

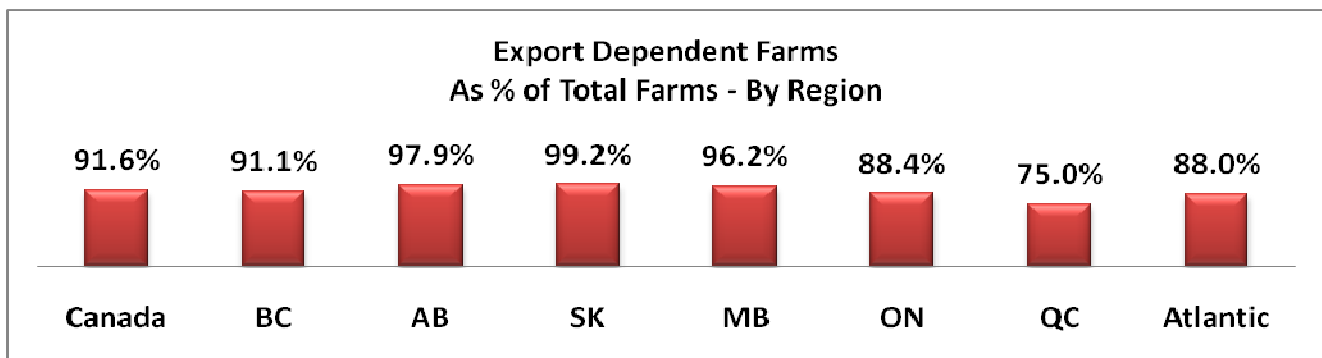


\$3 Billion of Increased Exports Possible Through WTO Agreement

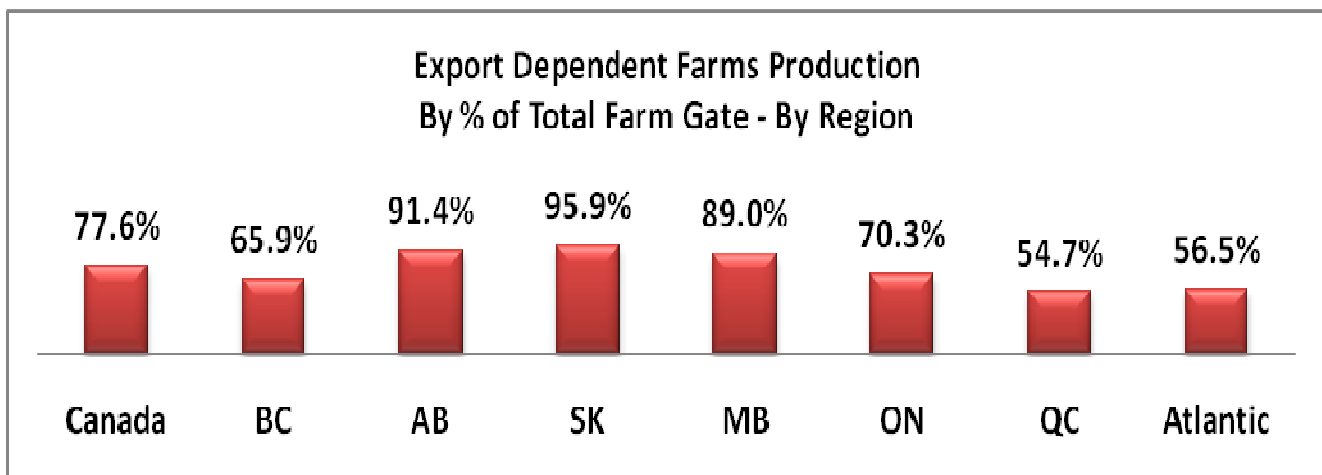
Canada Depends on Exports

The Canadian Agri-Food Trade Alliance (CAFTA) represents producers, processors and exporters of agriculture and agri-food products. CAFTA's members are united in their dependence on trade, and in their need for a liberalized international trading environment.

Across Canada, over 210,000 – or 92% of - farmers are directly dependent on export markets; they either export their products or sell them domestically at prices set by international marketplaces. Producers of export dependent commodities constitute a majority of farms in every province in Canada.



Sales of export dependent commodities account for \$25 Billion or nearly 80% of Canada's annual farm gate receipts. In all provinces, including Ontario and Québec, sales of export dependent commodities constitute a majority of the farm gate receipts.



A WTO Agreement – Opening Up the Marketplace

For Canada's agriculture and agri-food sector, a healthy export environment and marketplace is critical – for farmers, producers, processors and aligned industries.

The WTO Doha Round negotiations present an outstanding opportunity for Canada's agriculture and agri-food sector and for other WTO member nations.

In 2006, Canada's agriculture and agri-food sector's exports amounted to \$11.5 Billion; this amount has been steadily increasing over the last 15 years. Canada has benefited greatly from the reduction in trade distorting barriers included in NAFTA and other agreements. To continue to expand our exports, a multi-lateral trade deal is required – an agreement that further opens up global markets to Canadian products.

In February, WTO Ambassador Crawford Falconer (New Zealand) released a revised working text outlining a series of draft modalities for a future WTO agreement. In addition to specific proposals in areas such as domestic support, export competition and tariff reductions the text begins to lay the groundwork for advances in disciplines and rules for future trade activity.

The rules and disciplines are critical pieces of a healthy international trade market; the lack of such structures in the current marketplace, allows for ongoing escalation in trade distorting barriers. CAFTA has noted, on many occasions, that the "status quo" does not exist – and that the lack of a WTO agreement on agriculture continues to place Canadian exporters at a disadvantage. In the absence of a WTO agreement, countries are less constrained and can continue to apply – or introduce – trade distorting programs or measures.

Assessing the Gains – A \$3 Billion Annual Increase for Canada

CAFTA has engaged the George Morris Centre (GMC) to analyze the proposed modalities and to quantify the additional benefits that could potentially be available to Canadian agriculture and agri-food exporters. In carrying out this analysis, the GMC focused on the impacts of tariff reductions in terms of potential increases in product prices and export volumes.

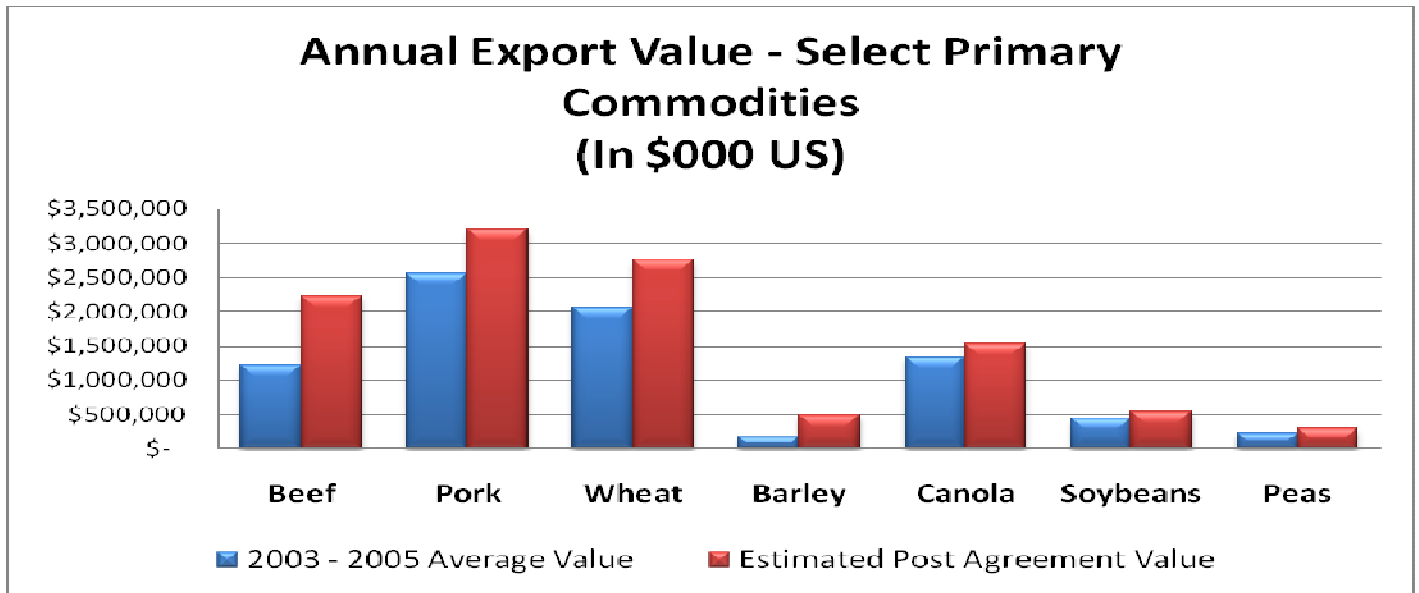
The analysis focuses on the impact of a potential agreement on seven of the primary commodities produced by CAFTA members – beef, pork, wheat, canola seed, barley, soybeans and dry peas. The analysis also examines the impact on the Canadian sugar industry.

For the seven primary commodities only, the study suggests that the annual value of exports would increase from approximately \$8 billion¹ (US) to over \$11 billion (US) as a result of a WTO agreement.

The increases in export value are a function of expanded export volumes and increases in commodity prices; in addition, as these are primary commodities, a significant portion of the gains will be at the producer level. Canada will realize additional gains through value added processing – for all commodities.

¹ Aggregate export levels derived from FAO data and are based on a 2003 – 2005 average.

The chart below outlines the gains on a commodity by commodity basis.



Harvesting the Agreement – It’s Time to Act

For Canada’s agriculture and agri-food sector, an ambitious agreement that focuses on the three pillars of the agriculture negotiations – including market access – is an essential and critical step forward.

CAFTA, and its members, have been calling on the Government of Canada to secure an ambitious conclusion to the Doha Round, at the earliest date possible. Canada’s export sectors have been forced to deal with trade distortions and constrained market access for far too long – the time for action is now.

The continuing absence of a WTO agreement is an ongoing burden on Canada’s export dependent producers; until an agreement is in place, these farmers are collectively incurring an opportunity cost of nearly \$10 million dollars a day.

As one of the largest exporters of agriculture and agri-food in the world Canada will clearly benefit from an ambitious deal.

As one of the most prosperous nations in the world Canada has a responsibility to assist those less fortunate nations for whom agriculture exports represent a “step away from poverty”.

Liberalizing trade in agriculture is not a simple task – but it is essential – for farmers in Canada and around the world. The time for action is now.