



WESTERN BARLEY GROWERS ASSOCIATION

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

Agriculture Centre – 97 East Lake Ramp NE

Airdrie, AB T4A 0C3

Phone: (403) 912-3998

www.wbga.org Email: wbga@wbga.org

For immediate Release

WBGA Calls On Minister Ritz To Move Now On Barley Reforms

August 30, 2007, Airdrie, AB: The Western Barley Growers Association (WBGA) hope to hear soon that the Honourable Gerry Ritz, Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, is going to announce an appeal to the July 31 court ruling in which Madame Justice Hansen overturned the federal governments wish to allow barley farmers choice. The Western Barley Growers Association (WBGA) and the Western Canadian Wheat Growers Association (WCWGA) have presented several options for the Minister to consider and the appeal is one of many. The WBGA looks forward in playing an active role in such an appeal.

"The CWB has finally woke to the fact that world barley production is down and there are market opportunities abound" states WBGA president Jeff Nielsen "yet stating that the monopoly has garnered western Canadian barley producer's premium malt barley prices is nothing more than a smoke screen. These new sales will have to be averaged with the 600,000 tonnes that was sold to the domestic market a year ago. The domestic malt association has claimed it would cost them \$30 million if the monopoly were ended. This smoke screen continues hiding the CWB's ongoing follies with barley. The CWB only prices malt barley, it is the responsibility of the malt company to source the barley directly from producers or through a grain agent. Being the only player one can say what one wants, yet prairie producers are not that stupid not to see through the smoke".

During what the CWB calls the time of market uncertainty (prior to July 31) Canada's grain trade contracted barley sales from farmers that were profitable and bankable. The Canadian grain trade markets such grains independent of the CWB as oats, canola, pulses and flax through out the world. Providing prairie producers the choice how to market those crops to obtain the best possible net return to their farms. Business suave prairie producers, men and women, can then use their marketing expertise to facilitate the financial needs of their business operations.

"A large amount of barley was sold by our Canadian grain trade providing farmers contacts that were far better returns than from the CWB Pool account" comments Doug McBain, WBGA past president. "Was there any uncertainty then? The grain trade knows the market with domestic and international buyers. Farmers know that the contracts they sign with Saskatchewan Wheat Pool, James Richardson International or the other Canadian grain handlers or brokers, are secure, and cashable. CWB PROs (pool return outlooks) and options such as fixed price contracts and EPOs (early payment options) cost producers money, thereby reducing their net returns. The latest CWB PRO's are not a guarantee that producers will see that price. The board cannot sell a significant amount into this price rally, because of earlier commitments and uncertainty of the unharvested crop".

The CWB will allow the grain trade to honour these contracts, made prior to August 1 with producers, yet these companies will be charged a service fee by the CWB.

"For doing what producers expect the grain trade to do – market their grains – they now face a penalty for doing such" continues Nielsen. "Why? What did those companies do wrong? What did producers do wrong when they signed those contracts? Western Canadian farmers want choice, they have spoken loud and clear on that issue and now it's time for our new Minister to honour and respect those wishes, as his government states it will."

The members of the WBGA will continue to ask the Minister to act on the paper presented to him by the WBGA and the WCWGA. We expect the Minister will shortly instruct the CWB to allow producers and the grain trade no cost export permits; harmonizing what farmers can freely do in eastern Canada, and work on all the recommendations within the paper.

For more information contact:

Jeff Nielsen
President
Olds, AB
Cell: (403) 556-0408
jeffniel@platinum.ca

Tom Hewson
Vice President
Langbank, SK
Phone: (306) 538-4572
hewws@xplornet.com

Doug McBain
Past President
Cremona, AB
Cell: (403) 816-0645
dmcbain@wbga.org

**Joint recommendations to the Prime Minister of Canada
regarding the steps forward in the wake of the adverse court ruling on barley**

August 4, 2007

Introduction:

In our view, it is crucial for the federal government to act immediately to provide Western Canadian farmers with the ability to market their barley to a buyer of their choice, as was contemplated under the federal government's regulation before it was overturned by Justice Hansen. The financial impact of this decision has been tremendously negative. Companies are now paying farmers \$0.40 to \$0.70 per bushel less for feed barley than they were offering prior to the court decision. Companies have also forgone making many malt barley sales, resulting in estimated losses of at least \$1.00 per bushel. The combined impact is expected to result in a direct financial hit to prairie farmers of \$400 to \$500 million in lost revenue and profits from barley alone, if the court ruling is allowed to stand.

With this in mind the Barley Growers and Wheat Growers urge the federal government to take the following short-term and longer term actions:

Short-term action required:

- 1) The federal government should move immediately to harmonize the regulations across the country with respect to the issuance of export licenses. Such a move would enable grain companies to execute existing export sales of feed barley (estimated to be at least 600,000 tonnes) and to capitalize on excellent malt barley sales now available. Harmonizing the regulations can be achieved by:
 - (a) removing the export licensing authority from the CWB and placing it in the hands of a federal department, which would issue these licenses to any person who applies, regardless of where they may reside in Canada, or
 - (b) instructing the CWB to issue export licenses for wheat and barley to farmers and grain companies in western Canada on the same terms and conditions as they are now issued in Ontario and other parts of Canada.

Our preference is option (a), so that the CWB does not use the information gathered under option (b) to undercut or otherwise interfere with any export sales made by others.

- 2) Instruct the CWB to allow domestic processors to purchase any quantity of malt barley direct from farmers or grain companies. This is necessary to ensure Canadian maltsters are on an equal competitive footing with non-Canadian maltsters. As may be recalled, on December 13, the CWB announced that it would allow certain processors to purchase up to 500 tonnes of wheat or barley direct from prairie farmers. If the CWB is in a position to authorize such exemptions under the Act, we are convinced the federal government also has the ability to authorize such exemptions for an unlimited amount under the Act.
- 3) Immediately appeal the Federal Court ruling. In our view, the ruling contains gross factual and analytical errors. We are convinced the chances of winning on appeal are extremely good, and that failure to appeal would leave the government open to unfair and inaccurate accusations that it overstepped the authority provided by Parliament.

Longer-term measures:

The Wheat Growers and Barley Growers recognize that (1) and (2) above are “quick fixes” and are needed to prevent farmers from sustaining huge, short-term financial losses. Item (3) is necessary to restore farmer (and public) confidence that the government acted in a legally sound and correct manner.

We recognize however that the above solutions only address the immediate problem and do not provide assurances that marketing choice for barley will remain or that it will be implemented for wheat. As such, we recommend your government consider the following two measures:

- 1) Take steps toward removing barley completely from the marketing mandate of the CWB by regulation (i.e. by revoking the extension of part III to barley) and introduce legislation allowing the CWB to resume the voluntary marketing of barley. We would propose that the timing for the removal of barley marketing by regulation and the restoration of barley marketing by legislation be planned for the same date (say November 1), although ultimately leaving it in the hands of the opposition parties and the Senate to determine if and when the CWB regains the authority to market barley on a voluntary basis.
- 2) Introduce legislation in the House repealing the Canadian Wheat Board Act and in its place introducing a new CWB Act that would provide for the marketing of wheat and barley by the CWB on a voluntary basis only. We further recommend that such legislation be made into a confidence motion, so opposition parties must decide whether they are prepared to give prairie grain farmers the same marketing freedoms that other Canadian farmers now enjoy, or are prepared to bring down the government on this issue.

Respectfully submitted for your consideration.

Original signed by:

Jeff Nielsen
President
Western Barley Growers Association

Original signed by:

Cherilyn Jolly-Nagel
President
Western Canadian Wheat Growers Association