



The WTO and YOU

Crop Production Week – CWB day
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Dustin Gosnell
Director, Strategic Planning & Corporate Policy



WTO primer

- 153 countries trying to agree on trade rules
- Agriculture one of the areas
- Other areas include non-ag market access, rules, services
- Doha round emphasis on developing nations
- Vast implications for farmers

WTO: Agriculture negotiations

Three pillars:

1. ***Domestic support*** –
substantial reductions in trade
distorting support
2. ***Market access*** –
substantial improvements in
market access
3. ***Export competition*** –
elimination of export subsidies



The latest

- “Doha round” of WTO talks resumed in Geneva in September
- Goal: new agreement on world trade including agriculture
 - to be reached in 2010
 - to be implemented in 2013
- Ministerial meeting held in early December did not result in any progress
- Another Ministerial may be scheduled for early spring

What it means to you

- Loss of government guarantees
 - Loss of the single desk
 - Little to no tangible benefits for wheat and barley
- Driven by the U.S. and EU --

What you've lost already

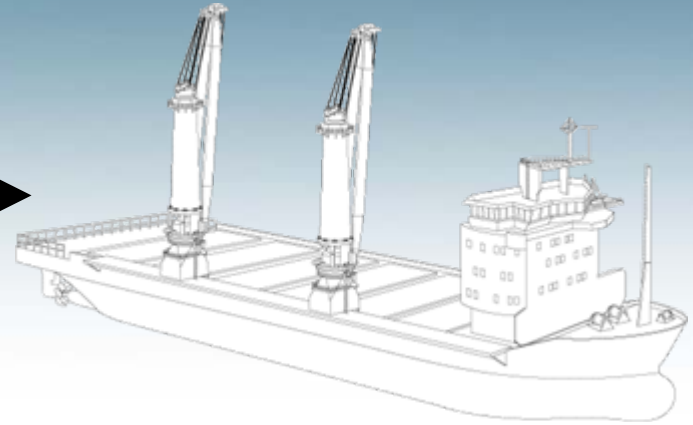
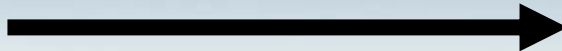
Canada agreed in 2004 that the guarantees will be forfeited whenever a final deal is reached

- Government guarantees of initial payments
 - Risk management tool
 - Used 13 times in CWB history
- Government guarantees on borrowings
 - Farmers share government's top credit rating
 - Big savings in financing costs
 - Allows CWB to operate without a capital base

Comparison of Credit Ratings

	Long-term	Short-term	S&P Long-Term Rating Level
Investment Grade	Aaa/AAA	A-1/P-1	Canada/CWB
	Aa1/AA+		RBC/TD/Scotia BMO/CIBC ADM/Cargill Inc.
	Aa2/AA		
	Aa3/AA-		
	A1/A+	A-2/P-2	
	A2/A		
	A3/A-		
	Baa1/BBB+	A-3/P-3	ConAgra Foods
	Baa2/BBB		AWB Limited/Bunge Ltd
Baa3/BBB-			
Ba1/BB+	Not	Viterra	
Ba2/BB	Prime	Median Agribusiness	
Ba3/BB-			





Guarantee Value (Single Sale)	
Inventory Financing Savings:	\$65,000
Annual Interest Earned on Credit:	\$184,000
Total:	\$249,000

CWB Bids Mexico 21% BOR 2 weeks (Credit Guaranteed)	Initial Payment:	\$9,315,000
CWB Bids Mexico 21% BOR 2 weeks (Credit Guaranteed)	Receive \$9,315,000 initial payment (\$186.30/t Guaranteed)	\$9,315,000
CWB borrows to finance initial USCP, 20 bps (USCP Guaranteed)	Further Use of Guarantees	Savings Interest Earned \$85,000
	Advance Payment Programs	Adjustment Payments



What's still on the table

- Single-desk – or export monopoly powers for exporting state trading enterprises (STEs)
- Brackets removed in December 2008
- Your marketing system is explicitly targeted
 - No similar rules for importing STEs
 - Special provisions for developing countries with export STEs
 - Footnote to exempt similar export STE in New Zealand (Zespri)

What about benefits?

Market access

- No significant market access benefits for western Canadian wheat, durum or barley producers
 - Proposed reductions are to “bound” (maximum allowable) tariffs, not to tariffs that are actually being applied
 - In the majority of CWB markets, the new “bound tariffs” remain higher than applied tariffs

	COUNTRY	EXISTING BOUND RATE	PROPOSED BOUND RATE	APPLIED RATE
WHEAT	Indonesia	27%	18%	0%
	Japan	251.8%	75.5%	0%
	U.S.	2.8%	1.4%	0%
	Sri Lanka	50%	31%	4.3%
DURUM	Algeria	none	none	0%
	EU-27	59.4%	21.4%	0%
	U.S.	4.3%	2.2%	0%
	Morocco	170%	90.7%	55%
	Venezuela	118%	67.7%	15%
DES BARLEY	U.S.	0.7%	0.4	0%
	China	3%	2%	1.5%
	Colombia	144%	76.8%	1.5%
	Mexico	115.2%	66%	0%
	Japan	255.8%	76.6%	0%

What about benefits?

Subsidy reductions

- No significant reductions in subsidies to producers in other countries
 - In 2008, U.S. implemented a \$289 billion Farm Bill which increased domestic support for wheat and barley
 - Loan Deficiency Payment (LDP) program has paid up to \$1.56 per bushel of durum

The Government of Canada's position

“Decisions about the Canadian Wheat Board should be, and will be, made at home in Canada. Our government will continue to stand up for Canadian farmers at the WTO and work hard to deliver a deal that's good for all producers.”

Agriculture and Agri-Food Minister Gerry Ritz

Letter to the Editor Star Phoenix, September 21, 2009

“The WTO is one tool that can be used to bring about that freedom.” [i.e. an end to farmers' single desk for wheat and barley]

– David Anderson, parliamentary secretary for the CWB
Wakaw Recorder and Humboldt Journal, November 2009

NOW is the time for Canada to stand up for Western Canadian farmers at the WTO and to defend farmers' right to choose their marketing structure.



Summary

- WTO a real threat to western Canadian farmers
- Government guarantees a major concession
- Elimination of single desk goes way too far
- Little benefits in return
- Step-by-step a deal is being assembled

What can you do?

- Stay informed
 - Read the upcoming issues of Grain Matters
 - Visit www.cwb.ca > Hot topics > Trade issues
- Speak out
 - Contact Agriculture Minister Gerry Ritz
 - Fill out and send the WTO mail-in card in Grain Matters
 - Contact your MP (Google Find your MP)

NOW is the time for Canada to stand up for Western Canadian farmers at the WTO and to defend farmers' right to choose their marketing structure.



**Is this
the deal
YOU
want?**