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U.S. officials praise plans to conclude wheat board monopoly

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WINNIPEG -- U.S. trade officials said yesterday they are encouraged by the Conservative government's plans to end the Canadian Wheat Board's monopoly on export sales.

The development came at the same time as Agriculture Minister Chuck Strahl announced he would hold a plebiscite on the future of barley marketing early next year.

Mr. Strahl dismissed the statements made by U.S. officials.

"I've always said decisions about the Wheat Board should be made in Canada. I've not talked to anyone in the U.S. Trade Department about this at all, nor would I. They may be interested, but it's frankly none of their business."

Gretchen Hamel, a spokeswoman for U.S. Trade Representative Susan Schwab, the senior trade adviser to President George W. Bush, emphasized that her office had not pressured the Canadian government to move to an open market, but was "encouraged by the direction of the discussions, including a recent advisory committee report."

"As the rest of the world looks at difficult reforms, cutting trade-distorting support and opening markets, Canada will have to step up to the plate on its sheltered sectors, such as the CWB privileges," Ms. Hamel said.

A task force report released Monday recommended ending the Wheat Board's monopoly within two years and creating a new farmer-owned grain company called Canadian Wheat Board II.

Jim Peterson, marketing director for the North Dakota Wheat Commission, said his group, which has launched trade challenges against the Wheat Board, is watching the Canadian debate with interest.

"The Wheat Board, as a government-guaranteed monopoly, we feel is an unfair advantage and a distortion to world markets," he said.

The issue has come to dominate political discussion in Western Canada. The premiers of Manitoba and Saskatchewan have called on the government to allow farmers to vote on the board's future, while in Alberta yesterday, a group called Farmers for Justice rallied to commemorate the 10th anniversary of the jailing of 13 farmers who crossed the U.S. border to sell their grain independently.

Mr. Strahl told The Canadian Press yesterday that even MPs within his own party were calling for a vote.

Responding to that pressure, Mr. Strahl told a Commons committee yesterday that he would hold a plebiscite on whether to maintain the Wheat Board's monopoly on barley sales some time in the new year.

"The report recommends legislation as the first step, but I'm recommending consultation. A plebiscite is a very important way of consulting," Mr. Strahl said in a statement.

He said he would develop a clear question that would be voted on by a broad base of producers, but did not say how voter eligibility would be determined.

Ken Ritter, the chairman of the Canadian Wheat Board, welcomed the government's decision.

"We've been calling for a plebiscite so I'm glad to see the minister has called one," Mr. Ritter said, adding that the government should hold a vote on wheat sales at the same time.

The Wheat Board's 2006 spring producer survey, a telephone poll of farmers, showed barley producers were closely divided on whether to keep the monopoly.

The same survey showed that 63 per cent of producers were in favour of maintaining the board's monopoly on wheat sales.

Mr. Ritter said the statements of the U.S. trade officials indicates that the proposed changes would benefit American interests.

"If they're encouraged, we should be discouraged, because they've always viewed the Wheat Board as a mechanism that gives Canadian farmers an advantage," he said. "If it's to their benefit, generally it's not to ours."

Wayne Easter, the Liberal agriculture critic, said it should come as no surprise that the United States is encouraged by the move to dismantle the Wheat Board monopoly.

"The U.S. has tried in 11 [trade] challenges to indicate the Wheat Board was violating trade laws because they were doing such a good job maximizing returns to producers," he aid.

"Now we have a government in Canada that is doing the U.S. bidding for them, and nobody will be happier about this direction than the U.S. grain trade."