Transition to Marketing Choice
Introduction

• How did we get here? A brief history.

• Where are we today? What will occur over the next 5 years.

• How will it affect Canada-US trade?
A Short History of the Canadian Wheat Board

- 1919 – Canadian Wheat Board first established. Disbanded 1920.
- Canadian Wheat Board re-established in 1935
- 1943 - Became a monopoly marketer
- Extended to oats and barley in 1949
- Inter-provincial sales for feed grains removed from monopoly in 1974
- Oats for human consumption removed in 1989
A Short History of the CWB

• 1998 – Canadian Wheat Board Act changed to governance to 10 farmer elected and 4 government appointed directors

• 2000 – Producer Payment Options (i.e. contracts) introduced.

• 2006 – Marketing Choice Task Force.

• Bill C-18: Wheat and barley monopoly ended August 1, 2012
Path to Marketing Choice

• Announcement in May 2011
• Marketing Freedom Working Group
• Legislation
  – Amendments and Repeal of Canadian Wheat Board Act (*Marketing Freedom for Grain Farmers Act*)
  – Interim Canadian Wheat Board legislation
  – Transition to a fully private entity by August 1, 2017
Path to Marketing Choice

• Legislation passed on December 15, 2011 in Senate
• Became law with Royal Assent on December 15, 2011
• Farmers can now market their grain to anyone they choose
• Canadian Wheat Board no longer controls marketing of wheat and barley for export and domestic human consumption
Path to Marketing Choice

• The Canadian Wheat Board is now known as CWB.

• CWB owns no handling facilities but has grain handling agreements with all the major grain companies in western Canada.

• CWB is marketing wheat, barley and canola this crop year.
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• A major policy goal of the Government of Alberta for many years

• Farmers now have variety of options to market wheat and barley – contracts, CWB pools and contracts, futures, cash delivery

• This is a major policy change for the western Canadian grain industry and it will be some time before all the implications are known

• One area where significant growth may occur is value added processing
Legal Challenges

- Eight of the former Directors of the Canadian Wheat Board have mounted a series of legal challenges against Bill C-18.

- These have not been successful and the former directors are asking the Supreme Court of Canada to hear their case.

- The Supreme Court has not decided if it will hear the case.
What does it mean for Canada-US trade?

• Canada and the US enjoy a mutually beneficial trade in wheat and barley already
• In 2011 Canada imported of $21.7 million of wheat and $34 million of malt from the US
• In 2011 Canada exported $625 million of wheat and $169 million of malt to the US
• In 2011 the US exported $1.9 billion of cereal products to Canada

• Trade in wheat and barley supports jobs in milling, food processing, brewing and livestock feeding across Canada and the US
What does it mean for Canada-US trade?

Before Marketing Choice
- Canadian Wheat Board controlled all marketing of wheat and barley to US
- Corn and other feed grains flowed from US to Canada through private channels

After Marketing Choice
- Wheat and barley from western Canada can now be freely sold across the US border
- Wheat and barley market will become a continental market as is the case for oats and other grains
What does it mean for Canada-US trade?

- US livestock feeders may source feed grains directly from western Canadian growers or grain companies this year.

- Canadian producers can deliver grain to US elevators and US producers to Canadian facilities.
  - Limited potential due to differences in trucking regulations, customs procedures, freight rates, etc.

- Western Canadian farmers may begin growing on contract for US millers, brewers and other processors.
What does it mean for Canada-US trade?

- Potential for cross border cooperation on products
  - Canada-US pasta cooperative?
  - Opportunities for small brewers to source malt on both sides of border?
What does it mean for Canada-US trade?

• Better cooperation between Canada and US on international trade

• End of Canadian Wheat Board monopoly removes a trade irritant between us and one of Canada’s “sensitivities”

• Better Canada-US cooperation in the Trans-Pacific Partnership (TPP) and in the World Trade Organization (WT) negotiations