



# Operating Successfully in a New Grain Marketing Environment: How Well Would a Voluntary CWB Work?

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## Would a voluntary CWB be viable & flourish?

- Murray suggests that a voluntary CWB would face major difficulties.
- An AAFC Task Force (Migie et al 2006) is more optimistic, arguing that a voluntary CWB (“CWB II”) should and could continue to exist.

The debate is accompanied by much uncertainty re:

- world economic conditions;
- grain market prospects (& more volatile prices)
- legal and political wrangling and rancor.

## Issues facing a voluntary CWB

- A voluntary CWB could organize either as a corporation or as a cooperative.
- Some basic issues are similar for both structures  
In each case it faces a problem of lack of marketing infrastructure.
- It could acquire this (unlikely); or
- contract for use of infrastructure (would require predictable supplies of sufficient volumes for cost economies);
- Contracting with grain marketing competitors raises its own set of issues and problems (esp. price, strategic behavior re elevation, terminals)

- Removal of the single desk status of the CWB



## Would a voluntary CWB be viable & flourish?


- To be a successful marketing cooperative, the CWB would have to avoid the free rider problem, eg become a closed co-op or require enforceable supply contracts with members (2<sup>nd</sup> generation co-op). (Capital generation questions/issues too).
- To flourish, it would need to attract and retain members through competitive/attractive producer prices and services



## Would a voluntary CWB be viable & flourish?

The previous Ontario Wheat Producers' Marketing Board became a voluntary marketing agent in the earlier 2000's, offering farmers cash bid prices, forward price contracts and pool account pricing.

Presumably these options could be followed by a voluntary CWB; however, to flourish over time would still require competitive/ attractive producer prices and services



## Possible paths to attractive producer prices: some issues and questions

- Possible pricing advantages of strong associations with traditional customers, especially state trader importers (eg Japan's food import agency)
- Possible benefits from vertical integration? (little/less CWB experience here)
- Possible potential system coordination advantages through collaborative supply chain partnerships ? (extent of CWB experience? collaborative vs competitive relationships?)



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flourish?

Many questions. Few easy answers