



**Issue 2008-03**  
**February 15, 2008**

**This 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](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.*

**New Text Preserves \$3 Billion Gain for Canadian Exports**

On Friday, February 8<sup>th</sup>, Ambassador Crawford Falconer (New Zealand) released a revised working text on agriculture modalities. The text sought to capture the convergences and agreements reached in the fall of 2007 and early 2008 – and to provide a foundation for continuing negotiations.

The working text is a complex and detailed document of over 50 pages; it includes a range of provisions in all three pillars of the Doha Round:

- Market access
- Domestic support
- Export competition

The key elements of the July text have been captured in the latest document; in some cases, positions and perspectives have been refined. Approximately 170 “square brackets” remain in the text; these brackets represent areas where additional discussion and negotiation will be required prior to reaching a final agreement on modalities.

In market access, the tiered reduction formula for tariffs remains essentially unchanged; developed countries will be expected to reduce their highest tariffs by roughly 70% while lowest level tariffs will be reduced by approximately 50%. The text proposes a new measure that would see an overall tariff reduction, for developed countries, of approximately 54%.

Countries will be allowed to designate between 4% to 6% of their tariff lines as sensitive; the question of whether this selection will be based on total as opposed to dutiable tariff lines is still under discussion. In exchange for this designation – and the ability to mitigate tariff reductions on these tariff lines – countries will be expected to offer additional import access, based on a percentage of their domestic consumption.

In the domestic support pillar, countries with the highest levels of domestic support will be expected to institute roughly a 70% reduction in overall levels. The United States would fall under this category; as a result, their overall domestic support levels would be expected to fall to between \$13 Billion and \$16 Billion annually.

Many of the gains in the export competition pillar have been captured in this text. Export subsidies will be phased out by 2013 and the changes in export credit requirements, including maximum repayment periods,

In general terms, developed countries are being asked to take a more aggressive stance or position than are developing nations.

For example, while developed countries will be expected to achieve a minimum average tariff reduction of 54% developing nations will only need to reach an average reduction of 36%. Developing countries will receive concessions of similar scale in a number of key areas.

Following the release of the July text, CAFTA retained the George Morris Centre (GMC) to analyze the potential impact on select Canadian commodities. The GMC analysis suggested that export values for just a few commodities – beef, pork, wheat, barley, canola seed, dry peas and soybeans – would increase by approximately **\$3 Billion annually**. The analysis of the revised text suggests that these gains have been retained – and potentially expanded.

CAFTA will continue to encourage the Government of Canada, and other WTO member countries, to press for an agreement as soon as possible. CAFTA joins the Cairns Group and other key exporting nations in calling for an ambitious agreement that maximizes results in all three pillars of the Doha Round.

**The \$3 Billion benefit to Canadian producers is “on the table” – each day a deal is delayed represents almost \$10 million dollars of opportunity costs for Canadian farmers. The time for action is now!**

### **Negotiations Resume in Geneva**

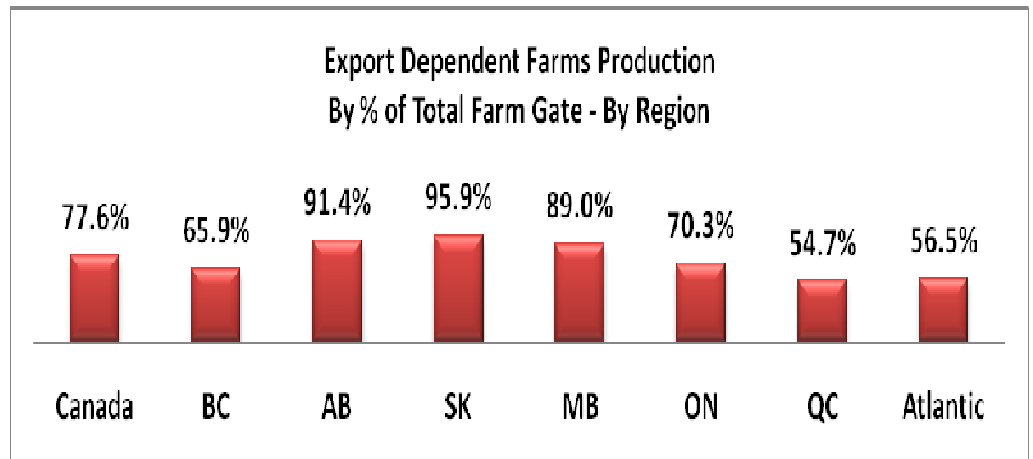
WTO member countries have returned to Geneva for an intense period of negotiations scheduled to run through February 22<sup>nd</sup>. The goal will be to seek convergence on remaining issues and to prepare the agricultural text for the horizontal process – negotiating the coefficients between agriculture and the NAMA discussions.

WTO officials have indicated that a ministerial level meeting, needed to reach a final agreement, may be scheduled towards the latter part of March or early April.

CAFTA will be traveling to Geneva to monitor the agriculture negotiations and will report back in a future edition of Trade Update.

### **Did You Know??**

Not only do export dependent producers constitute 92% of total Canadian farms, their production makes up approximately 80% - or over \$25 Billion – of Canada's farm gate receipts. As the chart shows, the production of export dependent commodities represents a majority of the farm gate receipts in every part of the country, including Ontario and Quebec.



Source – Statistics Canada

*Keith Lancaster*  
*Executive Director*  
*Canadian Agri-Food Trade Alliance*  
*Suite 308 - 151 Slater Street*  
*Ottawa Ontario K1P 5H3*  
*Canada*  
*Telephone: (613) 560-0500*  
*Fax: (613) 236-3590*  
*email: [lancastle@cafta.org](mailto:lancastle@cafta.org)*