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BOOK REVIEW: Schmitz, Andrew and Hartley Furtan. *Canadian Wheat Board: Marketing in the New Millennium*. Regina, Saskatchewan: Canadian Plains Research Center, 2000, 328 pp., \$29.95 paper. ISBN 0-88977-134-0.

The operation of state trading enterprises (STEs) in trading agricultural commodities has been a contentious issue for the last decade mainly because STEs may be able to distort trade flows. The Canadian Wheat Board (CWB) has received special attention from U.S. growers since (1) it is the world's largest export agency, accounting for about 12 percent of wheat and barley traded in the world market, and (2) it has substantially increased wheat and barley exports to the United States since 1989. Most producers in the United States believe that the CWB gives Canadian producers an unfair advantage over the United States in bilateral trade of agricultural commodities, mainly wheat, between the two countries. Also, producers in the United States believe that the CWB provides an unfair advantage to Canadian producers over the United States in offshore markets. Recently, the North Dakota Wheat Commission filed a complaint against the CWB regarding its marketing behavior.

Canadian Wheat Board: Marketing in the New Millennium provides very useful information on the operation of the CWB to improve our understanding of it. The book covers all information regarding the operation of the CWB in the world market and reasons why the CWB is needed in Canada in the world wheat markets. In addition, the book describes the trade relationship between the United States and Canada and the role of the CWB in agricultural trade between the two countries.

The book has 15 chapters, including an introduction (Chapter 1) and conclusion (Chapter 15). In Chapter 2 the authors analyze the role of the CWB in the world grain market, which they claim is far from a free market

system. The authors argue that the CWB has monopoly control over the marketing of western Canadian wheat, durum, and barley, but it does not have such control over the world grain markets. They claim that the CWB has been successful because it is able to maintain its market share despite the problems in world grain trade. The authors describe the regulatory framework governing the Canadian grain industry in Chapter 3. This chapter provides a better understanding of the function of the CWB in transporting, handling, and marketing grain. Chapter 4 discusses the single-desk selling concept of the CWB. They examine the role of the CWB, which maximizes returns for producers it represents, and compares it with multinational grain companies (MGC). Chapter 5 focuses on recent changes in agricultural policies in the United States, the EU, and Canada. They argue that there is not free trade as long as the United States and the EU maintain government policies and subsidies.

In Chapter 6, the authors discuss the operation of the CWB, as a STE, under the world trade organization. The authors argue that STEs will play an important role in world grain markets and the CWB has not violated existing trade agreements. Chapters 7, 8, and 9 examine trade disputes between the United States and Canada and debates in Canada regarding the operation of the CWB. Since the inception of the U.S.-Canada Free Trade Agreement, Canadian exports of wheat and barley increased substantially, while U.S. exports to Canada remain insignificant. The asymmetric trade flows of wheat and barley have triggered several trade disputes between the two countries. Chapter 7 summarizes the trade disputes that have occurred between the

United States and Canada over CWB shipments of wheat into the United States. The authors argue that the increased shipments are caused by the export enhancement program (EEP) the United States used from 1985 to 1995. In Chapters 8 and 9, the authors examine Canada's debates on barley marketing. They carefully discuss debates regarding a dual marketing structure for barley in Chapter 8, while Chapter 9 looks at the Charter Case. The authors discuss litigation against the CWB brought by Archibald and several farmers, along with the Alberta Barley Commission and the Western Canadian Barley Growers Association. Chapter 10 focuses on characteristics of the Canadian rail system and roles of the CWB in the transportation system. The economic performance of the CWB is discussed in Chapter 11. The authors argue that the CWB performs better than its competitors. In Chapter 12, the authors argue that the alleged cost inefficiencies of the CWB claimed by Carter and Loynes are not found and that the marketing costs of non-board grains, such as flax and canola, exceed the costs for barely and wheat. Chapter 13 discusses the CWB's ability to introduce additional price and marketing flexibility. The dual marketing debates

are explored in Chapter 14. The authors argue that multiple sellers under a dual marketing system would cause the price premiums earned by the CWB to disappear. They conclude that dual marketing is not a viable system for the western Canadian grain producers. In the final chapter, the authors summarize the CWB's performance in world grain trade, its economic efficiency, and disputes against it. They conclude that the CWB has won many battles to date and has generated higher gains for producers than its competitors.

This book covers all relevant topics and issues related to the CWB and also highlights changes in the CWB operation over the last several decades. The book strongly supports the operation of the CWB in world grain trade and argues that the dual marketing system is not a viable option for Canadian grain producers. This book is very well written and easy to read. I strongly recommend this book to those who would like to know more about all the issues regarding the CWB, including history, regulations, operations, disputes, and debates.

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