



Western Barley Growers Association

A STRONG VOICE FOR A VIBRANT, MARKET RESPONSIVE BARLEY INDUSTRY IN WESTERN CANADA

The Way Forward

Well before the government changed the marketing structure for wheat and barley in Western Canada, the Western Barley Growers (WBGA) had begun an industry-wide study of what the optimal structure for the barley industry should be to make it successful. The Barley Sector Analysis report can be downloaded from the WBGA website at www.wbga.org. The report pointed to a number of things that needed to be done, some of which have been done or are in the process of being completed, including removal of the CWB monopoly and the establishment of a national barley council. This Council will coordinate the barley industry and bring all the participants together around one table, from farmers across Canada to end users and buyers to researchers and funding organizations and market development organizations. The Barley Council of Canada now has a Strategic Plan and Executive Director in place, which allows it to set up its first Board of Directors, firm up its funding model, and get to work shortly. It will not result in additional check-off funding to operate, and it will be funded by the whole industry, not just farmers.

The report also pointed out the need for monitoring and mandatory reporting of some parts of the industry so that all participants could be on a level playing field and the system's performance could be checked. Information not currently available to the public is:

- **Export sales:** In the US, all exporters are required to report all export sales and shipments when they occur. This information is accumulated and reported weekly. The Canadian system would benefit from the same type of reporting as all players would then be able to see what business has occurred and under what conditions.
- **Price:** Although street prices are readily available and ICE futures and other independent bodies report various prices (and will be expected to do more in the new market), reporting of export sales prices should be mandatory. Due to the commercially sensitive nature of price, these data could be collected by an independent body and used by the government to monitor the evolution of the market subsequent to the deregulation of the CWB.

A case could be made for similarly monitoring sales of imported grain as well. Information is power, and the more transparent the system is, the stronger it will be for all the players in it.

Further recommendations in the report included making credit insurance more easily available (the CGC is currently looking at this and FNA has established its own form of credit insurance as well but there needs to be something available to help finance foreign trade of grain) and establishing a Cash Clearing House. Back in 2009, the WBGA funded an extensive study that explored using a Clearing House for the trading of Western Canadian grain. Given the change in marketing, all the needs identified by that study are even more critical in an open market. Essentially what a Clearing House does is put the buyer and seller of grain on the same level playing field - it makes sure the seller has the grain tonnage and specs they say they have, and it makes sure the buyer has the money to pay for it. It would especially be helpful to both farmers and smaller grain companies, and its use would be voluntary. Grain brokers who deal primarily with feed grains are usually not licensed by the CG Commission, so producers have no protection at present

with most brokers. Given the recent financial problems of Newco Grain and now Cranston Grain, this Clearing House is something we have urged the government to help establish, just as we have urged them to ensure the reporting needs and credit insurance needs of the industry we identified in the report are addressed.

The theme of our upcoming Convention, to be held at the Deerfoot Inn and Casino in Calgary on February 13 - 15, 2013 is "**New Environment - New Opportunities**", and it will cover many of the issues that are developing in both the new open market and due to other legislative changes the government has brought forward.

- New marketing tools are emerging, and Kevin Sullivan of Pangaea Global Risk Management will discuss producer payment security for domestic and export sales while John DePape of Farmers Advanced Risk Management Co. will introduce a Risk Management program and tool for farmers.
- New markets are emerging, and Tim Stonehouse of Munctons Malt will discuss Global market opportunities, while Larry Weber of Weber Commodities tackles the outlook for the North American market. Jim Beusekom of Marketplace Commodities will talk about Getting Grain into the U.S.
- Changes are being made to the Grain Commission, and both the CGC and Wade Sobkowich of the WGEA will discuss how they will affect farmers and the elevator system.
- Agrology and research are critical so Tim McAllister of the Lethbridge Research Station will talk about the work being done on barley feeding vs. corn, and Elston Solberg of Agri-Trend gives us some insight into what they see in the future.
- Land use and property rights are critical issues for all of us, and Andre Tremblay of the Alberta Land Institute is coming to go over these, especially in light of the debate over powerline and pipeline access and construction.
- FNA has been working through the fall to get their "ProjectN", a producer fertilizer project, up and running, and Bob Friesen will inform us of the projects current status.
- Ian White will drop by to tell us how the new CWB is adapting and outline their new programs.
- New producer commissions and councils are coming into their own, and we will hear from representatives of the new Barley Council of Canada, the Alberta Wheat Commission, and the proposed Saskatchewan Barley Commission and Wheat Commission as well on how things are going and how this will affect farmers and the industry.
- We also hope to have representation from provincial and federal agriculture to let us know what changes are upcoming in 2013 and beyond.

All of these are important issues that farmers and the industry will need to be aware of to adapt to the fundamental changes we are seeing to our grain system, so I urge you to attend. Farmers are now much more in control of our industry, but information is power, and without it, we cannot steer the ship - we will only be passengers. Get onboard today - register by phone at 403-912-3998, on the website at www.wbga.org or by e-mail at wbga@wbga.org. See you in Calgary!

MARK YOUR CALENDAR

WBGA 36th Annual Convention – February 13, 14 & 15, 2013, Calgary, AB @ the Deerfoot Inn & Casino

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