

# Ontario's Wheat Industry with Direct Marketing

## Economics & Competitiveness



Ontario's Wheat Industry  
With Direct Marketing

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## Acronyms

CBOT	Chicago Board of Trade
CGC	Canadian Grain Commission
FPC	Forward Price Contract
HRS	Hard Red Spring
HRW	Hard Red Winter
KVD	Kernel Visual Distinguishability
OWPMB	Ontario Wheat Producers Marketing Board
PPA	Processor Pricing Agreement
SRW	Soft Red Winter
SWW	Soft White Winter

## Executive Summary

Producers in Ontario have three marketing options; to sell through the Ontario Wheat Producers' Marketing Board (OWPMB) pool account, to use the forward price contracts and cash bids offered by the OWPMB or to sell directly to grain elevators, brokers or flour mills. The option to sell directly to the private grain trade is referred to as direct marketing and is a relatively new program that has only been offered on an unrestricted basis for the last two years. The program was offered between 2000 and 2002, but on a limited basis.

Producers have been quick to shift their marketing from the control of the OWPMB to direct marketing. The transition for producers was easily made with most producers aware of the contracting options available from their local grain agents. In 2003, direct marketing proved so popular that 83% of Ontario's wheat crop was sold this way. The OWPMB purchased 12% of the wheat crop through its cash bids and forward price contracts and 5% through the pool account.

There are a number of positive benefits that have emerged from direct marketing. First and foremost has been the private grain trades ability to direct fusarium infected wheat into the US milling market. In 2004, fusarium infected wheat sold to the private grain trade was worth \$15-40/tonne more than prices offered by the OWPMB.

The second most important benefit has been increased exports to the US vs international markets. This is largely due to the opportunity to move fusarium infected wheat to US flour mills, but also because of aggressive selling by the private grain trade. This has created new markets for Ontario producers and will be a significant benefit in the future.

The Ontario wheat industry has had some issues arise that it has had to manage. Mixing wheat types has on at least one occasion been responsible for manufacturing problems. Different wheat types have different technical properties. The Ontario wheat industry has since put considerable effort into educating producers and grain buyers about the risks of mixing wheat types.

Price reports indicate that there is more price volatility in a direct marketing environment. This provides producers with a window of opportunity to sell at prices higher or lower than the OWPMB's pool account. If producers received higher prices or not depends on the timing of their sales.

# 1 Background on Ontario's Wheat Industry

Up until the mid 1980's, the Ontario producers grew only soft white winter (SWW) wheat. At this time, private plant breeders recognized an opportunity to introduce wheat types with greater disease resistance and suitability to displace imported hard red spring (HRS) wheat from western Canada. These new wheat types have gradually increased in acreage and are now far more prevalent than SWW. In 2004, Ontario grew 730,000 acres of winter wheat; hard red winter (HRW), soft red winter (SRW) and SWW. An estimated 100,000 acres was seeded to HRS wheat.

Figure 1: Ontario Wheat Acreage by Type, 2004 & 2005



Source: OWPMB, 2004.

Wheat is the third most seeded crop in Ontario, representing 8% of total crop production. Total acreage has steadily increased in Ontario, keeping pace with increased seeded area. Wheat is grown primarily as a rotational crop, with corn and soybean production.

The Ontario milling industry is the third largest in North America. It is estimated that it uses 600,000 tonnes of domestically produced wheat and another 100,000 tonnes for feed and seed. Domestic production serves to fill the demand for SRW, SWW and HWW wheat. A further 1.5 million tonnes of HRS is purchased annually from western Canada to produce flour for bread and baked goods.

## **2 Ontario Wheat Producers Marketing Board**

### **2.1 Background**

Up until 2000, the Ontario Wheat Producers' Marketing Board (OWPMB) was the single desk marketer of Ontario wheat. The 2000 crop year marked the first opportunity for Ontario's producers to sell outside of the board. The Producer Direct Marketing Exemption Program began in 2000 with 150,000 tonnes available on a first come first serve basis. In that year, producers used the full allowable amount under the program.

The push for direct marketing came largely from producers in southwestern Ontario who were unable to market their wheat to US millers. The issue escalated in the late 1990's after fusarium infection in the US created a large premium for milling quality soft wheat. The inability to capture this premium left many producers angry and determined to never let it happen again.

In 1997, the OWPMB introduced Forward Pricing Contracts (FPC), priced off the Chicago Board of Trade (CBOT). This allowed producers to price their wheat basis an actively traded futures market and to opt out of the pooling system. However, the OWPMB still maintained its single desk marketing powers. The FPC provided producers with the opportunity to receive full payment for their wheat within approximately 10 days, as well as control to decide the best time to market. In the years to follow, the OWPMB introduced a number of additional risk management tools including cash at harvest, deferred delivery, minimum price and basis contracts.

### **2.2 Pre-Direct Marketing**

#### **2.2.1 Pooling System**

The pooling system that was in place in Ontario is similar to the practices of the Canadian Wheat Board (CWB). The OWPMB had the exclusive right to purchase and market all wheat. They used this market power to extract higher prices in the domestic market and move the remaining wheat at world prices. Producer payments were determined by taking total revenue less operating costs over the total volume handled to establish an average price.

The pool accounts were open from June 1 – May 31<sup>st</sup>, with producers free to decide when they delivered their wheat. Upon delivery, producers received an initial payment for their wheat. Occasionally, the OWPMB would make an interim payment midway through the year if it was determined the initial payment was considerably less than the expected final payment. Producers received their final payment in July or August after the accounts had been balanced.

In Ontario, the costs and revenues associated with selling each wheat type were segregated and managed through eight pools. This significantly increased the transparency of product value. However, explanation of the cost categories and revenue streams were vague and based only on general account headings.

The OWPMB operated a single pool up to 1985, a year after red wheat varieties were introduced into Ontario. In 1985, the OWPMB created a second pool for red wheat. By 1994, several pools had been introduced in order to segregate the sales of the various wheat types (JRG Consulting, 1998). A pool existed for each class of wheat, with some having sub-pools for specific varieties and organic products. Hard Red Spring (HRS) even had more than one pool in order to distinguish certified from common seed. The OWPMB managed several pools for HRS because of the wide range of end-use characteristics and qualities. The pools C and D were for HRS varieties with certificate seed, one for widely accepted and one for not widely accepted varieties. Pool F was red wheat from common seed. If the HRS wheat graded feed it was sold through Pool G.

Example: In 2000, the wheat variety Quantum had its own sub-pool where all the revenue and costs associated with that variety were entered. By doing this, unproven varieties or varieties with different characteristics were managed separately. This ensured that the most accurate market signals were transferred back to producers.

Quantum was a high yielding wheat that had poor milling characteristics. Consequently, it sold at a discount to other HRS varieties. Producers continued to grow Quantum because its higher yield made up for the lower price.

The OWPMB made certified seed a pool requirement for the red wheat varieties in order to ensure the integrity of the wheat being delivered. Kernel Visual Distinguishability (KVD) is not a requirement for red wheat varieties in Ontario. Certified seed documentation was used to verify the source and type of wheat being delivered. The name of the pools and their description are found below.

Pool A	Soft White Wheat
Pool B	Hard Red Winter Wheat (Certified Seed)
Pool C	Hard Red Spring Wheat (Certified Seed)
Pool D	Hard Red Spring Wheat (Certified Seed) Interim registered or not readily accepted by processors.
Pool E	Soft Red Winter Wheat
Pool F	Red Wheat (Common Seed) or wheat grown from certified seed not named to Pools B, C or D
Pool G	Feed Grade Wheat
Pool S	Sample Wheat

### 2.2.2 Wheat Supply Chain

Under single desk marketing, approximately 80% of the wheat crop was delivered into the grain supply chain by September 15<sup>th</sup>. This wheat was either delivered to millers, terminals or loaded on to lakers for export sales.<sup>1</sup> The first priority was to ensure that the flour mills were full with wheat and that enough had been moved to terminals for storage. These steps would ensure that

<sup>1</sup> Lakers are vessels specifically designed to operate on the Great Lakes.

an adequate supply of wheat for the domestic milling industry was obtained for the current year. At the same time, significant efforts were taken to move wheat to the terminals on the lake for export tendering. The goal of the industry was to move the wheat through the system as quickly as possible in order to free up room for the corn and soybean crop. The volume of wheat put up for export tendering was calculated by estimating production and subtracting domestic and US demand.

During these years, flour mills purchased somewhere in the area of 60% of their domestic wheat requirements directly from producers.<sup>2</sup> Producers that delivered directly to the flour mills received an extra \$5/tonne. This was part of the OWPMB's agreement with the flour mills. The price that flour mills paid for wheat was established in the Processor Pricing Agreement (more on page 9).

Some flour mills and processors also had working agreements with grain handlers to buy and condition wheat to their specifications.<sup>3</sup> Ontario wheat is highly variable so it is often beneficial to blend the wheat to reduce variability. Less variability results in flour that is more consistent.

### 2.2.3 Storage Payments

In Ontario, producers were free to deliver their wheat at any time of the year. Meanwhile, under the Processor Pricing Agreement the OWPMB guaranteed flour mills that the volume wheat they required for the year would be available. As a result, the OWPMB used to ship wheat to the terminals for storage until it was required later in the year. This was more expensive than on-farm storage, so the OWPMB paid producers to delay selling by paying them a storage payment.

In 2000, the storage payment was \$0.09/tonne/day beginning September 1 and ending March 1. The maximum storage compensation was \$16.74/tonne. In 2001, the storage payment was reduced to \$0.07/tonne/day and a maximum of \$12.74/tonne. Producers were also required to demonstrate that they had an agreement with a domestic processor or end-user for future delivery.

The storage payments paid to producers came from the revenue of the respective pool. Consequently, under the single desk marketing system, it was the producers that paid for storing wheat for the flour mills in Ontario.

## 2.3 Transition into Direct Marketing

The transition to direct marketing was initiated in 2000 with 150,000 tonnes up for licensed direct marketing. In 2001, the cap was again set at 150,000 tonnes. In 2002 it was increased to 300,000 tonnes. The Ontario Flour Millers Association was not in favour of the partial opening

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<sup>2</sup> The domestic wheat crop in Ontario is largely SRW, SWW and HRW. The HRS crop is small in size and poor in quality and does not replace western Canadian HRS imports.

<sup>3</sup> This was referred to as middleman marketing because they received a fee for conditioning the wheat, but they were not involved with pricing the wheat.

of the market because it created a situation where some flour mills were forced to buy through the OWPMB, while others had access to wheat outside of its control. The Ontario Flour Millers Association responded by calling for unlimited direct marketing, or a return to single desk selling. Capping direct marketing prevented all flour mills from having equal access to wheat at equal prices. Flour mills that were able to buy wheat through direct marketing held an advantage because it was priced lower than the wheat purchased through the OWPMB and the Processor Pricing Agreement (discussed on page 9).

## 2.4 Current Buying Practices

The OWPMB's marketing strategy as it exists today, makes it just another wheat buyer in the Ontario wheat market. They continue to offer the pool accounts, forward pricing contracts, spot market bids and special delivery contracts. The OWPMB has discontinued offering minimum price and basis contracts.

In 2003/04, the OWPMB reported that it handled 20% of the Ontario wheat crop.<sup>4</sup> Of this, only 126,000 tonnes (or 5% of the years milling quality wheat) was marketed through the pooling system. The OWPMB's handling is down considerably from 2002, when it handled 83% of the wheat crop. In that year, 63% of the crop was sold through forward price contracts, 20% through pooling and 17% direct marketed. Industry sources believe the OWPMB handled a larger share of the crop in 2004/05, but official data has yet to be released. The OWPMB was a much more attractive marketing option in 2004/05 than 2003/04 (more details in section 5.1, page 16).

Table 1: Milling Wheat Marketing Channels, 2003/04

	Pooled	Forward Contract	Direct Marketed	Total Marketed (tonnes)
Pool A (SWW)	7%	8%	85%	613,171
Pool B (HRWW)	4%	17%	79%	373,200
Pool C (HRS)	25%	41%	34%	44,976
Pool D (HRS)	12%	29%	59%	25,008
Pool E (SRW)	4%	10%	86%	983,225
Total Milling Wheat	5%	12%	83%	2,039,580

Source: OWPMB Annual Report, 2003

### 2.4.1 Pooling System

Payment through the pooling system consists of an initial payment, interim payments and a final payment. The initial payment is paid to producers within 10 days of delivering wheat during the pooling period (June 1 – September 30<sup>th</sup>). Producers then receive an interim payment in January to bring them up to 90% of their expected final payment. The final payment is distributed to producers by August.

<sup>4</sup> 5% through the pool account, 12% graded as milling wheat and through FPC and 3% as feed wheat.

The initial payments made by the OWPMB are financed with funds from the federal government that are later paid back. The OWPMB uses options and other risk management instruments to establish minimum prices, reducing the risk that the final payment is less than the initial payment. Under the Agricultural Marketing Program Act, the federal government guarantees that producers will receive at least the initial payment for wheat delivered into the pooling system.

The price producers receive for their wheat is basis terminal position or processor. This price is referred to as 'landed-basis'. The net price that producers receive when they deliver inland is the landed-basis price less transportation and handling to move the product to the terminal or processor. A \$1.50/tonne licence fee is also deducted by the OWPMB for its role in representing wheat producers.

Some producers view the OWPMB's pooling system as a complimentary risk management tool. However, producer willingness to enter the pool account depends on initial payment relative to the cash price at the time of sale. This marketing arrangement allows for partial cash payment, but leaves an opportunity to remain in the market for a few extra months. Essentially, a minimum price has been established with an opportunity to benefit from upside price movement.

Producers do not have to give advance notice to the OWPMB on whether or not they are selling through the pool account. This reduces the producers need to make forward marketing decisions but makes it difficult for the OWPMB to manage the risks of buying wheat.

The costs associated with buying and selling each type of wheat are transferred back to the appropriate pool. This ensures the transparency of the account and ensures that proper price signals flow back to producers. This is important because each wheat type has distinct characteristics and market demand.

**Example:**

It is important that price signals for SRW and SWW be kept separate. SRW and SWW can be used interchangeably for most bakery and pastry needs. However, cereal manufacturers must use SWW because of the bran. Consequently, SWW can substitute for SRW in bakery and pastry requirements, but SRW cannot substitute SWW in cereal products. In this situation, it is possible that the demand for SWW could result in a premium, but never a discount to SRW. The premium acts to guide delivery of SWW to cereal manufacturers rather than millers producing bakery and pastry flour.

#### 2.4.2 Forward Pricing Contracts and Cash Bids

The Forward Pricing Contracts (FPC) offered by the OWPMB largely duplicates the products and services offered by grain handlers. The FPC offered by the OWPMB is set basis the CBOT future price, the same as the contracts from grain handlers. Consequently, the two pricing

options are very similar. The one difference is that the OWPMB reports a single basis that establishes prices for terminal and processor position or 'landed basis'

The OWPMB offers these FPC well into the future crop year. For example, in mid June, 2005 the OWPMB was contracting for 2005 and 2006 crop. This is in addition to buying 2004 crop on the spot market.

Producers can deliver the wheat they sell to any board accredited agent, terminal or processor. Upon delivery, the agent will pay the producer the initial payment less licence fees, handling and transportation costs. The handling and transportation costs are established by the grain elevator. The producer then receives the remaining balance owed to them directly from the OWPMB office.

## **2.5 Advocacy and Growers Association Roles**

The OWPMB views its advocacy and growers association roles as being extremely important for the long term viability of wheat producers. The OWPMB is affiliated with a number of industry and government policy committees where they stand to protect the interest of producers.

In their 2003 Annual Report, the OWPMB stated that they hoped to establish a united grains and oilseeds organization by 2008. The OWPMB shares 80% of its membership with the corn and soybean association, resulting in a significant amount of excess administration costs managing the separate associations. Presently, construction of a new office building that will house all three organizations is being built across the street from the Ontario Ministry of Agriculture in Guelph. There is no indication on whether this new organization will continue to market wheat as it does today.

The OWPMB charges a \$1.50/tonne licence fee on the sale of all wheat including direct marketed. The OWPMB states that this fee is largely directed towards advocacy and research and development (R&D) supporting all producers. However, the OWPMB's 2003 Annual Report would suggest that at least \$1 million of this money went towards the day-to-day operations of the OWPMB. The remaining balance was carried forward in the General Fund. A total of \$85,000 of the licence fee revenue was deposited into the R&D Fund and carried forward to 2004. Total R&D expenditures in 2003 were \$423,246. This was more than covered by the \$445,415 in revenue from R&D in the year ending May 31, 2004.<sup>5</sup> Consequently, the \$1.50/tonne licence fee collected on direct marketed wheat went towards advocacy, marketing OWPMB wheat and future considerations.

The research areas that the OWPMB funds ranges from agronomics of wheat production, fusarium and fusarium weather models to end-use characteristics. The OWPMB is also a strong component in the planning of the Wheat Opportunities Conference held every two years that brings producers, plant breeders, grain handlers, flour mills and end users into the same venue to discuss the opportunities to increase the value of Ontario's wheat crop.

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<sup>5</sup> No reference is made to the source of the revenue.

### **3 Ontario's Wheat Industry in a Direct Marketing Environment**

#### **3.1 Markets**

The Ontario wheat industry sells wheat into three markets; domestic, US and international. Ontario produces several classes of wheat, but their export business is largely SRW and SWW wheat. The domestic market for SRW and SWW wheat is approximately 600,000 tonnes annually. The US milling industry purchases a large portion of the remaining production.<sup>6</sup> The Kraft mill in Toledo is reported to import 200,000 tonnes of Ontario SRW for production of Oreo cookies. Other mills in Ohio, Michigan, Pennsylvania and New York are also notable buyers.

Since direct marketing has been introduced, it is reported that exports to the US have increased. One reason for this has been aggressive selling by private grain handlers and closer relationships with US flour mills. US flour mills have increased the amount of wheat they buy from Ontario because of fusarium damage in the US. These instances of trade have led to a closer relationship between Ontario grain handlers and US millers improving the prospect of trade in the future.

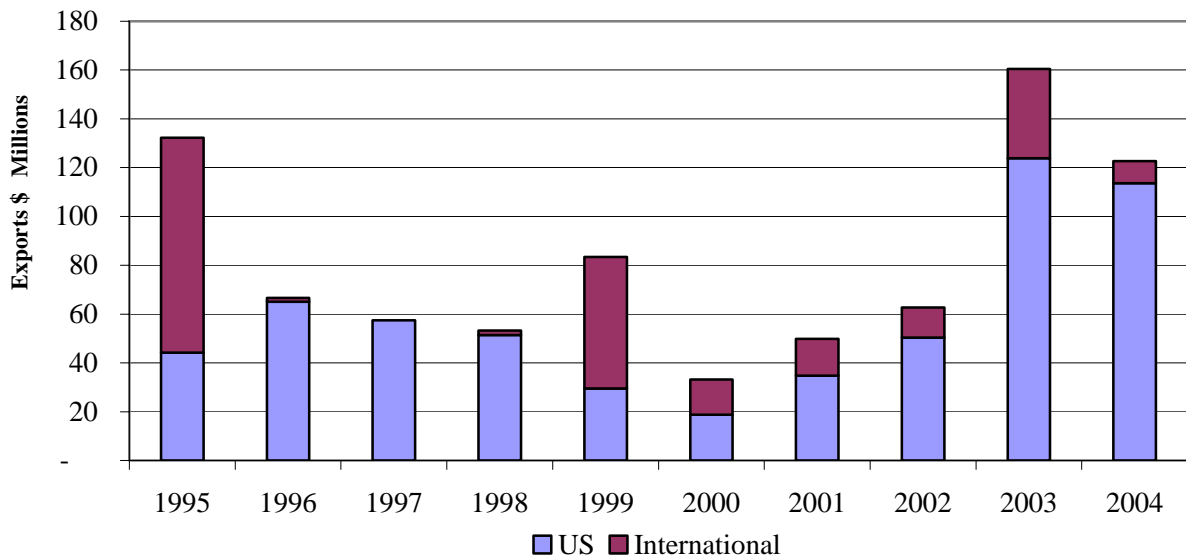
The sale of wheat to the US is year round, creating an incentive to store wheat and benefit from higher prices later in the year. Producers in Ontario have responded by increasing on-farm storage to capture these marketing opportunities.

Under single desk marketing, the OWPMB put more emphasis on clearing wheat through the elevator system before corn and soybeans were harvested. This included moving the wheat to terminal position and tendering the excess supply for export. The OWPMB was therefore unable to capitalize on price increases that occurred later in the year. Figure 2 below illustrates that exports to the US have increased substantially during the last two years. This may be partially related to the private grain trades ability to capture this market. But it is more likely due to the private grain trades ability to direct sales of fusarium infected wheat into the US milling market rather than the Ontario feed market. The 2003 and 2004 crops were also much larger than normal, increasing the provinces excess supply of wheat.

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<sup>6</sup> Ontario winter wheat is not subject to the countervailing and antidumping tariffs that the US applies to western Canada HRS wheat.

Figure 2: Ontario's Wheat Exports, 1995-2004



### 3.2 Price Establishment

Ontario SRW, SWW and HRW wheat is priced off of the Chicago Board of Trade (CBOT). Grain buyers set their basis levels relative to their willingness to enter the wheat market and costs associated with moving and handling the grain. To attain the days cash price or contracting options, the producer simply contacts a grain buyer. Producers may also subscribe to a daily email newsletter that reports wheat prices from several buyers, flour mills and terminals in Ontario. The daily email service is provided by Ridgetown College. During the day, prices are set in real-time basis the CBOT wheat contract. HRS wheat in Ontario is for the most part priced off of the Kansas City wheat contract.

There are several other market information sources that producers may subscribe to. These include DTN, which reports information for the northeastern US wheat market.<sup>7</sup> Many grain elevators also encourage producers to inform them of what varieties they are producing, what prices they are expecting, expected volume and choice of delivery. The grain elevator uses this information to monitor the wheat market and contact the grain producer of marketing opportunities that meet the producer's expectations.

#### *Elimination of Processor Pricing Agreement*

Prior to May 31, 2003, the price Ontario flour mills paid for domestic wheat was established based on a formula known as the Processor Pricing Agreement (PPA). The agreement was

<sup>7</sup> DTN (Data Transmission Network) is also used extensively by the grain trade in western Canada.

negotiated yearly between the OWPMB and the Ontario Flour Millers Association in order to establish a fair market price and terms that met the needs of both parties.

The price that Ontario flour mills paid for SRW, SWW and HRW was based on a formula tracking the Toledo in-store cash price. The in-store cash price is basis the CBOT wheat contract. The cash price was used because it represents the physical demand for wheat on that day. The price Ontario flour mills paid for wheat delivered to their facilities was the Toledo cash price less \$7.50/tonne. The \$7.50/tonne was an agreed upon value that reflects roughly half the estimated \$15/tonne it cost to move wheat between Toledo, Ohio and central Ontario. Consequently, Ontario flour mills paid more than the competitive rate, but \$7.50/tonne less than imported product from Ohio (JRG Consulting, 1998).

Although the price flour mills paid was artificially inflated, it was accepted because it was still lower than US wheat. This ensured that Ontario mills remained more competitive than their competitors in the US. The fear was not that US wheat would move into Ontario, but that flour from US would displace domestic product. In addition, the PPA agreement created a level playing field with all flour mills having access to wheat at the same price.

Example:

This example compares pricing under the PPA and open market. Illustrating the premium the OWPMB was extracting from flour mills.

Pricing with Processor Pricing Agreement

Toledo Cash Price	\$200/tonne
- Negotiated spread	<u>\$7.50/tonne</u>
=	\$192.50/tonne

Without a Pricing Agreement (Open Market)

Toledo Cash Price	\$200/tonne
- Freight to Toledo	<u>\$15/tonne</u>
=	\$185/tonne

Without the Processor Pricing Agreement millers would only be willing to bid \$185/tonne for the wheat. At this price, producers are indifferent if they deliver to the export market or domestic market. The price in Ontario follows the US market because Ontario is a net exporter of soft winter wheat. Ontario millers only need to match or slightly beat the export price in order to be the most attractive market. The premium paid by the Ontario flour mills compensated for the services paid by the OWPMB, including storage costs and guaranteed supply.

The price flour mills now pay can be established by looking at elevator bid prices, adding transportation costs to move the product to the mill and a margin earned by the grain handler. The price paid to the producer may vary depending on trucking premiums and benefits of farm pickup for direct delivery.

The elimination of the PPA on May 31, 2003 also represented the end of the \$5/tonne premium paid for direct delivery.

### *Fusarium Discounts*

One of the largest advantages of direct marketing has been competition for wheat infected with fusarium. The current grade allowances set out by the Canadian Grain Commission (CGC) states that milling wheat grades are allowed a maximum 1% fusarium-damaged kernels. The OWPMB follows the grades of the CGC and therefore downgrades anything with >1% fusarium-damaged kernels to feed wheat (Shaw, 2004). In 2000, 300,000 tonnes of Ontario wheat was downgraded to feed because of fusarium.

In 2004, there was a strong demand for Ontario wheat in the US. US millers were accepting wheat with >1% fusarium-damaged kernels, but on a graduated discount schedule. This created a large opportunity for Ontario grain handlers, as they were able to sell the fusarium damaged wheat into the US milling market rather than the local feed market.

The table below contains the discount schedule of a grain handler for the 2004/05 crop. What happens to the discount schedule in the future depends on the quality of wheat available.

Table 2: Fusarium Discount Schedule for Soft Red Wheat, 2004

Fusarium Level	Discount per	
	Bushel	Tonne
Under 1%	\$0.00	\$0.00
1.1% to 1.5%	\$0.15	\$5.51
1.6% to 2%	\$0.30	\$11.02
2.1% to 3%	\$0.60	\$22.05
3.1% to 5%	\$0.90	\$33.07
5.1% to 7%	\$1.00	\$36.74
7.1% to 10%	\$1.50	\$55.12

Source: Philip Shaw, Country Guide, 2004

\* The discount schedule is company specific and is for 2004 only.

In 2004, wheat that was delivered to the OWPMB pooling account received a \$20/tonne discount for SRW wheat with >1% fusarium-damaged kernels. The \$20/tonne discount reflects selling into the feed market versus the milling wheat market.

Producers that signed Forward Price Contracts with the OWPMB were the most ill affected by fusarium infection and the drop in feed wheat prices. Producers that delivered against their Forward Price Contracts through the OWPMB and had >1% fusarium-damaged kernels received feed grade. The price paid to these producers was the price they contracted for less the discount to feed wheat in the cash market on the day of delivery. The discount was calculated based on the difference between milling wheat and feed wheat. In October, the spread reached \$45/tonne. Consequently, producers that delivered this wheat to the OWPMB were heavily penalized. It

would have been in a producer's best interest to have purchased a neighbour's wheat with <1% fusarium-damaged kernels to fill the contract and sell his/her own into the cash market.

Example:

Following are three pricing arrangements and the discounts that would have been received on the respective dates in 2004 for SRW wheat with 1.4% fusarium-damaged kernels.

Pricing Arrangement	Details	Discount per tonne
Sold to the OWPMB and pooled. The wheat was downgraded to feed wheat because it had 1% fusarium-damaged kernels	Delivered in August	\$20
Sold to the OWPMB through a Forward Price Contract for October delivery. The wheat is downgraded to feed wheat because it had >1% fusarium-damaged kernels	Contracted in August, delivered in October	\$45
Sold in October to a local grain handler at the cash price. Grain handler discounts the wheat at 1.4% fusarium-damaged kernels and sells it to a US miller.	Delivered in October	\$5.51

The OWPMB's inability to bid competitively on fusarium damaged wheat created significant problems for the OWPMB in 2004. In the future, producers will be considerably more cautious when selling to the OWPMB because of limitations that prohibit it from being as competitive as private grain handlers.

At this point, pressure is being put on the CGC to revise the 1% fusarium tolerance level. It is argued that the 1% guideline was originally set for SWW and is too strict for SRW, which now dominates Ontario production. Revising the fusarium tolerance level will allow the OWPMB to compete for infected wheat, increasing competition.

### 3.3 Quality and Product Integrity

Product integrity has been an area of concern in the Ontario wheat market since the removal of single desk selling. The origin of the problem is that there are several wheat varieties (and types) that are visually indistinguishable. As well, there are strong gluten SRW wheat varieties that are indistinguishable from standard SRW varieties. Typically, this is not a problem because HRW and strong SRW sells for premium over SRW. However, at one point in 2003 SRW was selling for more than HRW. This creates a situation for a producer to act opportunistically and sell HRW wheat as SRW. Under the OWPMB, the price of HRW wheat was always set equal or above SRW in order to prevent this from occurring.

An awareness campaign was launched following a major shutdown believed to be linked to mixing wheat types. The awareness campaign included a brochure that aimed to educate producers and grain handlers of the ill effects of mixing different wheat types. Funding for the

campaign was provided by a \$22,000 grant from the CanAdapt Program, industry partners, the Ontario Agri-Business Association and the OWPMB.

### **3.4 Wheat Functionality Research Chair**

For years the OWPMB has tried to establish a research chair at the University of Guelph that would study the functionality of Ontario wheat. The earliest available record of this dates back to the OWPMB's 2000 Annual Report. Several years later, the Ontario Cereal Industry Research Council (OCIRC) helped to secure the position. The OCIRC is made up of several large cereal users in Ontario including Kraft, General Mills and Griffith Laboratories. The most recent news regarding the position is that the individual will be expected to work closely with industry in developing a stronger supply chain. The goal is to achieve this through a better understanding of functional characteristics and demand parameters. Hiring for the position took place in the spring of 2005.

### **3.5 Inventory Management**

Inventory management was one of the primary roles of the OWPMB when it was the single desk marketer of Ontario wheat. In Ontario, wheat is harvested before corn and soybeans. Producers also own very little grain storage. Consequently, about 80% of the wheat harvested in a year was delivered directly to grain handlers, millers and terminals by the middle of September.

The OWPMB managed inventory by determining domestic demand, potential exports to the US and put the rest up for tendering to grain handlers who were required to export the wheat during September and October. The need to export the excess supply of soft wheat was seen as a priority in order to free up storage capacity for the corn and soybean harvest.

At harvest, millers would fill their storage capacity with wheat. The millers did not purchase the wheat until they used it, which was into the winter months. The OWPMB also used the terminals to store wheat that would be sold to domestic millers later in the year. This was part of their agreement to ensure flour mills had a secure supply of Ontario wheat. Storage costs were paid by the OWPMB and allocated back to the pool account.

In the direct market environment, prices have influenced storage and producer selling. This has resulted in an increase in storage on farms. These producers are anticipating that they will more than cover their costs of storage and interest by selling their wheat later in the year. The percentage of wheat delivered at harvest has now declined, indicating that the market is influencing the timing of sales and movement of wheat.<sup>8</sup>

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<sup>8</sup> Based on comments from Ontario grain elevators.

### **3.6 Identity Preservation Programs**

The Kraft mill in Toledo, Ohio is the largest buyer of Ontario wheat grown on Identity Preservation (IP) contracts. Kraft works with several grain handlers in Ontario, Ohio and other states to procure and manage the programs.

The IP program for Pioneer 25R26 was first introduced in the 2000 crop year. The variety's traits were discovered following processing problems at the Toledo facility. Following testing of the wheat, Kraft determined the traits were well suited for some of their cookie products.

Pioneer 25R26 has strong gluten properties more comparable to HRW than SRW wheat. The high gluten content is required in a number of Kraft cookies, previously produced with HRW wheat. The HRW was considerably more expensive because it was being purchased from Kansas, so there were higher transportation costs. Consequently, Kraft was willing to pay a premium for 25R26 because even with the premium it was still less expensive than HRW.

The IP program for 25R26 serves to maintain the integrity of the variety from other SRW varieties that have low gluten strength. In 2005, the premium paid to producers was \$15/tonne. The IP program requires that producers use certified seed and that they take the necessary steps to ensure that the variety is kept separate from other SRW varieties.

Kraft also sources 25R26 from Ohio producers for a \$CDN15/tonne premium. The IP program in Ohio has been expanded to include the variety 25R44. The two wheat varieties can be co-mingled, but they need to be managed separately from other SRW varieties.

In 2004, Kraft started contracting a new strong gluten SRW wheat called Tribute. Producers that grow this wheat are paid an \$8/tonne premium.

Ontario's wheat breeders and grain buyers are continuing to push the adoption of IP. However, Kraft is one of only a few firms that are paying premiums for product integrity. Reasons the industry has not introduced more IP programs include difficulties scheduling the IP runs into the operations of the flour mill and overall cost of operating the program. Plant breeders, producers, grain buyers, flour mills, transportation providers and end-users are all looking for extra compensation for costs incurred with the extra paperwork of an IP system. In most situations, the added benefits are not enough to manage the IP program.

### **3.7 Variety Registration**

Kernel Visual Distinguishability (KVD) is not a variety registration requirement for red wheat varieties in Ontario, but is for SWW. Consequently, new red wheat varieties do not have to be visually the same as other varieties in the same class (SRW, HRW or HRS). This makes it significantly easier to register new varieties.

The Canadian Food Inspection Agency (CFIA) has the mandate to register new varieties for use in Ontario. The CFIA Variety Registration Office requires that the variety be recommended by the Eastern Expert Committee on Cereals and Oilseeds (EECCO). EECCO requires that the new varieties they recommend for registration meet or exceed the quality standards of a designated existing wheat variety. This ensures that the new varieties offer equal end-use performance.

During the last couple of years, the majority of research and development has been focused on developing fusarium resistant varieties. Development of varieties with specific end-use characteristics is limited, with full details kept confidential.

### **3.8 Wheat Supply Chain**

Under single desk selling, the OWPMB in its agreement with the Ontario Flour Millers Association encouraged producer delivery to flour mills by offering a \$5/tonne premium. As a result, producer delivery was very common with some flour mills purchasing approximately 60% of their SRW, SWW and HRW wheat directly from producers. The price that producers received for their wheat was the same at all mills, less any difference in transportation costs.

With the introduction of unlimited direct marketing in 2003 came increased price volatility. This led to situations where the price a producer contracted for was less than the cash price being offered elsewhere. A small number of producers took advantage of this by contacting the flour mill they held their contract with and informing them that the wheat they were supposed to deliver had spoiled while in storage. The made the wheat no longer suitable for milling purposes and it was too expensive to investigate the claim so the flour mill dropped the contract. Flour mills now buy more of their wheat on supply arrangements with grain elevators. During the last couple of years, flour mills have increasingly shifted their procurement from individual producers to grain elevators. This significantly reduces the risk, administration and costs associated ensuring quality wheat is delivered.

In the arrangements with the grain brokers/handlers the flour mill specifies the quality requirements and volume they require for the upcoming year. The risk and enforcement of contract terms then become the responsibility of the grain buyer who have a much closer relationship with the producers. For the grain buyer, it has created more business because it has increased the volume of wheat they handle. Flour mills are also much more likely to buy through grain elevators during years with poor quality.

#### *Data Collection*

The introduction of direct marketing resulted in a large volume of trade occurring in Ontario without any central record of sales. From the perspective of the OWPMB, this information is important to ensuring that all licence fees are collected. For the private industry, the data presents valuable information on the volume and value of sales made in Ontario.

The Ontario agri-food industry has addressed the problem by creating an electronic database that collects data on all wheat (and other grains) to buyers licensed under the Grain Financial

Program (elevators, brokers, processors and end-users).<sup>9</sup> The data collected through the database 'Eleview' includes grades, prices, quantity, protein and producer information. The database can be queried by elevators to obtain region specific price and delivery data. Producers can log in to collect their delivery data and to benchmark this versus other producers.

### **3.9 Exporting Wheat**

During 2003 and 2004, Ontario has significantly increased its exports to the US. These transactions are managed by grain handlers/brokers. Flour mills in the US are not interested in purchasing directly from Ontario producers (similar to Ontario flour mills). The border procedures for biosecurity introduced during the past two years has also made it more difficult to arrange shipments and paperwork, as well as delays.

All shipments to the US and international markets require an export permit from the Canadian Wheat Board. The permits are free and are easily obtained in a couple of hours, but it takes a considerable amount of time to keep track of all the paperwork required for the permits.

## **4 Producers in a Direct Market**

Producers have a wide range of risk management tools that they can use to price their wheat crop. SRW, SWW and HRW wheat are all priced off of the CBOT wheat contract. The tools that Ontario producers have available for wheat are the same as for corn and soybeans. Consequently, producers had little problem understanding the risk management tools. However, producers were less familiar with the fundamentals of the Ontario and North Eastern US wheat market. Producers will continue to learn more about the establishment of market prices and supply and demand relationships.

In 2003 and 2004, producers have been quick to enter into delivery contracts with private grain buyers. Prices were at near historic highs and they were being strongly encouraged to lock in strong profits. A handful of producers were even noted to have been pricing wheat two years in advance. In the last year, prices have declined substantially and producers have been reluctant to price their wheat. As a result, many producers are nervously waiting for prices to strengthen. Producers in Ontario do not have the storage to hold a large share of their wheat crop and as a result will be forced to sell at harvest.

## **5 Market Price Analysis**

This section analyzes the prices offered to producers. They should not be inferred that they are what producers sold their wheat at. That data is not available.

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<sup>9</sup> The Grain Financial

## 5.1 OWPMB's Pool Account

The OWPMB's success in a direct market has been filled with ups and downs. In the first year of unlimited direct marketing the OWPMB found itself overwhelmed by the competitiveness of grain handlers and unexpected market movement caused by fusarium infection in the US. Overall, the OWPMB bought 5% of the 2003 crop, through its pooling program.

The cause? The initial payment received by producers was only 63% of the total final realized payment for SRW wheat. This was substantially lower than cash prices at the time. It was also substantially lower than what the OWPMB usually offered for an initial payment. In the three year previous, the OWPMB had set initial payments at 90% of final realized payment. Therefore, the initial payment suggested to producers that the final pool payment was going to be significantly lower than the cash price.

The same holds true for Pool A (SWW) where the initial payment was only 74% of the final payment and Pool B (HRW) where the initial payment was only 65% of the final payment.

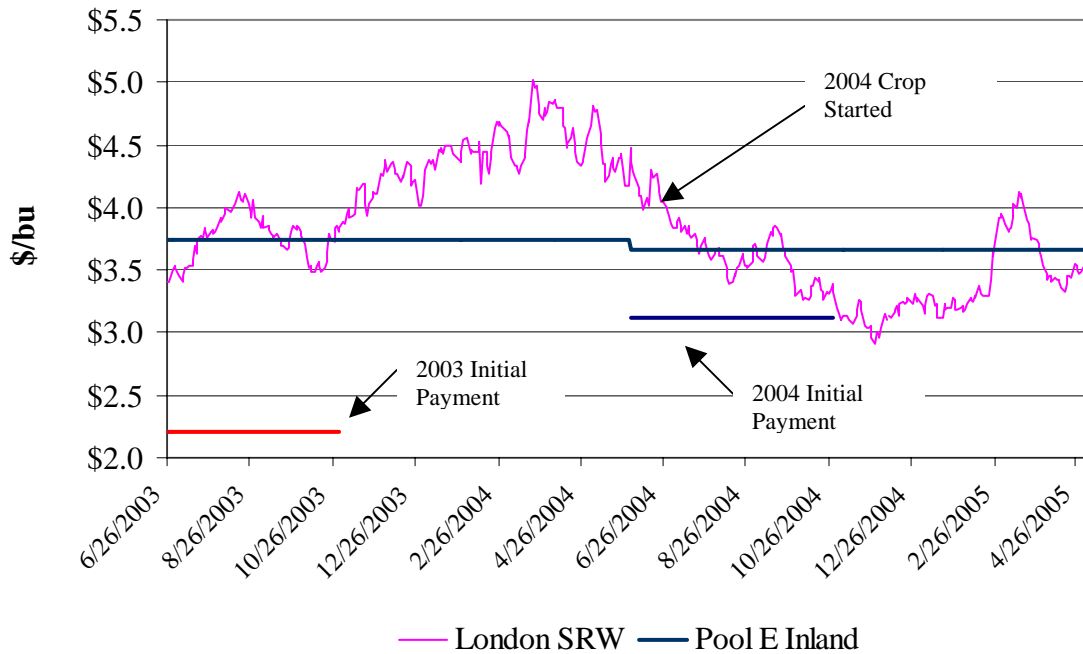
Table 3: Ontario Wheat Producers Marketing Board, Pool Account

	Payments				Initial % of Total
	Initial	Interim	Final	Total	
<b>Pool A SWW</b>					
1998/99	\$ 106.00	\$ 10.00	\$ 4.01	\$ 120.01	88%
1999/00	\$ 94.48		\$ 12.78	\$ 107.26	88%
2000/01	\$ 91.20		\$ 18.59	\$ 109.79	83%
2001/02	\$ 119.80		\$ 22.11	\$ 141.91	84%
2002/03	\$ 147.26		\$ 21.73	\$ 168.99	87%
2003/04	\$ 105.00	\$ 23.03	\$ 13.08	\$ 141.11	<b>74%</b>
2004/05	\$ 132.50	\$ 12.50	\$ 13.43	\$ 158.43	84%
<b>Pool B HRW</b>					
1998/99	\$ 114.00	\$ 10.00	\$ 1.93	\$ 125.93	91%
1999/00	\$ 114.58		\$ 12.66	\$ 127.24	90%
2000/01	\$ 114.33		\$ 5.41	\$ 119.74	95%
2001/02	\$ 129.92		\$ 13.22	\$ 143.14	91%
2002/03	\$ 157.49		\$ 15.40	\$ 172.89	91%
2003/04	\$ 100.00	\$ 39.48	\$ 15.06	\$ 154.54	<b>65%</b>
2004/05	\$ 132.50	\$ 5.00	\$ 6.93	\$ 144.43	92%
<b>Pool E SRW</b>					
1998/99	\$ 98.00	\$ 10.00	\$ 7.72	\$ 115.72	85%
1999/00	\$ 90.63		\$ 14.85	\$ 105.48	86%
2000/01	\$ 92.86		\$ 11.15	\$ 104.01	89%
2001/02	\$ 118.77		\$ 12.61	\$ 131.38	90%
2002/03	\$ 153.73		\$ 16.80	\$ 170.53	90%
2003/04	\$ 96.00	\$ 37.99	\$ 18.29	\$ 152.28	<b>63%</b>
2004/05	\$ 129.50	\$ 9.00	\$ 10.78	\$ 149.28	87%

The figure below illustrates the price difference between the London cash price for SRW and the Pooled price (landed basis). The pooling period runs from June 1<sup>st</sup> through to September 30<sup>th</sup>. During this period in 2003, the cash price ranged from \$3.50 - \$4.10/bu.<sup>10</sup> In comparison, the initial payment for SRW was \$2.61/bu less freight and handling. This works out to a \$0.89-\$1.49/bu price advantage for wheat sold on the cash market (using a \$15/tonne basis to London, ON).

<sup>10</sup> All prices reported for Ontario are before licence fees have been deducted.

Figure 3: SRW London Price vs Pooled Price



The story in 2004 was significantly different than 2003. Industry sources say that the OWPMB took on more risk and established higher prices. The result, a final payment that was higher than the cash market for much of the year (figure above). The larger initial price relative to the cash market during the pooling period made it a more attractive pricing option than in 2003. In this case, the activities of the OWPMB paid off, making it a marketing alternative.

The 2004 initial payment for Pool E SRW was \$3.52/bu landed basis terminal or processor. Backing off freight and handling (\$15/tonne) results in an initial payment of \$3.11/bu delivered London. Cash bids in London during July and August were \$3.40 - \$3.75/bu, making it \$0.29 - \$0.64/bu more than the initial price for Pool E SRW.

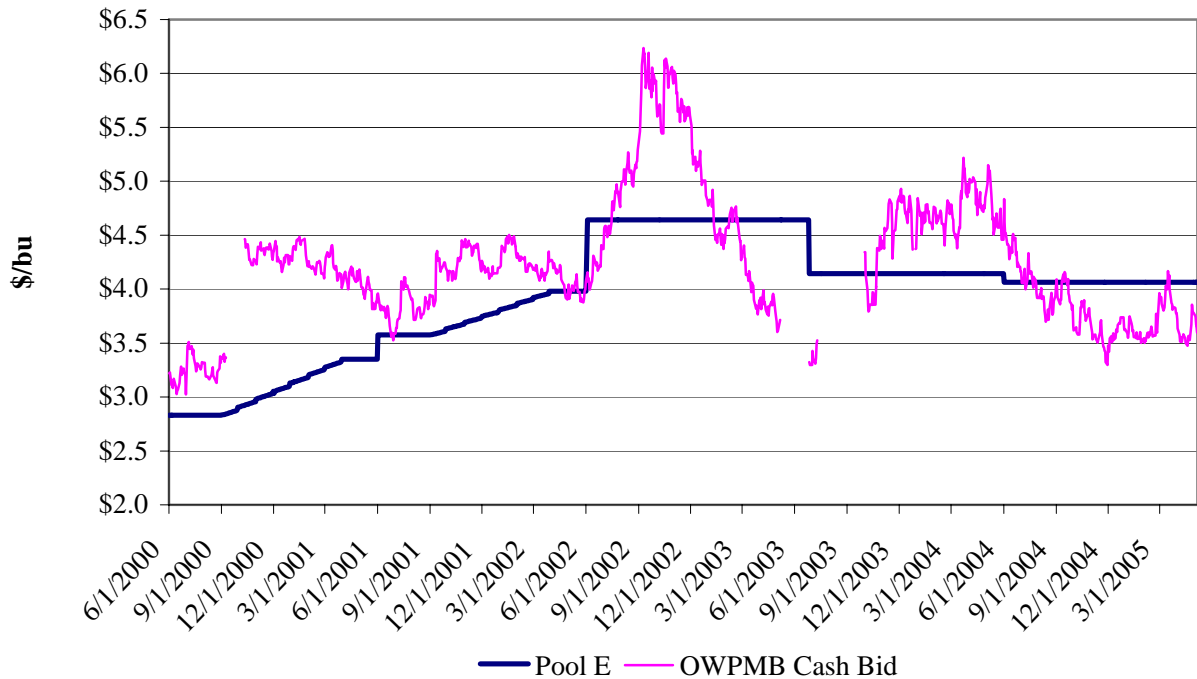
Producers that held their wheat in storage without contracting faced heavy losses through the fall and winter of 2004. In this situation, producers that did not price their wheat either through the pool or forward contracts received lower prices.

## 5.2 Pool Account vs OWPMB's Cash Bid

The OWPMB provides producers with two selling choices; pooling and FPC. Both are offered to producers landed basis (terminals or processor), so their price point is the same. The FPC can either be a cash bid for immediate delivery or for a future delivery period. In the figure below, the cash bid price for SRW is compared to the Pool E SRW final payment. The purpose of this is to determine which OWPMB pricing option is more attractive. The pool prices for 2000 and

2001 have been adjusted to include storage costs paid by the OWPMB.<sup>11</sup> The OWPMB has since stopped paying storage.

Figure 4: Pool Account vs OWPMB's Cash Bid, Basis London



The data indicates that the FPC option has been a better pricing mechanism than the pooling system during most years. The only exceptions were a period in early 2003 and late 2004. The reason the OWPMB has had greater popularity with FPC than pooling is now evident. Besides full payment up front, producers usually received higher prices. The pools weaker performance is due to lower wheat prices before and during pooling (June 1<sup>st</sup> – September 30<sup>th</sup>). The price advantage associated with the cash market is usually realized after the pool account has closed.

### 5.3 OWPMB's FPC vs Private Grain Trade

The FPC offered through the OWPMB and contracts through the private grain traders both use the CBOT as their price discovery point for SRW, SWW and HRW. Basis levels are set comparable to the Toledo (Ohio) basis (to the CBOT) while accounting for the exchange rate.

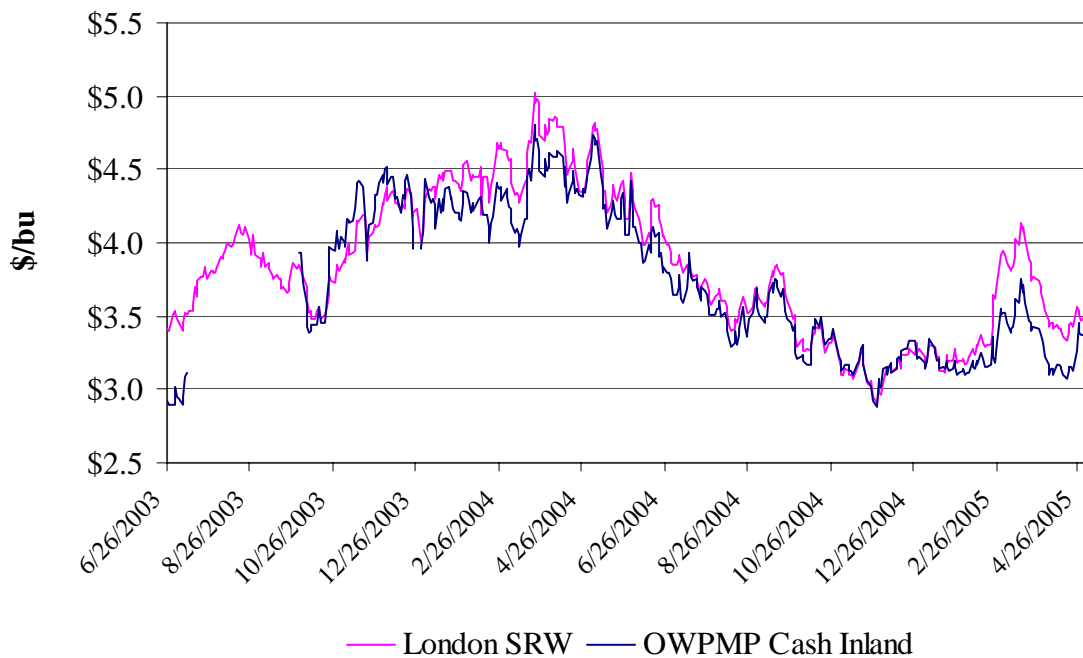
The difference between the OWPMB's contracts and those of the private grain trade is the OWPMB's basis is reported for the entire province. The prices reported landed-basis are equal between the terminals and processors distributed across Ontario. This effects the OWPMB's competitive position based on geographical region and the proximity and location to catchment

<sup>11</sup> Information on storage payments to producers can be found in the Pre-Direct Market section.

areas. Consequently, producers in different regions within Ontario will be more likely to contract through the OWPMB than others.

The figure below shows that the pricing offered by the OWPMB is comparable to the cash market, in-store London. The private bid reflects the posted price, the OWPMB cash price is calculated as the landed-basis less \$15/tonne freight and handling. At London, the two prices are very comparable, with neither being consistently higher over the time period analyzed. (The freight and handling charge used is a representative cost that is higher or lower than actual amounts through the year. Daily basis levels on OWPMB wheat are not available.)

Figure 5: OWPMB Cash Bid vs Private Bid, Basis London, ON



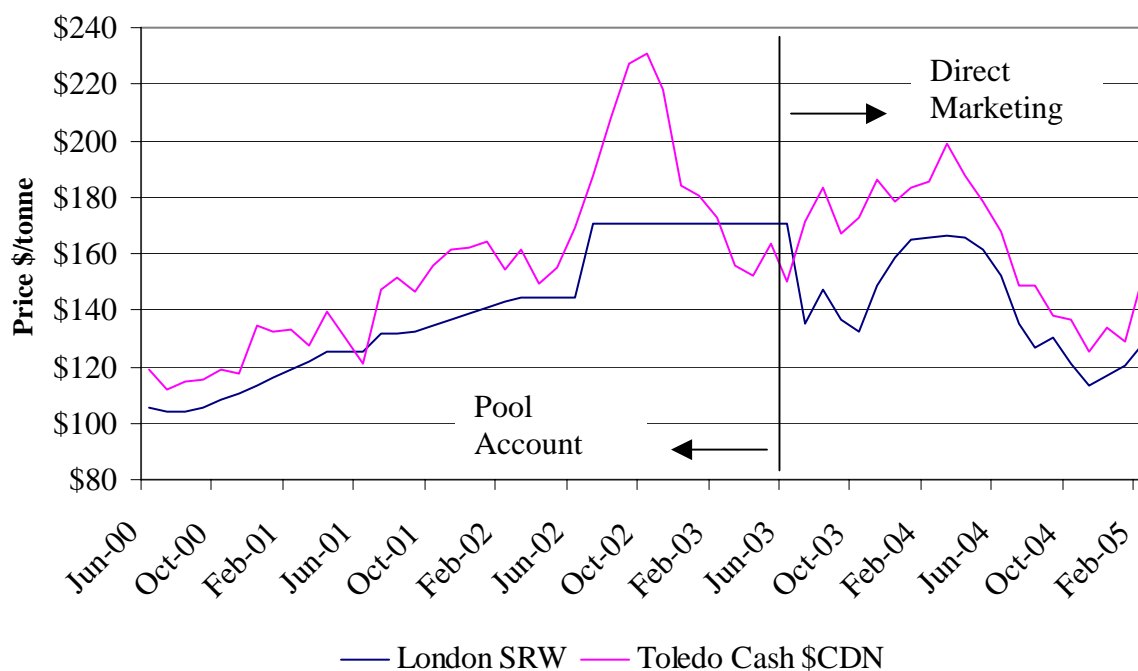
#### 5.4 Toledo Cash Prices vs London, ON

Ontario is a net exporter of soft wheat, so prices usually follow the Toledo cash market. The basis to Toledo reflects the level of competition amongst grain buyers and their handling charges plus transportation costs. In a direct market environment, the spread can be used as an indication of how well arbitrage is occurring with the US market.

The figure below shows monthly Toledo cash prices in Canadian dollars versus Ontario’s price basis London. Prices basis London for 2000 and 2001 are Pool E (SRW) prices, less \$15/tonne for freight and handling to terminal, plus storage payments from the OWPMB.<sup>12</sup> The price for 2002 is Pool E, less \$15/tonne for freight and handling (no storage was paid in 2002). Prices beginning in June 2003 are monthly averages reported by a grain industry agent, basis London.

<sup>12</sup> Freight and handling ranged from \$12-15/tonne.

Figure 6: London SRW Price vs Toledo Cash



A summary of the price spreads between London and Toledo are given in Table 3. The prices in London basis Toledo were the highest in 2000, with an average discount of \$26.28/tonne. In the first year of unlimited direct marketing the spread averaged \$39/tonne. The spread came down to \$30.11/tonne in 2004, for wheat of comparable quality.

During 2003, prices in London ranged from \$30-\$55/tonne under Toledo. This is considerably wider than 2000 when London prices were \$26/tonne under Toledo. In 2004, basis levels at London became more competitive, ranging from \$23 - \$39/tonne.

Table 4: Discount for SRW delivered to London vs Toledo

	2000	Pooling 2001	2002	Direct Marketing 2003	2004
			----- \$/tonne -----		
Average	\$ 26.28	\$ 30.32	\$ 34.09	\$ 39.00	\$ 30.11
Median	\$ 25.58	\$ 31.65	\$ 30.31	\$ 40.68	\$ 30.50
Minimum	\$ 19.68	\$ 10.84	\$ (3.61)	\$ (5.54)*	\$ 22.50
Maximum	\$ 36.16	\$ 39.63	\$ 75.05	\$ 55.39	\$ 39.20

\* The value for June 2003 before the crop was harvested. The next lowest minimum is \$30/tonne

## 5.5 Assessment

Under single desk selling the OWPMB used to manage the movement of wheat in order to ensure the needs of domestic processors were met and US opportunities were filled before releasing the remaining volume for export tendering to international markets. The timing of the sales to the international market occurred while several other wheat exports were bringing newly harvested wheat to market. The prices received for this wheat would have been considerably lower than a marketing program that sold through-out the year when prices are not at their seasonal lows. The transition to direct marketing has reduced the volume of wheat that is moved on to the international market, shifting a greater portion to trade to the US market. The end result, a more efficient flow of wheat to markets, at the right time and for the highest price, given current market conditions.

The increased volume of wheat to the US is also influenced by the opportunity to move fusarium infected wheat into the US milling industry and the private grain trade willingness to search and pursue new markets. The private grain trade ability to move fusarium infected wheat into the US milling market is by far the greatest benefit from direct marketing.

The overall impact on producer prices is difficult to evaluate because the prices sold at are not available. Daily posted cash bids are comparable, but have experienced greater volatility on average. The OWPMB has lost its ability to leverage higher prices out of domestic processors. This is counterbalanced through greater access into the US and fewer exports to international markets during seasonal lows.

A structural change that has occurred following direct marketing is the significant decline in the amount of wheat flour mills buy directly from producers. The flour mills now procure the majority of their wheat through grain handlers/brokers, adding an extra cost to the supply chain. Under single desk marketing, flour mills purchased a large portion of their wheat directly from producers, reducing handling costs. However, working through grain handlers may add logistical and quality benefits such as conditioning, blending and delivery coordination.

## 6 Conclusion

The Ontario wheat market has changed substantially over the past several years. Up to 1997, all wheat was sold through the OWPMB's pool accounts. In 1997, the OWPMB introduced forward price contracts that enabled producers to time the sale of their wheat. In 2000, direct marketing was introduced and in 2003 direct marketing was available on an unlimited basis.

The transition has had immediate benefits and new dynamics resulting in changes in how business takes place. The largest single benefit to occur has been competition for wheat with >1% fusarium-damaged kernels. Previously, competition for this wheat was non-existent because the OWPMB followed the grades set out by the CGC, which state that wheat with >1% fusarium-damaged kernels is graded a feed wheat. Private grain companies often buy and sell on specification rather than on grade. Consequently, private grain buyers in Ontario are able to sell

feed wheat into the US milling market. This has significantly reduced the financial losses fusarium has caused producers.

The second most significant benefit has been a realignment of markets. The prices available in the domestic market, international market and US market now influence the direction of trade. Previously, the OWPMB would decide what volume of wheat would be tendered for international sales. Allowing the market to control flow has resulted in greater trade occurring with the US and less to international markets. Producers have also increased on-farm storage to capture the financial rewards of smoothing the delivery period.

The third benefit is that producers now receive more timely payment for wheat sales. Prior to the 2003 crop, producers who sold through the pool received only the initial payment upon delivery. The remaining balance was paid the following August once the account had been closed. The FPC offered by the OWPMB increased the speed of full payment to 10 days. Direct marketing however enables producers to receive full payment upon delivery. This is a positive step forward as it provides producers more flexibility when managing cash flow.

One learning process emerging from direct marketing has been ensuring the integrity of wheat deliveries. KVD is not required for red wheat varieties in Ontario. Consequently, there are HRW varieties that are visually indistinguishable from SRW. The two wheat types have different end-uses and as a result different market prices. A couple of years ago the spread in price between the two wheat types increased. It is believed that this resulted in blending the lower priced wheat with the higher priced wheat. This went undetected until the end-user experienced manufacturing problems, costing an estimated \$500,000. The problem did not surface under single desk marketing because the OWPMB kept the price of HRW above other wheat types.

Prices in the open market are considerably more volatile, creating periods where the open market has been considerably higher and lower than the pool account. If producers have received higher prices or not depends on the timing of the sales. However, producers have the opportunity to capture the financial rewards of a volatile market if they manage their sales effectively.

In summary, the industry in Ontario continues to move along a learning curve. Industry is increasingly recognizing that wheat is not all the same. This is resulting in new markets, investments on understanding end-use characteristics and functionality, as well how to best capture value through identity preservation. In many respects, the Ontario wheat industry is coming to an understanding that there is value in moving away from a commodity oriented market to one where information is used to create value. The next stage will be to move from a supply chain to a value chain concept where plant breeders to end-users share information and ambition to create a more efficient market that is more competitive and creates more value for all stakeholders.

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# Appendix

Ontario' Wheat Exports, 1995-2004

\$ Millions	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
United States (U.S.)	44,190,822	65,116,492	57,425,463	51,443,167	29,504,363	18,709,758	34,713,267	50,383,487	123,844,331	113,634,328
Mauritania	-	-	-	-	-	-	-	-	-	3,838,048
Chile	-	-	-	-	-	-	-	-	-	1,632,879
Spain	-	-	-	-	-	-	-	-	5,574,747	1,223,016
Ecuador	-	-	-	-	-	-	-	-	-	818,240
Peru	-	-	-	-	-	-	-	-	-	585,000
Mexico	9,480,310	-	-	-	-	-	-	-	495,383	543,105
Malaysia	-	-	-	-	-	-	-	761,772	-	322,326
Philippines	-	-	-	-	-	-	-	-	-	42,977
Belgium	1,204,200	-	-	932,264	-	-	-	-	2,931,096	5,253
Jordan	-	-	-	-	-	-	-	-	-	5,114
Trinidad and Tobago	-	-	-	-	-	-	-	-	-	240
Iran	-	-	-	-	25,499,476	-	-	-	16,333,233	-
Romania	-	-	-	-	-	-	-	-	5,376,918	-
Italy (includes Vatican City State)	-	-	-	-	-	-	-	-	4,150,415	-
Ghana	392,235	-	-	-	-	-	1,144,156	1,304,939	1,035,339	-
Ireland	-	-	-	-	-	-	-	-	613,352	-
Japan	-	-	-	-	-	-	-	-	62,570	-
Ethiopia	-	-	-	-	-	-	-	-	52,641	-
Indonesia (includes East Timor)	-	-	-	-	-	-	-	5,978,294	-	-
Togo	878,766	-	-	-	-	-	1,760,240	2,077,560	-	-
Thailand	-	-	-	920,392	-	-	-	1,080,981	-	-
Morocco	7,035,900	-	-	-	-	4,660,950	3,795,344	924,283	-	-
Cameroon	-	-	-	-	-	-	330,045	230,840	-	-
Bangladesh	35,264,147	-	-	-	6,960,926	5,176,860	8,120,633	-	-	-
Egypt	-	-	-	-	-	4,583,655	-	-	-	-
United Kingdom (U.K.)	-	-	-	-	-	11,013	-	-	-	-
Yemen	15,219,146	-	-	-	16,861,471	-	-	-	-	-
Venezuela	-	-	-	-	4,407,578	-	-	-	-	-
Switzerland	-	-	-	-	224,160	-	-	-	-	-
Norway	4,491	-	-	-	4,032	-	-	-	-	-
Pakistan	-	1,486,087	-	-	-	-	-	-	-	-
Dominican Republic	-	5,462	-	-	-	-	-	-	-	-
China	14,645,650	-	-	-	-	-	-	-	-	-
India	1,750,650	-	-	-	-	-	-	-	-	-
Lebanon	1,494,430	-	-	-	-	-	-	-	-	-
Afghanistan	583,550	-	-	-	-	-	-	-	-	-
Germany	24,051	-	-	-	-	-	-	-	-	-
Mozambique	14,376	-	-	-	-	-	-	-	-	-
Total	132,182,724	66,608,041	57,425,463	53,295,823	83,462,006	33,142,236	49,863,685	62,742,156	160,470,025	122,650,526