



CANADIAN AGRI-FOOD TRADE ALLIANCE

CAFTA TRADE POLICY UPDATE

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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 updates 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 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.

Looking Forward to an Agreement in 2008

Over the last several months, CAFTA has maintained an ongoing presence in Geneva and has continued to monitor developments in the WTO negotiations.

In Geneva and around the world, there is an increasing recognition that an agreement to conclude the Doha Round is badly needed. A WTO agreement will provide a systematic approach to counter ongoing trade distortions and to help prevent further erosion in market conditions.

Canada's exporters continue to deal with the impacts of trade distorting measures introduced by other countries. The recent decision by the E.U. to reintroduce export subsidies for pork is just one example of this. Beef exporters continue to face major barriers accessing key markets – including the E.U., Japan and Korea. Closer to home, Canada and Brazil have been forced to seek a WTO panel on U.S. domestic support programs.

The reality is clear, a WTO agreement represents Canada's "best chance" to counter trade distortions and to benefit from stabilized market conditions. That is why CAFTA continues to press for an agreement, and remains engaged in the WTO process.

Some naysayers are quick to discount the work being done in Geneva and to dismiss the likelihood of concluding an agreement. CAFTA contends that considerable progress has been made in the last few months – and that the prospect for an agreement in early 2008 is good.

Since July, senior officials and negotiators have worked steadily in Geneva; the negotiation sessions have been intense and have looked at a broad range of issues.

The level and intensity of engagement is, in and of itself, a very positive sign. The key WTO member nations - including Canada, the U.S., E.U., Brazil, Australia, New Zealand, Japan and others – have all maintained a consistently strong presence in Geneva since July. By all reports, the discussions have been consistently constructive – with members working towards convergence on a number of key issues.

The atmosphere in Geneva has contributed to a number of breakthroughs in the negotiating process – and while the individual points of agreement are not “deal makers” they do represent significant steps forward in the overall context.

Strong progress has been made on two of the three pillars of the Doha Round – domestic support and export competition. Key members, including the U.S. and the E.U., have signaled their willingness to accept significant changes in these areas – reducing the trade distorting impact of these policies and programs.

Work on the market access pillar has been complicated by the need to balance the concerns of both developed and developing nations. While there is work left to be done, a strong push on market access is planned for early January, when negotiators return to Geneva for a further ten day period.

Looking forward, Ambassador Crawford Falconer has indicated his plan to complete a revised working text in early February. This text will incorporate the areas of agreement and convergence for the agriculture negotiations.

A “horizontal” process, bringing the agriculture and NAMA agreements to a “Green Room” progress will follow in late February; this process will seek to reach an agreement on overall modalities by early spring.

CAFTA’s perspective on the current status can be summarized as follows:

- The momentum gained through the last half of 2007 bodes well for an agreement in early 2008.
- Almost 200,000 – or over 90% - of Canadian farmers produce export dependent commodities; for these farmers a healthy export market is critical to their ongoing viability.
- An agreement based on the current work will begin to address domestic support and export competition distortions and will help Canadian farmers compete in today’s global marketplace.
- Tariff reductions and increased market access resulting from an agreement will generate billions of dollars of additional revenue for Canada’s agricultural exporters each year.
- It is time for Canada to “harvest” the benefits and move towards a final agreement; every day that the deal is delayed results in millions of dollars in lost opportunity costs for Canada’s export sectors.

CAFTA representatives will travel to Geneva in early January and will be reporting back in a future issue of Trade Update.

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