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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 requesting that your contact information be removed from the distribution list.

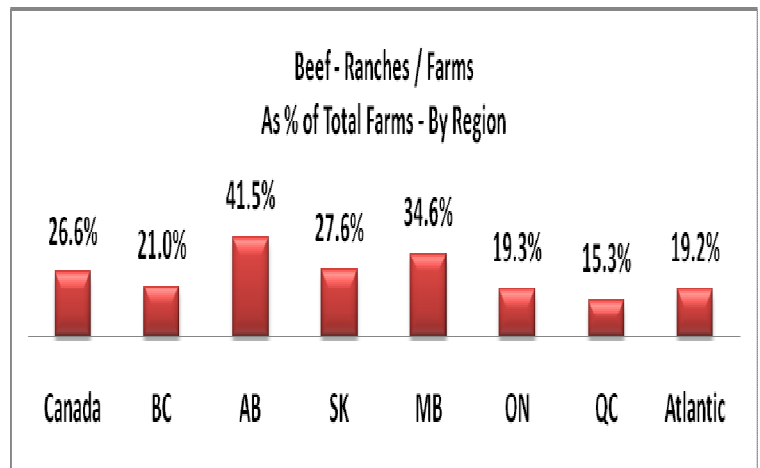
The Canadian Agri-Food Trade Alliance represents producers, processors and exporters of agriculture and agri-food products. Accounting for over 80% of Canada's agriculture and food exports, and more than 50% of farm cash receipts, CAFTA's members are united in their dependence on trade, and in their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

\$1 Billion More for Canada's Beef Industry with a WTO Agreement

Canadian beef is recognized as one of the finest products in the world; in 2007, Canadian beef was exported to 62 countries.

Canada has nearly 90,000 primary beef producers, including ranches and feedlots. Collectively, these producers account for approximately 26% of Canadian farms. As shown in the graph, cattle producers account for 15% of Quebec farms and 20% in Ontario; in Alberta the number of beef farms rises to over 40% of the total farm population.

The Canadian beef industry is the largest single commodity source of farm cash receipts, accounting for \$6.5 billion and 20 percent of farm cash receipts in 2006. **Overall, the beef industry contributes \$26 billion per year to the Canadian economy.**



On an international stage, Canada is a major exporter of beef and beef products; ranging from the primary commodity through to fully processed products.

Exports of beef and beef products in 2007 are expected to be up two per cent, from 368,000 tonnes in 2006 to a projected 376,600 tonnes. The value of beef exports is also expected to be up two per cent from \$1.33 billion in 2006 to a projected \$1.36 billion.

In 2007, CAFTA commissioned an analysis of the potential benefits that would flow to Canada's export sectors through a WTO agreement. The analysis looked at seven primary commodities – including primary cuts of beef.

The analysis was based on a 2003 – 2005 average export level of \$1.227 billion annually. The impact of tariff reductions and trade liberalization were assessed to determine the potential increases in export values.

The analysis suggests that the value of beef exports, as a primary commodity, **would increase by as much as 80%, or by nearly \$1 billion, rising to an annual level of over \$2.2 billion.** It is significant that this dramatic value increase is achieved with a potential volume increase of approximately 170,000 tonnes (37% above base level volumes). The analysis predicts that the effect of these results for producers would be a live cattle price increase of nearly 40 cents per pound..

Canada's beef sector has the capacity and capability to meet this demand – but to realize these benefits, changes in the international trading environment are necessary. A WTO agreement that reduces tariffs, and increases access to key international markets, will be critical to the future success of this important sector of the industry.

WTO Negotiations Continue in Geneva

On February 18th, WTO member countries returned to Geneva for an intense two week period of negotiations. The negotiations reviewed the revised modalities text released in early February and worked towards convergence and consensus on the outstanding issues.

CAFTA returned to Geneva for the most recent session, monitoring the progress of the negotiations and meeting with a number of member nations.

Market access discussions were dominant during the session. Considerable attention was focused on sensitive products, including the collation of domestic consumption data needed to determine potential expansion in tariff quotas. The implications of changes to the Special Safeguard Mechanism were also explored; negotiators have sought to balance issues such as the selection of products and the application criteria for the measure.

Negotiators are returning to capitals for the week of March 3rd, consultation among member nations is expected to continue throughout that week. Negotiations will resume in Geneva the week of March 10th working towards a revised working text expected towards the latter part of March. Based on current understanding, a potential Ministerial meeting is being considered for sometime in April.

In Geneva, WTO member nations remain optimistic at the prospect of an agreement being reached by the end of 2008. CAFTA will return to Geneva at key points in the process and will continue to provide a perspective on behalf of Canadian exporters.

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