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Thanks for the invitation to address this convention, and thanks also for the support the NFU has given to the Canadian Wheat Board over the years. I also want to state the fact that farmers are going to have to work together to keep the Canadian Wheat Board as we know it today. And, of course, I know that working together is fundamental to the National Farmers Union.

What I want to do is just speak briefly about the WTO. My main goal is to show what Canada has already given up should a deal be signed, and to quantify that cost to farmers. The Doha Round of talks have resumed in Geneva, and progress around this is very uncertain. Its' not sure whether anything will take place or not, but there's always a risk that a deal will move forward, so we have to recognize that. And the key issue that we're working on right now at the WTO is the latest draft targets the single desk directly. As a gift from Crawford Falconer, the former Chair, we face this in the text.

Now this text is not agreed to, and what we need to do is to make sure that the government of Canada speaks forcibly against this text that's out there and get the elimination of the single desk off the table. Now getting back to the key issue today, then, and here I'm trying to show you what Canada has already given up, and it's a lot on behalf of Canadian famers. They have agreed to give up the borrowing guarantees and the guarantees on initial payments. So again, they're not gone yet. But should a deal be signed, they will be eliminated.

Why are these government guarantees important? Well, the Canadian Wheat Board borrows a lot of money and I'd remind you that that slide that's up on the board is in millions of dollars. So the bottom line you see there is that the Canadian Wheat Board borrowed about 3.8 billion dollars last year, at July 31. The way it was borrowed: 3.2 billion dollars came from debt financing on the money markets of the world, and about 600 million dollars were from earnings that were to be distributed to producers. And the other thing I'd like to emphasize on this overhead is that the retained earnings, or capital, is zero.

So what this means is the Canadian Wheat Board gives all the money back to farmers every year. We don't keep it. So contrary to some of the other major corporations in the world, and clearly our competition in the world market are major corporations, we do not have retained earnings.

Now when you borrow 3.2 billion dollars, ratings matter. And if you look at this comparison of the various companies that are there, Canada and the Canadian Wheat Board have a Triple A rating. We're right at the top of the list, and as you move along, you notice that the banks in Canada such as Bank of Montreal, CIBC, Bank of Nova Scotia, ADM and Cargill, our major competitors out there in the world's grain markets, are up in the "Investment" grade. So they borrow money at rates that are not quite as good as the Canadian Government credit card that the Wheat Board enjoys, but they're still pretty good.

And then there's a "Non-Investment" grade line there: "Double B Plus" down to "Double B Minus". These are the Mean Agribusiness ratings in Canada, and a company like Viterra borrows money in that range. So the higher your rating, the lower the cost of borrowing money. This is the slide that we've developed to try to show exactly what this rating means. If the Wheat Board doesn't have the government guarantee, we move down the list. And if you look at the bottom line, that is, the borrowing rate that the CWB faced in 2008, it ranged from over 3.5% down to about 1%. So that's the rate that the CWB borrowed that $3.2 billion at last year.

Now if we move down the scale of credit ratings to companies like Cargill and ADM, it's going to cost another 27 million dollars to finance that same amount of capital through the year. And if we move further down the list to the rates that Mean Agribusiness in Canada have, it's going to cost 107 million dollars a year more to operate that borrowing over the year. So what this turns out to be, is if you look at that 107 million dollar increase, it's 500 to 2000 dollars per permit book. Or if the Wheat Board handles about 20 million tonnes per year, it's 5 dollars a tonne to producers that you would not have in your pockets because of (the loss of) this government guarantee. And one of the things that I find really frustrating here is the Wheat Board has never, ever collected on the government guarantees for borrowings. It has cost the Government of Canada absolutely nothing to deliver that guarantee. And this is something that would be lost should a deal be signed.

The next step here is the loss of government guarantees on the initial payments, and the implication here is the initial payment guarantee is only used in catastrophic events. But it has happened 13 times in history, where you get a double whammy of the Canadian dollar rising dramatically and grain markets crashing, and things get so bad in the grain business that the initial payments cannot be met. So right now, the government backstops these payments. Should there be a loss, farmers do not have to cover the risk. And that is the issue here: risk without these government payments on guarantees.

There are only three ways to remedy that. One is to have a very low initial payment, and that's not a very favourable thing to producers. Right now the government insists on about a 35% risk factor, and that puts the initial payments at a level that a lot of producers don't like, but it is where we are today. And if we did not have the guarantees, we would have to consider having an even higher risk factor than that. Another way is to buy expensive hedging products. So that could be another solution that the Board could use to make sure that producers' money is not at risk. And the final way is to have a large capital base to allow the Wheat Board to accept that risk. And all of these cost farmers money. Now we have had the capital base looked at by third parties and it's not an easy thing to replace this guarantee, and this is not a pin-point estimate, but it would cost somewhere between 500 million and 1 billion ($1,000 million) dollars in a fund, to make sure that we would have these guarantees backstopped.

So that's a large amount of money. Iit would cost roughly 10,000 to 20,000 dollars per permit book to do this, and we would have to have that in order to have the same footing out in the world as some of our competitors. So it's a very significant amount of money, and it's going to happen should the WTO be signed. This agreement process has been going on for ten years and there's not a lot in it for Canadian farmers, grain farmers particularly.

The Government of Canada has clearly stated that decisions regarding the CWB's marketing structure should be made in Canada. We want to move that ahead to: this decision should be made by farmers in Canada – because it should be up to farmers to decide the future of the CWB and the single desk. And the only way to do that is to make sure that we exert pressure on the government to stand firm at the WTO. This is not the time to waver.

Success to a trade negotiator is to get what you want and give nothing up. We have given up a lot already, and we need to make sure that's all we get. So what we've got is a bit of a program going where we've got copies of "Grain Matters" with WTO mail-in cards, where you can lobby the government. And it's really important that we focus on this now, not because a deal is imminent, but because we've got this text sitting on the table with elimination of the Wheat Board sitting there. And the longer we leave that out there, the more difficult it's going to be to get it changed. Those are my remarks, thank you very much.