



## WESTERN BARLEY GROWERS ASSOCIATION

Agriculture Centre – 97 East Lake Ramp NE

Airdrie, AB T4A 0C3

Phone: (403) 912-3998

[www.wbga.org](http://www.wbga.org) Email: [wbga@wbga.org](mailto:wbga@wbga.org)

September 17, 2010

Letter to the Editor of the Western Producer

Barb Glen, Editor  
The Western Producer  
P.O. Box 2500 - 2310 Millar Avenue  
Saskatoon, SK S7K 2C4

[barb.glen@producer.com](mailto:barb.glen@producer.com)

### **What is the true value of feed barley in Western Canada?**

With the Canadian Wheat Board's (CWB) new pricing initiatives for marketing feed barley, producers are still trying to figure out what is a good price. Ian White, CWB's CEO states, "although some market watchers have argued that offshore barley cash sales should have immediately boosted domestic values, we have actually seen little movement." (September 13, 2010 Alberta Farm Express). Actually, prices at Feedlot alley near Lethbridge have reflected the prices being offered by the CWB through the Guaranteed Price Contracts (GPC). The GPC price at an elevator is \$160.65/t, very similar to the local prices. The prices here have been similar to every GPC price offered since the program started. What isn't clear is whether the local buyers are reacting to the CWB price, or whether the CWB is simply setting its price to match the local bids.

Either way, what has not been reflected in the domestic feed barley price is the actual off-shore price of feed barley. It is clear now that the CWB has withheld upwards of \$50 mt. from the producer under these contracts on the pretence of protecting itself. Keeping the price to farmers low like this will certainly protect the CWB, but at what cost to farmers? By doing this, the export price is not being reflected in the domestic barley market. If it was, even the local buyers would be paying more to compete. The CWB has always maintained that it does not "distort" markets but obviously they have impacted today's inland prices. We come back to the issue of true price transparency and how the CWB affects the ability of farmers to have access to the real numbers.

Comments have also been made about the US feed barley prices not reflecting offshore prices. It is unfair to compare the US barley market to our Western Canadian domestic barley market. Most of the barley grown in the US – as much as 80% or more - is under contract to malt companies whereas only 20% of Canadian barley production is used for malt.. Making statements drawing links between the two barley industries is misleading and unfair to farmers.

What is the true value of barley? It is the price someone is willing to pay in competition with everyone else in the world that is using barley as a feed source. That is the price signal being obscured under the present barley marketing model of the CWB. This is costing farmers dearly, whether they're selling to the local feeder or to the CWB for export. Barley farmers need true price transparency to make effective marketing decisions for their farms. They also need to be sure they're getting the best price possible. This is what they are being denied under the present system.

A handwritten signature in blue ink, appearing to read 'B Otto', is positioned above the typed name and title.

Brian Otto  
President, Western Barley Growers Association  
Warner, AB  
Cell: (403) 647-7661  
[botto@mrcable.ca](mailto:botto@mrcable.ca)