



**CANADIAN AGRI-FOOD TRADE ALLIANCE**

## **CAFTA TRADE POLICY UPDATE**

**Issue 2007-4**

**August 2, 2007**

**Following is the latest edition of the Canadian Agri-Food Trade Alliance (CAFTA) Trade Policy Update. You are receiving this update either because you expressed an interest in receiving a weekly update on WTO and other trade negotiations, or because your name was suggested to CAFTA. Should you wish to discontinue receiving the Trade Policy Update, simply send an email to [office@cafta.org](mailto:office@cafta.org) requesting that your contact information be removed from the distribution list.**

*The Canadian Agri-Food Trade Alliance represents producers, processors and exporters of agriculture and agri-food products. Accounting for over 80% of Canada's agriculture and food exports, and more than 50% of farm cash receipts, CAFTA's members are united in their dependence on trade, and in their need for a liberalized international trading environment.*

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### **Report from Geneva – WTO Marches Ahead**

July of 2007 marked yet another development – and step forward - in the Doha Round of WTO negotiations. While a meeting of the G4 (U.S., E.C, India and Brazil), held in Potsdam, Germany in late June, had dissolved with no real conclusion, WTO Ambassador Crawford Falconer (New Zealand) and WTO Ambassador Don Stephenson (Canada) were determined to move forward towards a successful outcome.

The two Ambassadors each released working texts on Monday, July 16<sup>th</sup>, 2007 – Falconer's dealing with the agriculture negotiations and Stephenson's addressing the NAMA (Non Agriculture Market Access) issues. The working texts were released to the WTO members and were intended to provide a framework and basis for further negotiations.

The texts are seen as a next step towards a negotiated agreement and conclusion to the Doha Round. CAFTA has been lobbying for an ambitious deal – in line with CAFTA's goals, for the Doha Round, adopted in October of 2005:

*The negotiations must result in real, meaningful and progressive reductions in protection and support on a global and reciprocal basis, with an integrated focus on the three pillars of the Doha framework: market access, export competition and domestic support.*

From July 23<sup>rd</sup> to 27<sup>th</sup>, a CAFTA delegation – including President Alanna Koch, Canadian Cattlemen's Association Executive Vice-President Dennis Laycraft and CAFTA Executive Director Keith Lancaster – traveled to Geneva to help ensure the needs of Canada's agriculture and agri-food exporters were better understood and considered moving forward.

CAFTA's schedule included meetings with a number of missions including the U.S, E.C, Switzerland, India, Australia and New Zealand. In addition, CAFTA met with senior WTO officials – including Deputy Director General Singh - and participated in daily briefings at the Canadian Mission.

The general feeling from the various missions and officials was that the text provided a “workable basis” for negotiation. While the level of ambition for the agriculture text was somewhat lower than the NAMA text most were seeing it as a good step forward. In some areas, such as market access, some felt the level of ambition needed to be increased – it was also recognized that the text did not provide sufficient detail in areas such as tariff caps, tariff escalation and special products.

Most seemed to feel that the texts had essentially “pushed the envelope” and that all of the WTO members were being asked to contribute to a final negotiated agreement. In particular, it was noted that the U.S. was being asked to provide real concessions in the area of domestic support and that the E.C. would be expected to provide increased levels of market access. As a general observation, developed countries were being asked to consider bigger concessions but the developing nations are also expected to provide concessions to help reach an agreement.

Some of the key aspects of the text include:

- On domestic support, both the U.S. and E.C. are being asked to give ground – overall domestic support levels for the U.S. are being proposed between \$13 B and \$16 B. This is a real concession as there are “transparency provisions” included throughout.
- For the aggregate measure of support – the text calls for a 70% reduction to top tier, 60% to second tier and 45% for the bottom tier tariffs.
- Canada's proposal to move actuarially appropriate crop insurance into the green box has been incorporated into the text. This is a big consideration for Canada. At present, crop insurance is considered as an amber support measure; should this proposal be accepted it will create additional room for amber support.
- In the area of market access, the G4 proposals for tariff reduction are reflected in the text – the top end cuts are in the area of 70%. In this case, developing nations are facing a 2/3 requirement in this area.
- For sensitive products the text calls for the designation of between 4% – 6% of dutiable tariff lines.
- In the area of export subsidies, the text proposes a target of a 50% reduction by 2010 and a full elimination of all export subsidies by 2013.
- For export credit, the 180 day repayment limit is incorporated with an exemption noted for sees and breeding cattle.
- Discussion around state trading enterprises seems to be focused on the monopoly powers – in an export context - as one of the key remaining issues
- There are a number of areas where the text acknowledges the need for further work and discussion including tariff caps, tariff escalation and in-quota duties.

On an overall basis, the text provides a comprehensive set of parameters to help guide the negotiations in the coming weeks, as WTO member countries continue to work towards a negotiated agreement.

During the week of July 23<sup>rd</sup>, two full day sessions were held at the WTO to consider each of the working texts. Member countries provided some initial reaction to the provisions of the texts. In addition, numerous bilateral meetings were scheduled during the week.

Member countries are being asked to utilize the month of August to reflect on the texts and to engage in informal consultations during this period. Negotiations are set to resume on September 3<sup>rd</sup> in Geneva and continue through September and, if necessary, into October.

The WTO is looking to build a consensus on the texts by late September or early October and will look to hold a Ministerial meeting sometime later in the fall. The overarching goal is to conclude the negotiations by the end of calendar 2007 or the first part of 2008.

Some have said that these texts, and the potential agreement that could result, provide no benefit for Canadian agriculture and agri-food exporters. CAFTA contends that an ambitious outcome will generate significant benefit – not only for Canada - but for agriculture and agri-food exporters around the world.

CAFTA is making plans to return to Geneva in the fall to once again press the perspectives of Canada's agri-food exporters. In the coming weeks, CAFTA will be commissioning a detailed research and analysis of the text to assess and quantify the benefits of a deal. This information and data will be used by CAFTA to reinforce the need for an ambitious deal.

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