



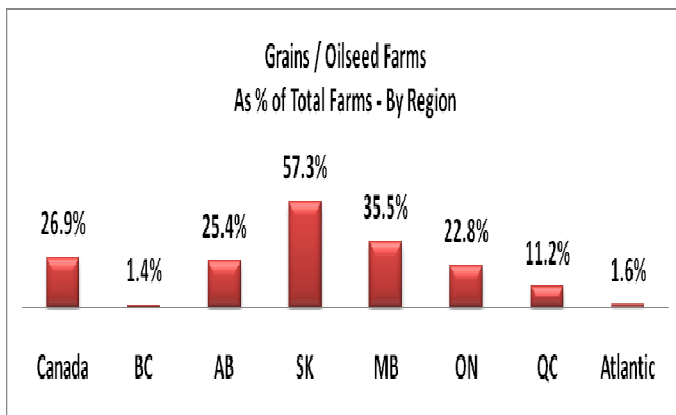
**Issue 2008-05
March 14, 2008**

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 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.

Over \$1.25 Billion Increase for Grains and Oilseeds through a WTO Agreement

Canada's grains and oilseeds sector includes producers of wheat, barley, canola, soybeans and other grains. The sector is most active in the three Prairie provinces but producers are found in every province of the country.



Canadian grains and oilseeds are well established in the international marketplace, at present, Canada exports to countries around the world.

Grains and oilseed producers constitute a large portion of the Canadian farm community. Over 61,000 farmers – or approximately 27% - produce grains and oilseeds. As shown in the graph, the industry is active in every Province of Canada with the highest concentrations found in Saskatchewan and Manitoba.

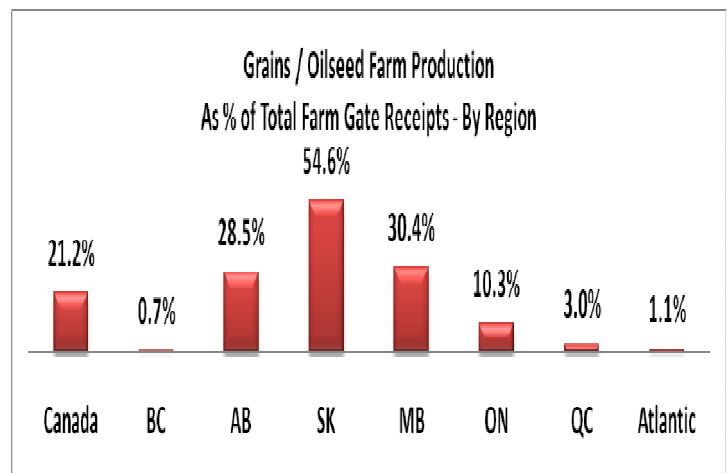
Grain and oilseed producers make a significant contribution to Canada's farm gate receipts. In 2006, farm gate receipts from these producers accounted for

over \$6.8 billion – or 21% - of Canada's overall total of \$32 billion.

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

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 wheat, canola seed, barley and soybeans.

The analysis was based on a 2003 – 2005 average export levels as shown on the table below. The impact of tariff reductions and trade liberalization were assessed to determine the potential increases in export values.



	2003 - 2005 Average Value	Estimated Post Agreement Value	Increase in Value
Wheat	\$ 2,063,152,000	\$ 2,753,085,000	\$ 689,933,000
Barley	\$ 178,049,000	\$ 491,409,000	\$ 313,360,000
Canola	\$ 1,335,005,000	\$ 1,532,841,000	\$ 197,836,000
Soybeans	\$ 448,425,000	\$ 535,607,000	\$ 87,182,000
Total	\$ 4,024,631,000	\$ 5,312,942,000	\$ 1,288,311,000

The analysis suggests that overall exports of grains and oilseeds, as primary commodities, could increase from a 2003 – 2005 average level of \$4.024 billion to \$5.312 billion.

In addition to exports of these commodities, Canada is a key exporter of value added products. For example, 75% of Canadian canola oil and meal is exported; the current value of these exports is estimated at approximately \$1.2 billion annually. Under a WTO agreement, this amount would increase – as tariffs and barriers on these products are reduced. Canola is heavily dependent on trade and Canadian farmers are dependent on canola. Over 52,000 farmers grow canola and the crop generates between 1/3 and 1/2 of their revenues. The canola industry alone adds over \$11 billion in economic activity to the Canadian economy, despite the constraints of trade distortions in world markets.

Canada's wheat and barley exports reach several dozen countries around the world every year. Japan, Algeria, USA, Colombia, China, Philippines, Malaysia, Jamaica, South Africa and Thailand, are the main export markets for one or both commodities. A number of these markets are important not only in terms of absolute market significance but also in terms of stable import demand trends.

Canada has the capacity and capability to meet this demand – but to realize these benefits, changes in the international trading environment are necessary.

Canadian grains and oilseeds face major challenges in maintaining tariff parity with competing products from other exporting countries. For example, the canola tariff in China is currently 9% while soybeans can enter that country at 1%. This is a huge potential market but the discrepancy in the tariffs artificially render Canadian canola uncompetitive.

Canadian wheat and barley encounter substantial tariff barriers in key markets and around the world. Important markets such as Japan, China, the EU and Korea have substantial bound tariffs on wheat and barley that reduce access. Canadian canola also faces significant barriers to access in India and in China. Increasing access to these key – and growing – markets is essential for Canada's grain and oilseed producers.

Securing an ambitious WTO agreement will help ensure Canada's grain and oilseed industry maintains its world class standing.

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