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## Quick Facts: the grain marketing chaos 2014

“A bushel of wheat is offered at Vancouver for CAD \$11.38/bushel and bought in the country for CAD \$4.69/bushel for a difference of CAD \$6.69/bushel. In metric tonnes, the price at Vancouver (port) is \$246 CAD/tonne above the average country price for #2 CWRS 13.5. . . .”

- February 26, 2014 CWB Market Research Services newsletter

**Farmers are now getting about 41% of the grain cheque.**

**The grain companies are taking 48% - making the largest profits in their history**

**With our Wheat Board farmers got 84% or more of the grain cheque**

Time Period	Grain value at port	Net \$ to farmers	Elevators, Rail, Misc	Farmers' share (%)	Sources
Feb. 26/2014 no single-desk	\$11.38 /bushel	\$4.69 /bushel	\$6.69/bu	41%	CWB Market Research Services Newsletter
2009/10 CWB single-desk	\$5.1 billion CWB Pool receipts	\$4.3 billion CWB Pool payout	\$1.21/bu \$634 million	84%	CWB Annual Report 2009/10

**Follow the money:** The railways, primary elevators, and terminals are guaranteed a profit by “regulated tariffs” which allow them to take a total of \$77 per metric tonne (*less in Alberta, more in Manitoba depending on rail cost*).

- Regulated tariffs apply to grain movement in-country. Once grain is in the terminal it is the private property of the grain company and that is where the excess profits are made.

Our calculation uses tariffs set by the Canadian Grain Commission and Canadian Transportation Agency for wheat:

**port price** at Vancouver is **\$417/metric tonne (mt)**

- **farmers' price** in-country **\$171/mt**

leaves **\$246/mt for the grain companies and railways**

Now subtract the following :

Rail (average)	– \$40.00 (varies with distance to port)
Primary elevation	– \$15.50
Primary cleaning	– \$05.70
Port Terminal elevation	– \$10.15
Port Terminal cleaning	– <u>\$05.72</u>
sub total: <u>\$77.07/mt</u> - regulated profit for getting grain to port	

**\$246 minus \$77.07 equals \$168.93/mt (\$4.60/bu)**

**THEREFORE: \$168.93 per metric tonne is being scooped up by the grain companies as the excess profit** they make purchasing wheat and durum from farmers in-country and flipping it to their customers at port.

According to the Canadian Grain Commission total exports of wheat and durum as of Jan 26/14 are 9,697,210 mt

Multiply that by the excess profit and we see the grain companies have made \$1,638,149,685.30 (over \$1.6 billion on wheat alone) as of January 26, 2014 because the single-desk CWB is gone.

**This money would have been returned to farmers by the single-desk Canadian Wheat Board.**