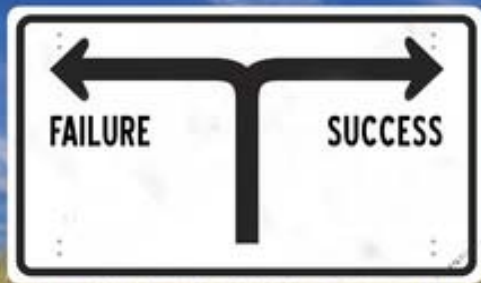


Alberta

Freedom To Create. Spirit To Achieve.

Transition to Marketing Choice

Government
of Alberta



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

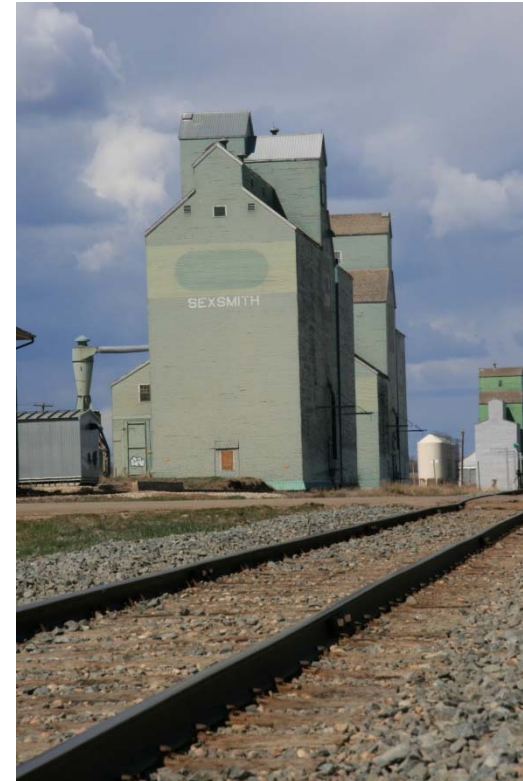
Path to Marketing Choice

- 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.



Path to Marketing Choice

- 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