason to hold the prices back is risk management for the CWB itself. But there are more efficient ways to manage this risk without reducing important cash flow from farmers right when it's needed most."

In addition, trade sources indicate that as early as August 9th, the CWB was tendering for barley through grain companies using the GPC. However, the CWB made no public announcement of this program until August 23rd, only after WBGA questioned CWB senior management about it and long after the first contract was already covered. "If we are required to sell export barley through the CWB, then it needs to ensure the program is well advertised so it is available to all barley farmers", says Otto. "You can't reasonably claim you work for all farmers when the value of offshore markets fails to reach all farmers in the prairies."

According to Otto, "If offshore market prices were allowed to reach the domestic market without the GPC, domestic feed barley prices would have climbed dramatically as they have in Australia. Holding prices away from farmers like this means lower prices for all feed barley in Western Canada, not just on the export program. The financial impact on barley farmers is in the hundreds of millions."

"If the CWB cannot trade barley in this turbulent market without holding back so much from farmers due to market risk (as it has stated), then we, the barley industry, need to find a more efficient way to participate in these markets to the benefit of all farmers."

"The CWB's market power is meant to earn premiums for farmers. If it cannot do that in barley, what is the value of having the single desk?"

WBGA believes there is a better way.

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