



WESTERN BARLEY GROWERS ASSOCIATION

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

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CWB CLOSES 2008/09 MALT BARLEY POOLED ACCOUNT

Where does this leave farmers with uncontracted malt barley? Farmers are being told that the only marketing strategy left for their malt barley until the new crop year is "Cash Plus". "It is my understanding," states Brian Otto, acting president of the Western Barley Growers Association, "that barley producers will have to negotiate their own malt contracts with grain or malt companies under the CWB "cash plus" program". Otto goes on to say, "If the producers have to find their own cash markets for malt barley, what service is the CWB providing? It astounds me that they feel they add value here. Why are they even involved? It appears to me that this is all about preserving CWB control without any economic benefit for producers who do not have a malt contract today".

Otto questions where closing the pooled account early, fits within the CWB act. There was no indication from the CWB at the beginning of the crop year that the malt pool could be closed early. When January arrived there was no indication from the CWB that they were considering closing the pooled account prematurely. Surely, at that time, they new they were considering such an event. Giving malt producers advance notice of such a move should have been a priority. The CWB has blind-sided producers with uncontracted malt barley.

Did the CWB close the pooled account because it was concerned about creating a deficit within the account? Did they close the account to protect returns to producers already delivered or contracted to the pooled account? We all know that malt barley prices have fallen significantly since the end of harvest. Is the account closed to all new sales of malt barley after the announced closing? Does the CWB plan to make a final payment sooner since the account was closed half way through the current crop year? Producers surely deserve answers to these questions. This is a dramatic example where pooling only works for some producers and not for others who, unfortunately, were waiting until later in the crop year for malt selection. In a market choice environment, these producers would have had the opportunity to market their barley earlier, when malt prices were higher. Since the market was flooded with malt barley, these producers would have received market signals from the malt industry which would have encouraged them to sell into the feed market when those prices were significantly higher. As it is, the CWB clouded these market signals and interfered with producer's ability to make informed marketing decisions with their barley.

The CWB prides itself in looking after the best marketing opportunities for producers. Does this mean only for some producers? Maybe spending more time marketing and less time grandstanding for the news media while fighting with the government and less time spent lobbying Ottawa, would achieve better marketing results.

This is a sad day for malt barley producers, the CWB has failed to create value for them.

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