

AN OVERVIEW OF CANADIAN EGG, DAIRY AND POULTRY FARMERS' OBJECTIVES

FOR THE NEXT ROUND OF WTO NEGOTIATIONS

First *Things* First



First *Things* First

INTRODUCTION

As preparations are made for the next round of World Trade Organization (WTO) agricultural negotiations, scheduled to begin in 1999, the 30,000 egg, dairy and poultry farmers across Canada have joined together to adopt a unified position to help guide the Canadian negotiating position.

Together, Canadian egg, poultry and dairy producers have established 10 guiding principles and 13 policy statements which seek fairness and equity in the establishment of trade rules. There are four key areas which must be first on the list of priorities at the next round of negotiations.

First Things First

ELIMINATE EXPORT SUBSIDIES.

Eliminate Export Subsidies

EXPORT SUBSIDIES are the most trade-distorting measures in world trade. They cause an artificial decline in world prices, leaving those countries that have eliminated export subsidies, like Canada, at a disadvantage.

Canada's agriculture and agri-food industries cannot compete with the mega treasuries of the European Union (E.U.) and the United States (U.S.). As the E.U. and the U.S. are responsible for more than 90% of all subsidized agricultural exports, they must first agree to eliminate all of their export subsidy programs.

EXPORT SUBSIDIES,
YEAR OF NOTIFICATION 1996
UNITED STATES AND EUROPEAN UNION
SHARE OF TOTAL SUBSIDIZED EXPORTS,
VOLUME BASIS
NOTE: POULTRY AND EGGS DATA REPRESENTS
E.U. PERCENTAGE OF TOTAL
SUBSIDIZED EXPORTS.

U.S. AND E.U. AS A % OF TOTAL SUBSIDIZED EXPORTS



SOURCE: WTO

First Things First

CANADIAN FARMERS WANT FAIR RULES THAT APPLY TO ALL COUNTRIES.

Fair

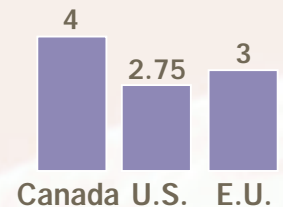
Rules

THE NEXT ROUND OF NEGOTIATIONS must achieve a true rules-based system. These rules must be binding and enforceable — not guidelines that allow countries to interpret them to their benefit.

This is particularly true in the case of market access. In the Uruguay Round, market access commitments were established according to a series of guidelines, and the end result is that market access opportunities offered by WTO member countries are, today, unequal.

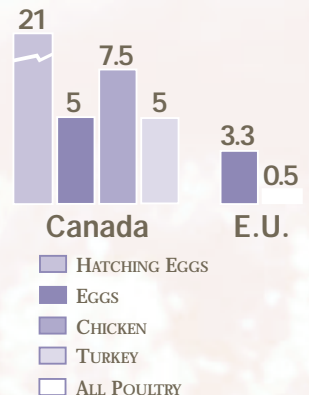
While countries were to provide access for agricultural products equivalent to 5% of their domestic consumption by the year 2000, an analysis of the actual market access provided shows major discrepancies between country commitments in many products. The accompanying charts show that Canada's major trading partners are significantly short of the levels offered by Canada.

ESTIMATED MARKET ACCESS
FOR DAIRY AS A % OF
DOMESTIC CONSUMPTION,
FOR THE YEAR 2000



Source: DFC estimates

ESTIMATED MARKET ACCESS
FOR POULTRY AS A % OF
DOMESTIC CONSUMPTION,
FOR THE YEAR 2000



Source: Estimates provided by
CEMA, CFC, CTMA and CBHEMA

First Things First

OVER-QUOTA TARIFFS MUST BE MAINTAINED.

CANADIAN EGG, DAIRY AND POULTRY farmers strongly insist that tariffs applied to over-access commitments (over-quota tariffs) be maintained at their current levels in order to ensure that the level of imports does not exceed the level of access provided through tariff-rate quotas (TRQs).

*Over-quota
tariffs must
be maintained*

Predictability in the levels of imports is essential to the maintenance of supply management programs in Canada. One of the key principles of the WTO is to create a stable and predictable trading environment. The reduction of over-quota tariffs is contrary to this principle. Predictability can only be achieved through access offers under TRQs which are unimpeded and fully achievable. To this end, Canada's egg, dairy and poultry farmers support reducing all in-quota tariffs to 0%.

First Things First

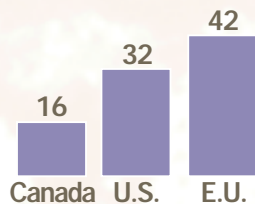
A CAP MUST BE PUT ON TOTAL DOMESTIC SUBSIDIES.

A cap on total domestic subsidies

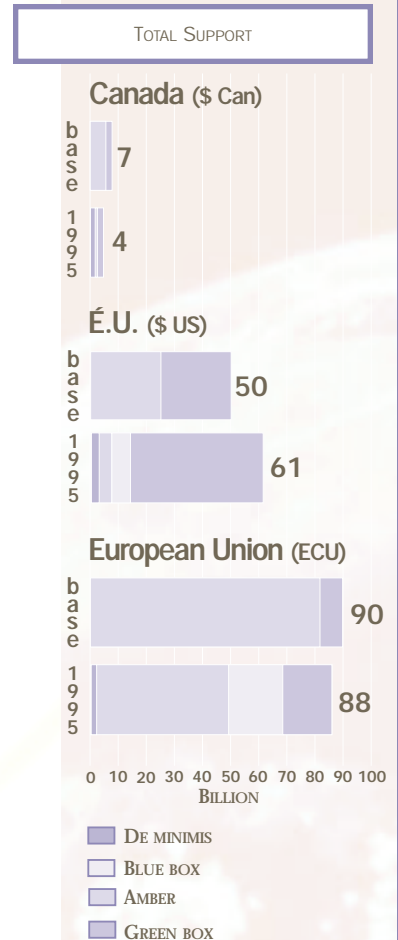
THE LAST ROUND OF NEGOTIATIONS established three categories of domestic subsidies. The first category (green box) covers subsidies with minor or no impact on trade (e.g. food aid and research), and for which no limitation or discipline was imposed. The second category (amber box) regroups the subsidies which are considered trade distorting and are subject to an overall reduction. The blue box is similar to the amber category except that it covers only production limiting programs which are exempt from the reduction commitments.

While the intent of the WTO is to reduce trade-distorting domestic subsidies, the Uruguay Round did not result in an overall reduction of government support in many countries. If the Canadian government wants its agricultural industry to compete internationally, it is essential that disproportionate levels of government support be addressed. The introduction of a uniform cap on total support (the sum of all green, amber and blue box programs), would be a first step towards a more level playing field.

TOTAL SUPPORT AS A % OF TOTAL VALUE OF PRODUCTION (1995)



Source: WTO countries' notifications



Source: WTO countries' notifications

Basic Principles

- 1** Canadian egg, dairy and poultry farmers believe that Canada should approach the next WTO round of multilateral negotiations with the objective of achieving positive results for Canadian farmers.
- 2** Egg, dairy and poultry farmers support further trade negotiations for agriculture only if they result in a better functioning of international and domestic markets and contribute to the improvement of Canadian farm incomes.
- 3** The WTO should be the principal vehicle for the establishment of fair and effective trade rules.
- 4** Trade commitments affecting egg, dairy and poultry farmers in other trade agreements into which Canada may enter, must not go beyond WTO commitments and disciplines.

Principles

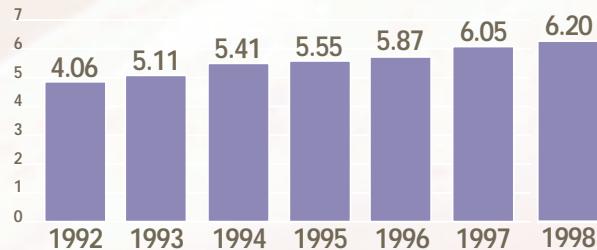
- 5 There must be no trade-off between Canadian agricultural sectors, as well as no trade-off between agriculture and another industrial sector.
- 6 The next WTO negotiations in agriculture must focus primarily on the elimination of export subsidies.
- 7 Canada must obtain full equivalency of rules-based minimum access levels.
- 8 TRQ administration must be subject to rules that ensure the level of access committed is achievable.
- 9 Sanitary and Phytosanitary (SPS) measures that are not science-based must be eliminated.
- 10 Canada must seek greater discipline governing domestic support.

Egg, Dairy and Poultry Industries:

MAJOR CONTRIBUTORS TO CANADA'S ECONOMY.

COMBINED, THE CANADIAN egg, dairy and poultry industries, in 1998, generated approximately \$6.2 billion in farm cash receipts or 21% of total primary agriculture; and in terms of value-adding, sustain approximately 42,500 jobs in the processing industry and account for over \$13.0 billion in total retail sales.

VALUE OF CANADIAN EGG, DAIRY AND
POULTRY PRODUCTION (BILLION \$)



CANADIAN EGG, DAIRY AND POULTRY
INDUSTRIES AT A GLANCE, 1998

TOTAL VALUE OF PRODUCTION	\$ 6.2 BILLION
TOTAL RETAIL SALES	\$ 12.9 BILLION
VALUE OF EXPORTS	\$ 534.6 MILLION
NUMBER OF PRODUCERS	27,517
NUMBER OF PROCESSING PLANTS	852
NUMBER OF PEOPLE EMPLOYED BY PROCESSING PLANTS	42,500

SOURCE: STATISTICS CANADA AND
AGRICULTURE AND AGRI-FOOD CANADA

THE NATIONAL ORGANIZATIONS:



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NOTE: THE DETAILED CANADIAN EGG, DAIRY AND POULTRY
FARMERS' POSITION ON TRADE IS AVAILABLE FROM ANY
OF THE FIVE SUPPLY-MANAGED ORGANIZATIONS.

November 1999