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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.

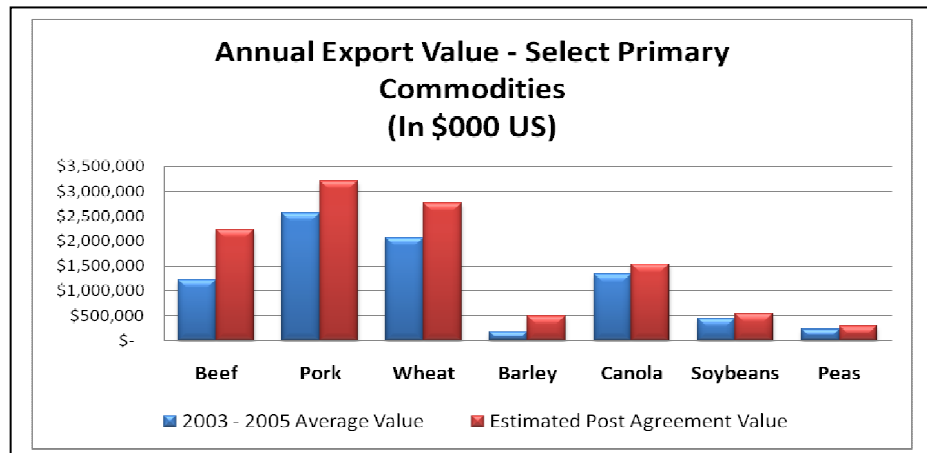
There is \$3 Billion on the Table – It's Time to Harvest the Deal

The prospect of a WTO agreement within the next few months is being welcomed by Canada's agriculture and agri-food exporters.

On February 5, CAFTA released the key findings of a groundbreaking economic analysis. CAFTA engaged the George Morris Centre (GMC) to assess the key elements of the WTO modalities text and to translate that into the potential benefits for Canadian exporters.

The study examined on the impacts of proposed tariff reductions and increased market access for key primary commodities including:

- Beef
- Pork
- Wheat
- Barley
- Canola Seed
- Soybeans
- Pork
- Sugar



The analysis focused on the potential benefits to producers - the over 90% of Canadian farmers that are dependent on exports.

The economic modeling utilized by GMC suggests that exports of these primary commodities would increase from just over \$8 Billion to over \$11 Billion annually as a result of a WTO agreement. **That translates into just under a \$3 Billion annual increase.**

The increase in overall value incorporates additional volume opportunities and increases in commodity prices. Volumes for select commodities would increase up to 116% while price increases would range from 10% to 32% as a result of a WTO agreement.

For Canada's exporters – particularly the hard hit hog and beef sectors – this news comes at a critical time. And, while grains and oilseed farmers are currently benefiting from higher commodity prices the need to secure improved access to key markets is a long term priority.

CAFTA's position on the Doha Round is closely aligned with key exporting nations including the Cairns Group – CAFTA is seeking an ambitious agreement with progress on all three pillars of the negotiations:

- Market access
- Domestic support
- Export competition

The current consensus represents a strong step forward; CAFTA is calling on the Government of Canada to harvest the benefits of the work to date – and to quickly conclude the most ambitious agreement possible.

Each day the agreement is delayed represents nearly a \$10 million opportunity cost for Canada's exporters – the time for action is now.

Revised Text Due February 8th

WTO officials have advised that Ambassador Crawford Falconer will release a revised working text on Friday, February 8th. The text will capture the consensus and agreements reached over the last several months and will provide an outline for a potential agreement.

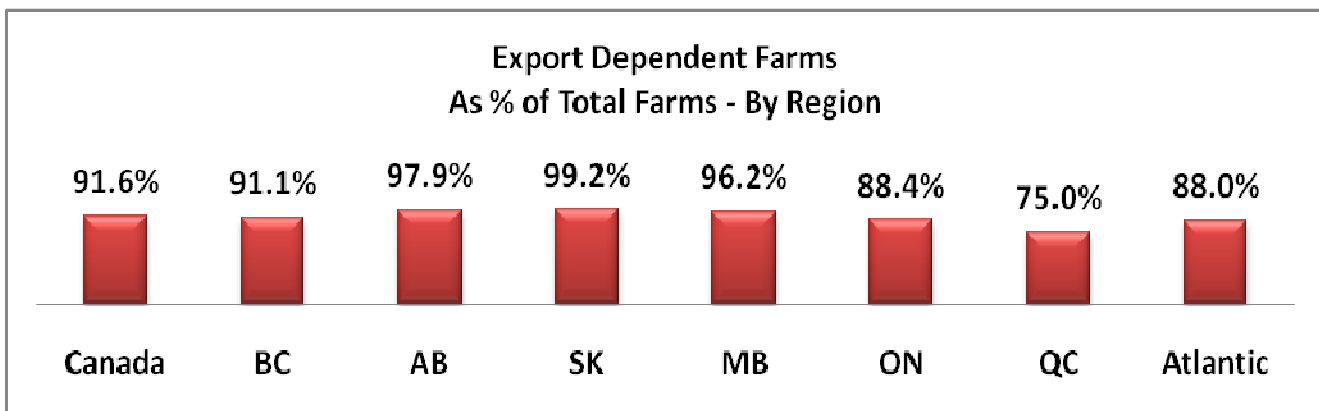
Member countries are scheduled to return to Geneva for further negotiations in mid February.

CAFTA will be reviewing the text, and reporting on progress in negotiations, in an upcoming edition of Trade Update.

Did You Know??

Regular readers of CAFTA's Trade Update will remember that over 200,000 - or 92% - of Canada's farmers are dependent on exports – but did you know that export dependent farmers are **in the majority** in every Province of Canada, including Ontario and Québec?

As the chart below shows, 99% of Saskatchewan's farmers are export dependent – and export dependent producers constitute 88% of Ontario's and 75% of Québec's farm communities.



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