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*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.*

### **Canada's Meat Processing Industry – Adding Value to Canadian Exports**

Canada's red meat processing industry of beef, veal, pork, lamb and horse is the largest sector of the food manufacturing industry with annual revenues valued at over \$16.3 billion and total employment of over 46,000 people. It is the 11th most important manufacturing sector in the country after such industries as motor vehicles, wood products and petroleum products.

The red meat processing industry is made up of over 400 establishments, often located in rural settings adding jobs and important economic activity to the life of rural Canada. The industry is active in virtually every part of the country, with major concentrations of firms found in Alberta, Manitoba, Ontario and Québec.

Canada is home to many successful Canadian family-owned meat processing facilities such as Quality Meats, Piller Sausages and Deli Ltd., Freybe Gourmet Foods, Viandes DuBreton, Aliments Asta, XL Foods Limited and St. Helen's Meat Packers just to name a few.

The industry also has some processing owned by Canadian farmers such as Sunterra Meats, Springhill Farms, Colbex-Levinoff and Conestoga Meat Packers Limited. Olymel Foods, a very large poultry and pork processor with operations in Quebec, Ontario and Alberta is owned by farmers indirectly through the Coop Fédérée.



One of Canada's largest meat processors, Maple Leaf Foods, with establishments in almost every province is publicly traded on the Toronto Stock Exchange. Other large multinational corporations such as Tyson Foods (publicly traded) and Cargill Foods also have major meat processing facilities in Canada.

International trade is crucial to Canada's red meat industry since we produce much more meat than Canada's 33 million people can consume. And the industry has grown a lot in the past 15 years. Canadian beef exports rose from 100,000 tonnes in 1990 to over 368,000 tonnes in 2006. Canadian pork export sales rose from 200,000 tonnes in 1990 to over 1,037,000 tonnes in 2006.

Canadian meat plant processing capacity has greatly expanded and hundreds of millions of dollars have been invested in state-of-the-art processing facilities and equipment. With recent advances in technology Canadian meat processors are now able to ship chilled unfrozen pork to Japan through the Port of Vancouver and still have adequate shelf life to compete with Japanese pork at retail.

In 2006 Canada exported \$2.5 billion of pork and \$1.3 billion of beef to over 150 countries around the world.

Canadian meat processors need an ambitious trade deal at the WTO to gain better access to these important markets. The industry needs significant reductions in import tariffs, the elimination of export subsidies and greatly reduced domestic support that distorts pricing and therefore international trade.

Canadian processed meats face barriers in accessing key markets; and would see a proportionate benefit through more liberalized trade. A WTO agreement would increase export volumes for pork and beef – from primary commodities through to processed products.

Processed Canadian pork products, like the primary commodities, face major challenges in maintaining market access parity with producers from the United States and Chile. Improving access to key value and emerging markets, such as the European Union, China and Latin America will be critical to the future success of the industry.

Canadian beef faces major challenges in maintaining market access parity with producers from the United States, Australia, New Zealand and Brazil. Improving access to key value markets, such as Europe, Japan and Korea will be critical to the future success of the industry.

Like other manufacturers, the Canadian meat processing sector faces significant competition from other nations including the United States, Australia, New Zealand, Brazil, Denmark and Uruguay. The recent rapid rise in the value of the Canadian dollar has really impacted Canada's meat processing industry competitiveness. In addition, because of the value of crude oil and the booming sector, especially in western Canada, competition for human resources in the meat processing sector is fierce.

Securing an ambitious WTO agreement will help ensure Canada's meat processing sector maintain its world class standing.

The time for action is now.

### **Negotiators Press On – Revised Text Expected in Late April**

Negotiators from WTO member countries have been hard at work in Geneva over the last several weeks; focusing on reaching convergence on the issues needed to reach an agreement.

Work to develop an acceptable approach on sensitive products – those products that countries will seek to shelter from full tariff reductions – dominated the agenda for the first two weeks of April. Resolving the issue of sensitive products is seen as one the key remaining challenges within the market access pillar.

Negotiators and officials worked through the most recent (February 2008) version of the working text seeking agreement and convergence on issues in all three pillars of the text – market access, domestic support and export competition.

Ambassador Crawford Falconer (New Zealand) has signaled his intention to produce a further revision to the text in late April (likely early the week of April 28<sup>th</sup>).

From that point, senior officials from member nations are expected to review this text, along with updated work on NAMA and other areas, in a horizontal process.

Following the horizontal process, WTO officials have suggested that a Ministerial meeting, needed to conclude to an agreement, could be held in the latter part of May.

CAFTA will continue to monitor developments and will provide updates in future editions of Trade Update.

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