



WESTERN BARLEY GROWERS ASSOCIATION

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

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For Immediate Release

Continued CWB Monopoly Costs Western Barley Producers Millions

August 3, 2007 (Airdrie, Alta.) – Barley producers in B.C., Alberta, Saskatchewan and Manitoba have lost millions of dollars in revenue following a Federal Court decision allowing the Canadian Wheat Board to maintain its monopoly on all western barley sold for food or export. Since the July 31 ruling, domestic prices for barley of all uses have "crashed and burned," said Jeff Nielsen, president, Western Barley Growers Association and a barley producer in Olds, Alberta.

The day after the ruling, cash prices for western barley on the Winnipeg Commodity Exchange dropped more \$30 a tonne, or \$.70 per bushel. With some 10 million tonnes of western barley ready to harvest, producers saw upwards of \$300 million in revenue evaporate overnight. The drop translates into lost revenue of roughly \$33,000 for every section (640 acres) of barley producers grow, said Nielsen.

"For many producers, including me, this is the difference between profit and loss," said Nielsen. "Adding insult to injury, the CWB released its initial price for barley on Thursday and it is well below the cost of production – and well below what barley producers are getting elsewhere around the world."

The CWB's initial price for feed barley is \$107 a tonne; the initial prices for designated barley are \$162 a tonne for two-row and \$144 a tonne for six-row. In a media release on Aug. 2, the CWB said it would issue a PRO (pooled return outlook) rate in coming weeks. The CWB has not posted new crop PROs for barley since February.

"The up side of the CWB's refusal to post barley PROs was that we saw transparency of market pricing from the grain trade and the Winnipeg Commodity Exchange," says Nielsen. "Producers saw the true market value of their crop and were able to see greater net returns. The CWB's notion that pooling will recover the losses we have already suffered is false and misleading. Pooling does not and will not work in barley."

"This clearly shows how even with only handling a fraction of the barley production, namely malt, the Canadian Wheat Board has shackled barley farmers to live with prices that are below the cost of production," said WGBA vice-president and Langbank, Sask. barley producer Tom Hewson. "Farmers were denied freedom one day and lose \$300 million the next, where is the logic in that?"

The WBGA questions how producers will be compensated for the dramatic loss – who will be responsible for it. "This drop in barley prices is the direct result of the actions of 12 so-called barley farmers, the Saskatchewan and Manitoba governments as well as the Canadian Wheat Board," says Doug McBain, past president of the WBGA and a Cremona, Alta. barley producer. "These four groups are solely responsibility for the losses actual barley farmers and the grain trade have taken in the past couple days. And they should be held responsible and accountable."

Nielsen says the Canadian Wheat Board has jeopardized Canada's reputation as a trusted and respected agricultural supplier. "We need market stability – and market choice – if we are going compete with other producers around the world."

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