



The Canadian Wheat Board

FACT SHEET

STOP THE HARPER STEAMROLLER: SAVE CANADIAN WHEAT FARMERS

What is the Canadian Wheat Board?

- The Canadian Wheat Board (CWB) has been working for wheat, durum and barley farmers for over 75 years. It ensures that these farmers get the best possible price for their crops.
- The CWB is paid for and run by the farmers it benefits.
- The CWB sells grain all around the world. It arranges for its transportation from thousands of farms to customers in over 70 countries around the world.
- The CWB sells all western Canadian wheat, durum and barley through a "single desk" which means that anyone in the world who wants to buy Canadian wheat, durum or barley has to purchase it through the CWB. No other country sells their grain that way -- for example, if a miller wants to buy American wheat, they will get the various companies who sell it to bid against each other for the business. The lowest price will win.

How does the CWB help farmers?

- The CWB's annual revenue is \$5 billion to \$8 billion – all of which is returned to farmers, less operating costs, as profit.
- Studies by leading agricultural economists using CWB data conclude that the Wheat Board earns Prairie farmers hundreds of millions of dollars a year more than they would achieve in an open market.
- The CWB manages a supply chain that extends from farm gate to end-use customer. It has an envied international reputation for consistent quality and supply, superior service and technical support.

What is happening to the Wheat Board?

- The Harper Government plans to dismantle the CWB on August 1, 2012. The government intends to pass the legislation to do this by Christmas.
- Harper has unilaterally decided to take this action and does not intend to give farmers a say.
- The government has not put forward any business case on why the CWB should be eliminated.
- Canadian tax payers will have to pay hundreds of millions of dollars to wrap up the business.

Do farmers want to keep the Wheat Board?

- In a recent plebiscite among Prairie farmers, 62 per cent of wheat producers said that they wanted to keep the CWB for wheat.

- Farmers consistently elect a majority of directors who support the Wheat Board structure. Eight of the 10 farmer-elected members of the CWB board of directors are strong proponents of the Wheat Board.

What are the legal realities for the CWB?

- The CWB was grandfathered into the North American Free Trade Agreement. If it is dismantled, it can never be reinstated.
- The law requires the government to consult with the CWB's farmer-controlled board of directors before changing the CWB's single desk marketing structure.
- This law also states that any change to the single desk requires farmers to vote in favour of the change before government can act.
- Harper's government is acting in violation of the law by attempting to dismantle the Wheat Board without consulting the CWB's farmer-controlled board of directors and without giving farmers the chance to vote on the issue.

What happens to farmers without the CWB?

- Farmers will have to compete not only against each other but also against much larger companies that can afford to set their prices lower because they have such great volume of grain.
- The hundreds of millions of dollars that the CWB makes for Prairie farmers will instead go to private grain company profits.
- The wheat, durum and barley industries will go from being run by Canadians to being run by Americans.

How else will this affect Canadian communities?

- CWB grain accounts for 95 per cent of shipments through the Port of Churchill in Manitoba. The Port is the largest employer in the Hudson Bay community, but its future is in jeopardy because private grain companies have no incentive to use the port. Large grain companies make money from using their own port facilities on the West Coast, at Thunder Bay and along the St. Lawrence Seaway – not by using a facility at Churchill that they do not own. The loss of the Port would devastate the local economy.
- Canada's two major railways and the large grain companies will control the movement of all western Canadian grain. The CWB has been a positive force in advocating that rail service levels and rates be kept at acceptable levels for farmers. The large grain companies have not played that role and can't be expected to do so in the future.
- Producer-loaded grain cars are an important competitive alternative for farmers as they enable a producer to bypass the country elevator handling system and ship their grain direct to port. Producer cars represent lost revenue for large grain companies, so these companies have no incentive to encourage the use of producer cars. Last year, CWB wheat, durum and barley accounted for about 97 per cent of all producer car shipments.
- Locally-owned shortline railways in western Canada rely on producer cars for almost all of their business. Without producer cars, the shortline railways will be forced out of business.

- A 2005 economic impact analysis by Price Waterhouse Cooper (PwC) found the CWB contributes gross output of \$94.6 million to the City of Winnipeg and \$323 million to the Province of Manitoba.

Who benefits from the dismantling of the Wheat Board?

- A handful of large companies control the grain and oilseed trade in Canada and around the world. There is nothing to prevent these companies from dominating western Canadian wheat and barley trade as well.
- Railways will benefit from the demise of the CWB because the CWB has been a strong advocate for acceptable rail rates and service levels for farmers.