



Harvesting the WTO Agreement



March 2008

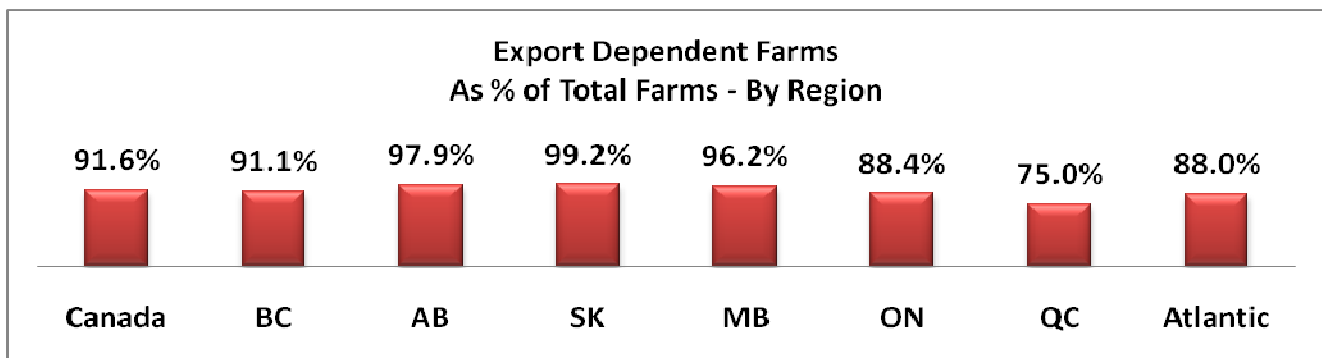


\$3 Billion of Increased Exports Possible Through WTO Agreement

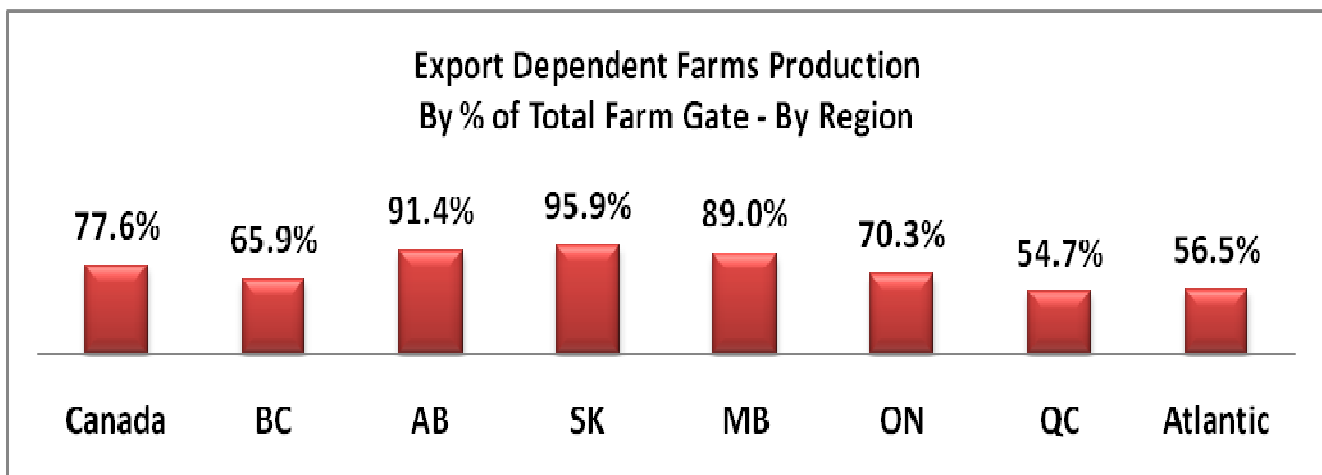
Canada Depends on Exports

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.

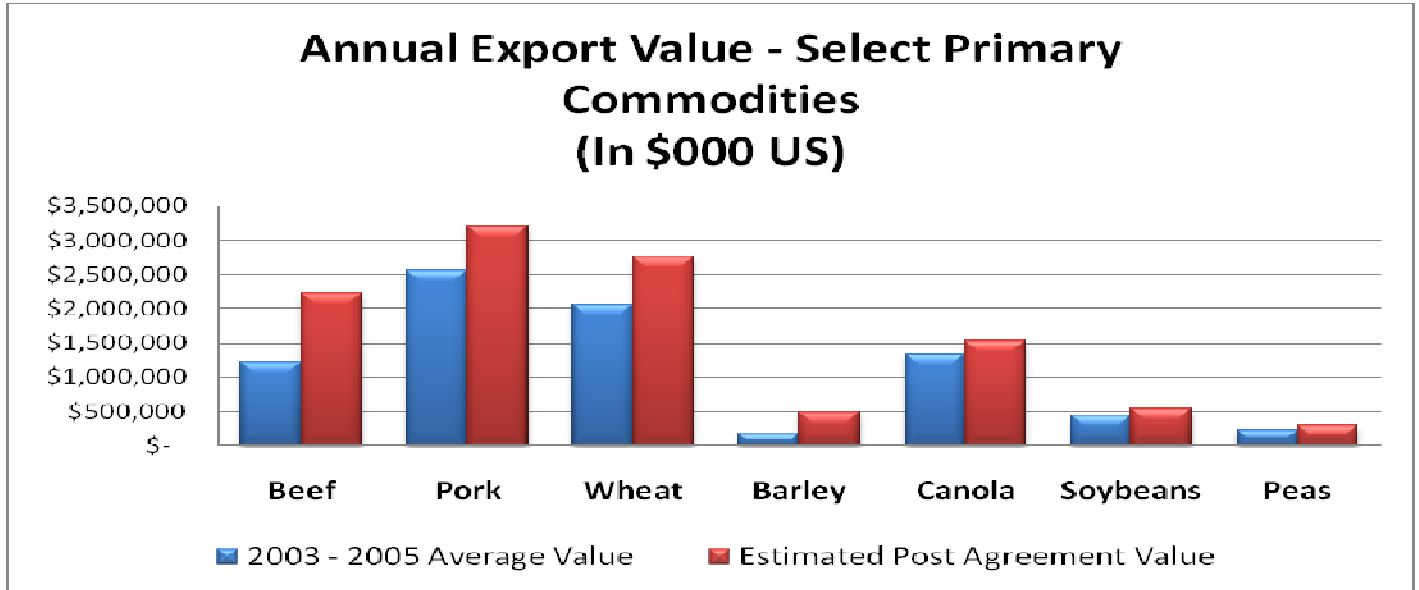
The analysis focuses on the impact of a potential agreement on seven of the primary commodities produced by CAFTA members – beef, pork, wheat, canola seed, barley, soybeans and dry peas. The analysis also examines the impact on the Canadian sugar industry.

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”.

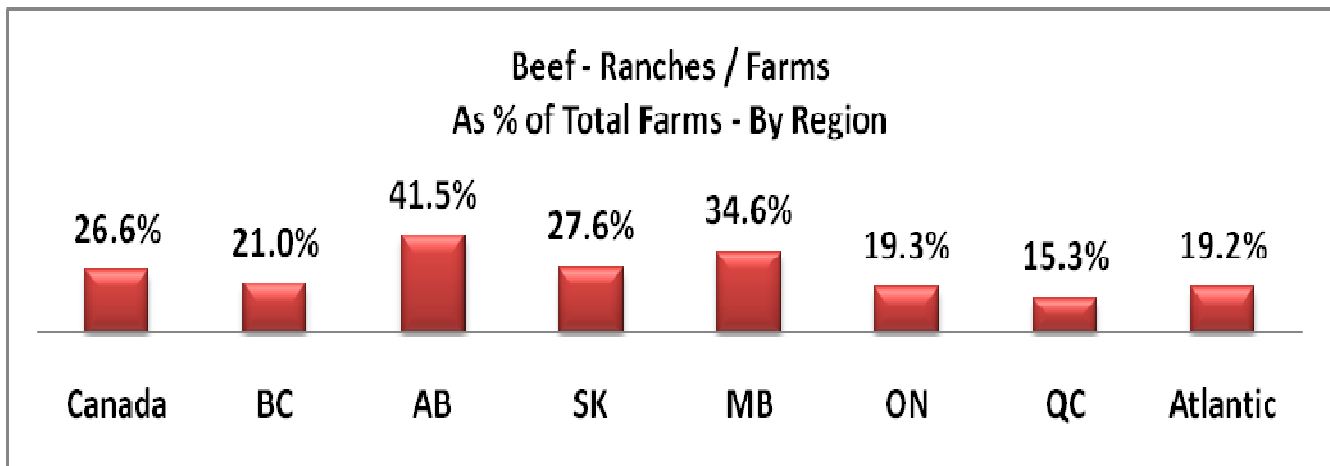
Liberalizing trade in agriculture is not a simple task – but it is essential – for farmers in Canada and around the world. The time for action is now.



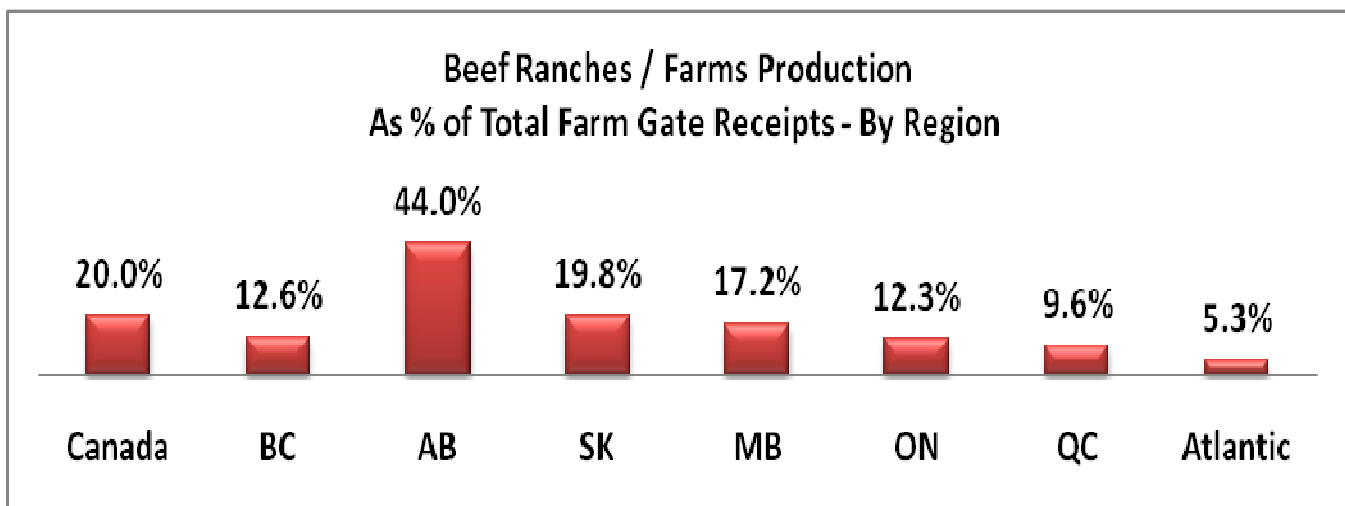
Canada's beef sector is a significant and vital part of Canada's agriculture and agri-food industry. The sector includes primary producers as well as value added processors - the industry is active in every Canadian province.

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 below, cattle producers account for 15% of Quebec farms; in Alberta the number of beef farms rises to over 40%.



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.**



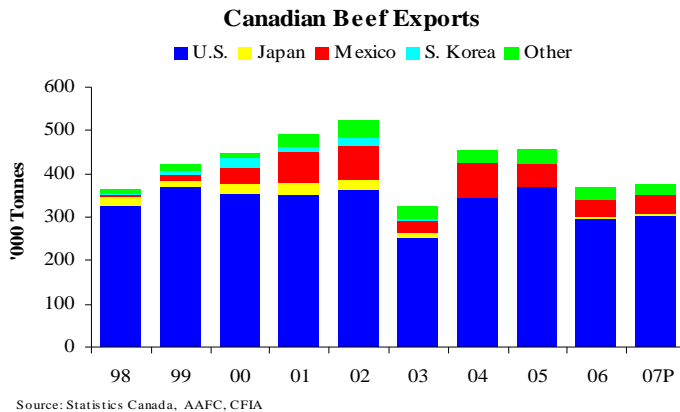
On an international stage, Canada is a major exporter of beef and beef products; ranging from the primary commodity through to fully processed products.

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.

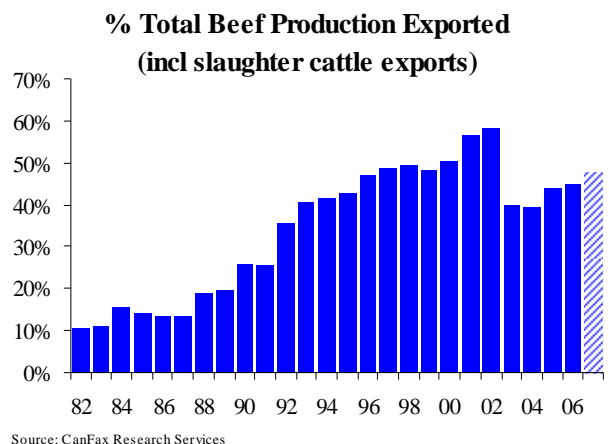
The analysis suggests that the value of beef exports, as a primary commodity, would increase by as much as 80%, or by nearly \$1 billion, rising to an annual level of over \$2.2 billion. It is significant that this dramatic value increase is achieved with a potential volume increase of approximately 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.

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.

Canada's cattle producers know that in order to position themselves to take advantage of these opportunities, the industry must be competitive despite the new reality of a strong Canadian dollar. The cattle industry has made several proposals to streamline the regulatory environment in which it operates and is confident that when it has an equal chance to compete, Canadian beef will take a back seat to no other country.

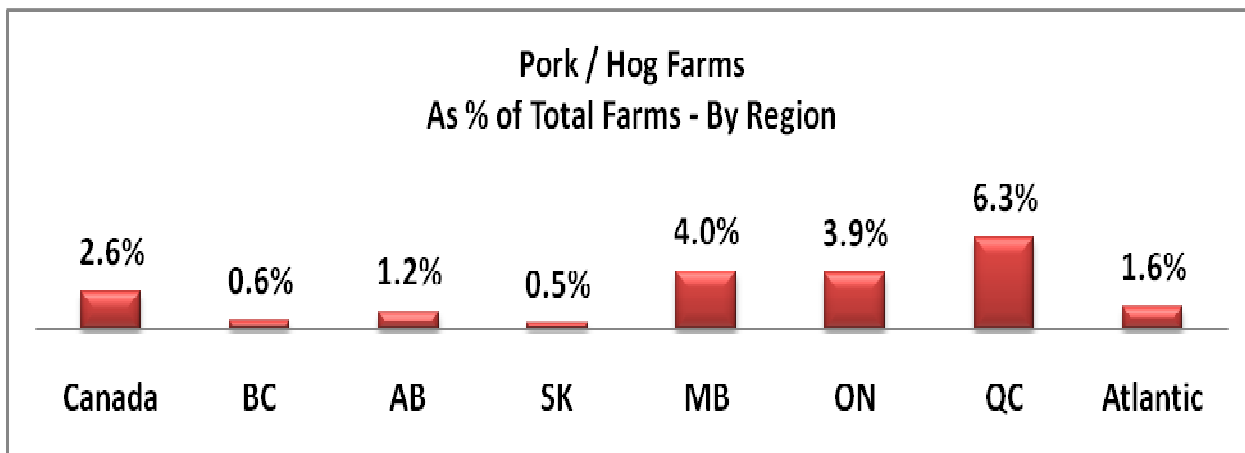




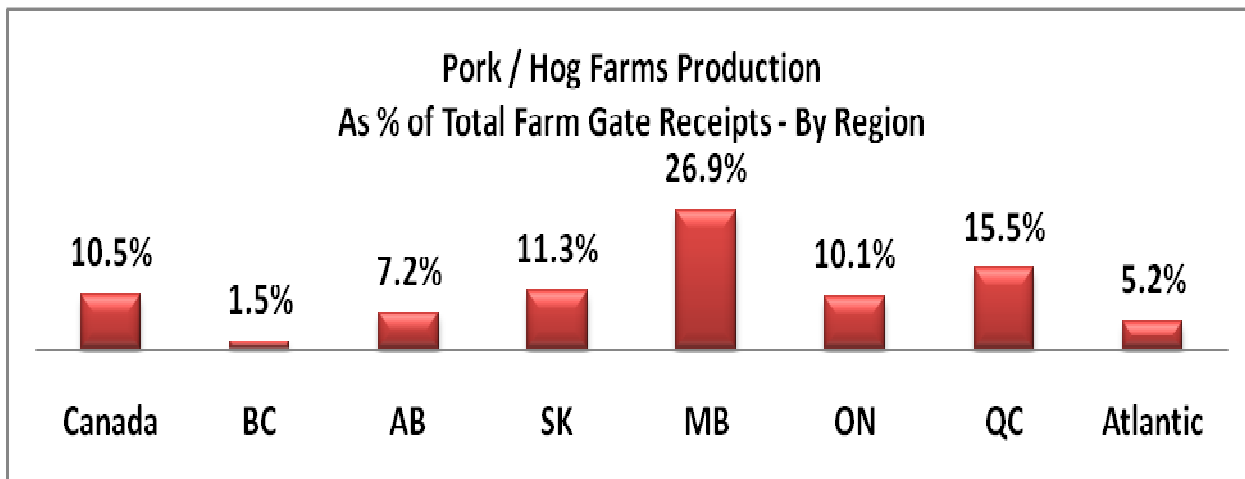
Canada's pork sector is a significant and vital part of Canada's agriculture and agri-food industry. The sector includes primary producers as well as value added processors - the industry is active in every Canadian Province.

On a global basis, pork is one of the fastest growing markets – with consumption increasing significantly in a great many countries. Canadian pork is well regarded in the international marketplace, with major exports destined for over 90 countries.

Canada has over 6,000 pork producers or approximately 2.6% of total farms. As shown in the graph below, the industry is active in every Province of Canada with the highest concentration of pork farms found in Manitoba, Ontario and Quebec.



Despite their relatively small numbers, pork producers make a significant contribution to Canada's farm gate receipts. In 2006, farm gate receipts from pork producers accounted for over \$3.4 billion – or approximately 10.5% - of Canada's overall total of \$32.4 billion. Regionally, pork production constitutes a significant portion of farm gate receipts in both Manitoba and Quebec.



The total farm gate receipts, combined with the value added components of the industry, bring the sector's overall economic contribution to roughly \$10 billion annually.

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

The total value of exports, for all pork products, has been estimated at \$2.4 billion for 2007.

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 pork.

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 exports of pork, as a primary commodity, would increase by as much as 26% rising to an annual level of over \$3.205 billion. This increase is made up by a potential volume increase of 7% and a price increase of approximately 17%.

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

Canadian pork faces 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.

Most recently, the industry has been facing a major crisis as a result, in part, of rising input costs and the impact of a high Canadian dollar.

Securing an ambitious WTO agreement will help ensure Canada's pork industry maintains it's world class standing.

The time for action is now.



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, Gencor Foods, 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.

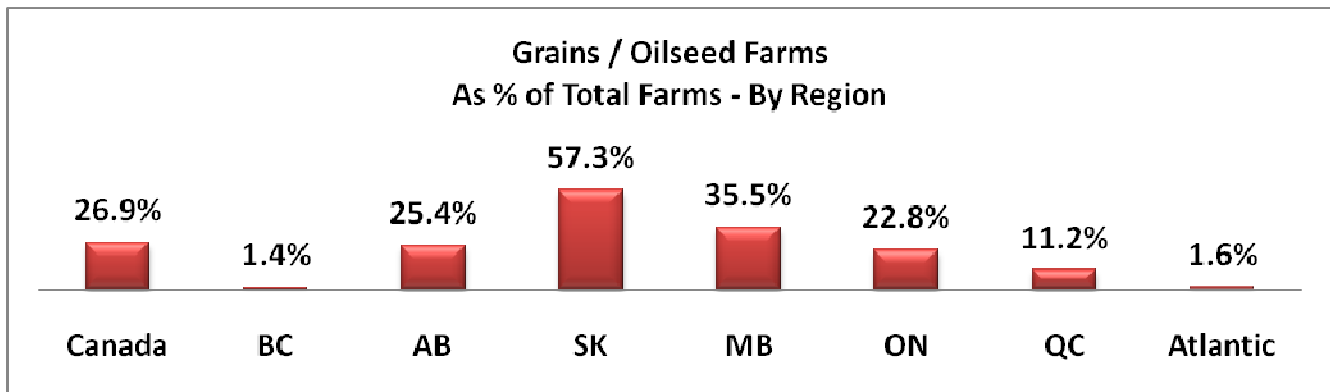
The time for action is now.



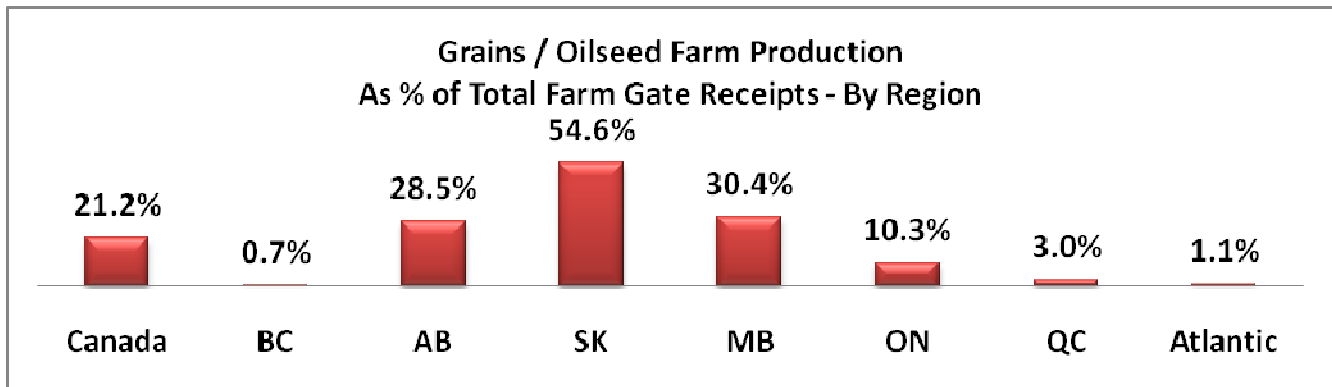
Canada's grains and oilseeds sector includes producers of wheat, barley, canola, soybeans and other grains. The sector is most active in the three Prairie provinces but producers are found in every province of the country.

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 below, 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.

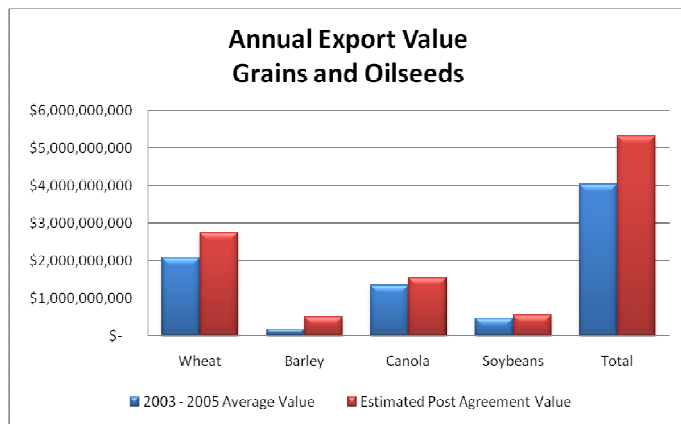
The analysis was based on a 2003 – 2005 average export levels as shown on the table below. The impact of tariff reductions and trade liberalization were assessed to determine the potential increases in export values.

	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.

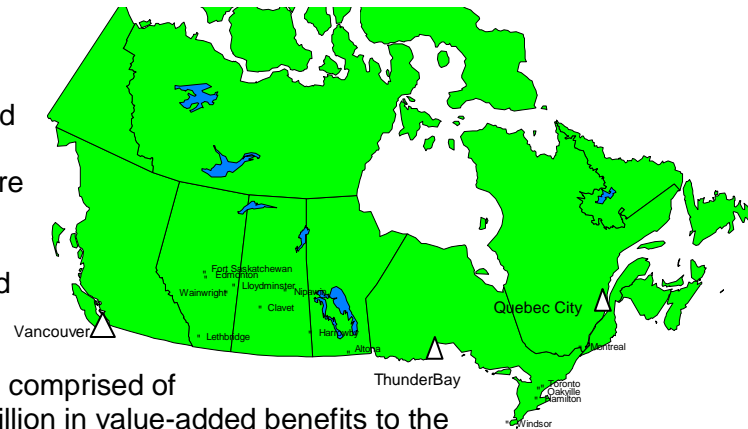
The time for action is now.



Oilseed Processing Industry Overview

The Canadian oilseed processing industry (COPA) is comprised of crushing plants, edible oil refining operations and bulk export facilities located in six provinces. Approximately 5.3 million tonnes of oilseeds were processed in 2007 with a total direct economic value amounting to \$3.3 billion. The industry employs more than 1,200 persons in Alberta, Saskatchewan, Manitoba, Ontario and Quebec. The oilseeds processed by the industry are produced by 25,000 farmers located in the Prairies, Ontario and Quebec.

Vegetable oil and protein meal produced by COPA members is a valuable component of the Canadian food and feed processing industries. More than 1 million tonnes of vegetable oil produced by COPA members are used in edible oil foods and other food preparations annually. More than 3 million tonnes of protein meal produced by COPA members are used in livestock feed formulations annually.



The \$3.3 billion direct economic value of the industry is comprised of \$1.5 billion of seed purchases from farmers and \$1.8 billion in value-added benefits to the economy. The contribution of the oilseed processing industry to Canada's balance of payments amounts to \$2.3 billion. The export trade of vegetable oil and protein meal to continental and offshore markets is fundamental to these financial contributions to the Canadian economy. The members of COPA currently are dependent on export markets for 60% of all vegetable oil and protein meal produced; approximately 3.0 mmt of the total 5.3 mmt that is processed.

The Canadian oilseed processing industry operates under open market conditions – market access under NAFTA is free of tariffs and quotas for all vegetable oil and protein meal fractions. A balanced trade in vegetable oil and protein meal is consistently maintained between Canada and the U.S.A. All pricing of vegetable oils and protein meals produced in Canada, the U.S.A. and Mexico occurs in the context of this continental free trade environment.

Economic Value of the Oilseed Processing Industry	
DIRECT ECONOMIC BENEFITS	
Farm returns from seed purchases by crushers	\$1,510 million
Value-added from crushing	\$260 million
Value-added from refining and processing	\$330 million
Estimated multiplier effect	\$1,180 million
Total Direct Economic Benefits	\$3,280 million
CONTRIBUTION TO THE CANADIAN BALANCE OF PAYMENTS	
Domestic oil sales value	\$650 million
Domestic meal sales value	\$360 million
Total import replacement	\$1,010 million
Export oil sales value	\$1,020 million
Export meal sales value	\$245 million
Total export earnings	\$1,265 million
Total Contribution to the Balance of Payments	\$2,275 million

In the off-shore markets, the Canadian oilseed processing industry faces a wider spectrum of trade distorting interventions employed by many of the major oilseed producing regions that are competitors to Canada. Trade distorting domestic subsidies, export support instruments and market access impediments are employed by various nations that, combined, limit the capacity of Canada to fully exploit its natural competitive advantage to expand global market share.

Global Market Potential

Recently, rising world population and consumer demand has resulted in an accelerated increase in the consumption of oilseed products to a rate of 4.6% annually. Key developing markets for this demand are in Asia and the Indian sub-continent where more than one-third of the world population is found. In those regions, however, per capita consumption of oilseed products is less than one-third of that for the western world. And, the major markets in those regions remain among the most protected with the largest import tariff barriers. As a result, COPA members currently maintain a minuscule market share (<1%) of total oil and meal consumption. Compare this with Canada's current share of the tariff-free U.S.A. market at about 6% of all vegetable oil consumed in that market and 4% of protein meal.

In the LMC International (2006) study completed for the global oilseed processing industry, estimates of the impact of WTO trade reform on consumption were forecast. Select markets that hold large potential for Canadian oil and meal exports are set out here.

Impact Analysis – DOHA WTO Trade Reform Consumption Forecasts				
'000 tonnes	PRE-WTO		POST-WTO	
	Oil (tariffs)	Meal (tariffs)	Oil	Meal
China	16 921 (9%)	25 538 (5%)	22 933	33 047
India	8 899 (45-90%)	3 967 (30%)	11 471	4 089
Japan	2 189 (13%)	5 312 (free)	2 645	6 248
Pakistan	1 936 (32%)	733 (10%)	2 558	949
WORLD	108 777	169 177	138 957	204 441

Importance of WTO Trade Reform for COPA and Canada

The members of COPA are looking to the Doha Round of WTO to reduce the cumulative impact of all trade distorting instruments and create a fair, equitable, meaningful and tradeable market access opportunity for Canadian value-added oilseed products. While regional or bilateral trade negotiations have created some opportunity for our industry, the significant structural reforms on MFN tariff reductions, tariff escalation and simplification, TRQ expansion, elimination of differential export taxes and elimination of trade-distorting domestic supports that severely impact the trade of value-added oilseed products can only be achieved under WTO negotiations.

The impact analysis study of WTO trade reform conducted by LMC International (June 2006) for this industry indicated that total world trade would expand by 35% for vegetable oil and 45% for protein meal under a successful completion of the DOHA Round. Based upon this analysis, Canadian exports of oil and meal combined would rise from 3.0 mmt to 4.25 mmt. As a consequence, the direct economic benefits of COPA member contributions to the Canadian economy would rise from \$3.3 billion to \$4.7 billion. The increased contribution to Canada's balance of payments would rise from \$2.3 billion to \$3.25 billion.



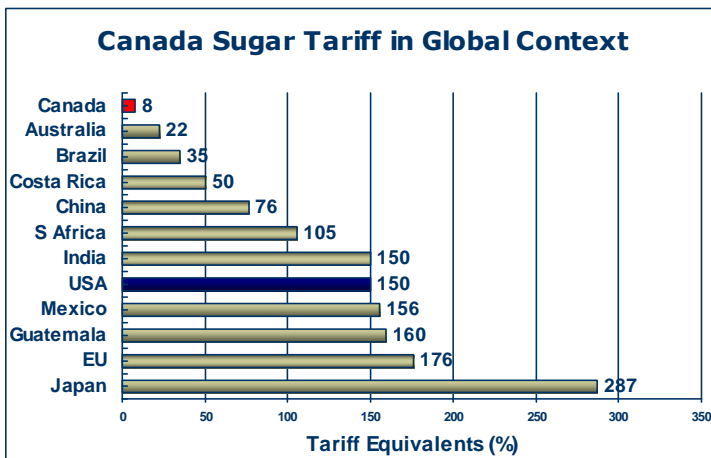
The Canadian sugar industry is a capital intensive, value-added industry located in four provinces. Approximately 1.3 million tonnes of refined sugar is produced annually with a value of shipments exceeding \$800 million. The sugar industry directly employs more than 1,300 Canadians at refineries in Quebec, Ontario, Alberta and British Columbia as well as hundreds of prairie sugar beet farmers.

Canadian sugar plays a critical role as an integral and valuable part of Canada's food processing industry. Over 85 percent of Canada's refined sugar production is used by Canadian food processors. The consistent supply of high quality, low-priced sugar translates into prices for both consumers and food processors that are among the lowest in the world.



Major sugar-using food manufacturers account for over \$16 billion in sales and one quarter of all Canadian food manufacturing sales. Export sales by major sugar users are over \$5 billion and account for almost one third of all exports by Canadian food manufacturers. Food processing is now the top manufacturing industry in seven of ten Canadian provinces, and consumer-oriented food and beverage products represent half of all Canadian agri-food exports.

Canada's cane sugar refining and sugar beet processing industry operates under world market conditions. Other than a small import tariff (8%), Canada has no price or other forms of domestic sugar support, no subsidies and no import controls. Canadian refined sugar faces extremely small quota opportunities and prohibitive over-quota tariffs in export markets – 150% in the US and 175% in the EU.



Thus far, global (WTO) trade rules have failed to address agriculture trade in a comprehensive way and sugar has been excluded as a "sensitive" commodity. As a result, Canadian sugar producers face increasing import competition without any ability to offset the losses through increased exports – Canadian exports of refined sugar are a very small share (2%) of total shipments because of foreign trade barriers. Regional trade negotiations have added to the one-way nature of sugar trade for Canada because they exclude the highly protected US market and do not address sugar trade in a comprehensive way.

Because of this imbalance, it is essential to the Canadian sugar industry that the WTO Doha Round delivers clear and meaningful market access improvements for sugar and other sensitive products. This includes significant expansion of all tariff rate quotas and reduction of all tariffs.

Many sugar-containing food products also face trade barriers in the US and other countries. An ambitious WTO deal that improves export market access for these products will also help sustain an efficient and competitive sugar industry in Canada.

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 refined sugar.

SUGAR IS A “SENSITIVE” PRODUCT IN EXPORT MARKETS

The analysis of impacts of WTO trade liberalization on refined sugar is complicated by the fact that sugar will be designated as a “sensitive” product by the US and many other countries. The “sensitive” product designation in the WTO will likely insulate refined sugar and many processed products containing sugar from real market access improvements. It is impossible to predict with any certainty what the Doha framework will deliver as countries have yet to agree on the methods and the extent to which quotas will be determined and access will be increased.

Currently Canada’s access to the U.S. is limited to a small 10,300 tonne quota for Canadian beet sugar – 0.1% of the US sugar market. Over-quota access is prohibited by a \$357/tonne tariff. Refined cane sugar must compete with all global suppliers for a share of a remaining 7,090 tonne global quota. A wide range of sugar-containing products such as drink mixes, iced tea, cocoa mixes, doughs and other products face similar restrictions.

Through “sensitive product” negotiations, US sugar and sugar-containing product quotas are likely to increase, but current modelling suggests that increases will not be commercially meaningful. Unless there is a significant shift towards a Cairns group or G-20 model for the treatment of sensitive products, the only prospect of improvements in US market access is through long term reductions in over-quota tariffs.

Under this scenario, the analysis estimated the competitiveness of Canadian exports to the US following an over-quota tariff reduction. The net effect of the tariff reduction is that the price spread between US refined sugar and Canadian sugar landed in the US would significantly decrease, bringing Canadian refiners closer to being competitive in the US market. While this does not secure immediate market access improvements it is an important step towards the reduction and eventual elimination of of trade distorting market access barriers in sugar.

Canadian Refined Sugar Pricing in the US (model calibrated to 2003-05)		
\$US / tonne		
	Pre-Doha	Post Doha
US over-quota tariff	357	233
US refined sugar price	582	536
Canada refined sugar price	282-322	307-347
Canada landed price in US with tariff	639-679	540-587
Price spread	57-97	4-51

If the Doha round modalities can also deliver product-specific expansion of refined sugar and other tariff rate quotas, the potential benefits to Canadian exporters are much greater. Even a modest 100,000 tonne increase in access to the US market would bring an additional \$70 million in revenue to the Canadian industry annually.

Securing an ambitious WTO agreement that includes predictable and significant access improvements for “sensitive products” will help Canada’s sugar industry realize its market potential in a highly competitive international sugar market.