

Why You should Vote for Choice in Marketing Barley

By Rolf Penner

- *I would like the option to market my barley to the CWB or any other domestic or foreign buyer.*

Some believe the Canadian Wheat Board (CWB) should remain the sole Canadian buyer of malting and export barley. Others think it shouldn't exist at all. Voting for a policy that includes the CWB as a voluntary marketing option takes the broadest view, and gives producers the greatest flexibility and control over their businesses.

Many Benefits to Choice

More competition for barley means buyers (including the CWB) will have to keep a lid on costs as they work hard to get you the largest margins possible. Growers of malt barley stand to benefit the most from increased flexibility. A simple review of published prices shows that the CWB pool price for malt barley has been below the North American price for almost ten years.

Improved Pricing Signals

Often maltsters look for very specific quality parameters for specific customers. The current system doesn't allow for prices that differentiate according to these specifications. In an environment of choice, Canadian maltsters will be able to provide appropriate signals directly to producers. When they need to attract acres, they will be able to do so through price and quality indicators and directly contracting with farmers.

Currently, high prices in the feed market in years of shortage encourage farmers to sell malting barley for feed. That forces Canadian malt plants to import foreign barley. Recently malt plants have been built or expanded just south of the Canada/U.S. border because maltsters could not source directly from producers here. Choice would mean no longer forgoing malting premiums in favour of the domestic feed market and thereby leading to increased malting in Canada.

Higher Returns

A choice environment for malting barley would provide farmers with an opportunity to capture some of the highest returns in comparison with other crops. Canada is ideally suited for barley production, yet we are not maximizing our potential. An inflexible marketing structure and poor market signals are prime reasons. Greater flexibility would see growth of this high-value crop.

In feed barley, a dual market of sorts already exists. Domestically farmers can sell to whomever they wish, including the CWB. In a market-choice scenario, this would extend to include export buyers. Sometimes foreign markets are willing to pay more than domestic ones. Opening this dynamic to competition will quickly lead to increased opportunities for better margins closer to home.

'Voluntary' Works Well

A voluntary market, it is often argued, would mean the end of the CWB. Yet many examples show this to be untrue. For instance, post-monopoly, the provincial pork marketing agencies on the Prairies enjoy continued producer support, healthy market shares and positive growth. Farmers support these organizations because they have worked hard to be competitive and have earned their business.

CWB Will Remain Strong

The positive relationships that the CWB has with end-use customers will allow it to continue as an effective marketer in both international and domestic markets and will continue to be a real choice for producers. The CWB has a relationship of trust with many growers; these relationships have value and provide solid reasons for farmers to continue working through the CWB.

In a choice environment, the CWB will be a marketing agent for farmers and not a competitor with the grain companies. The CWB will be expected to exploit its offshore relationships to make sales. And, supported by many farmers, the CWB will be able to negotiate competitive handling rates and terms with many of the grain companies as they compete to handle this grain. The CWB will provide farmers a strong negotiating position with these companies.

Studies Support Choice

Numerous studies from a diverse body of researchers favour choice. Economists Carter and Loyns found that it "...would raise farm income..." market analysis company Sparks saw "substantial opportunities" if the industry were "Unimpeded". Agricultural think tank The George Morris Centre points out "... mandatory organizations in Canada that have moved to voluntary status have actually become stronger marketing organizations..." and one of the key recommendations by authors of the 2006 Market Signals Report was to "Allow marketing choice in barley."

Choice Respects Everyone's Rights

A vote for choice is one that respects everyone's rights, and does not place one group of farmers ahead of another. Farmers who want to sell to the CWB can continue to do so and those who wish to pursue other avenues can do so as well. That is a basic Canadian freedom enjoyed by growers of every other crop except Prairie wheat and barley, and it serves them well.

A Positive Vote

A vote for choice is not a vote against the CWB. It is a vote that acknowledges there is more than one way to successfully market barley and that no single way works best for everyone all the time. No two farmers are exactly alike and neither are their business requirements or marketing strategies. Choice will allow individual farmers to match their own personal skill-sets, strengths and tolerance for risk with the marketing system that they see working best for them.

This is why you should vote in favour of marketing choice.

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