

The World Trade Organization Agriculture Negotiations

Agriculture and Agri-Food Canada

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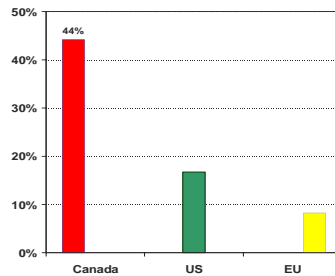
March 13, 2006

Trade is Critical for Canada's Agriculture Sector

- Canada is the fourth largest agri-food exporter and fifth largest importer.
- 2005: *exports* - \$26.2 billion; *imports* - \$21.1 billion.
- WTO offers sector many benefits – only forum to get at high levels of support and protection (U.S. and EU)

Trade is Critical for Canada's Agriculture Sector

Export dependency- value of exports as a
percent of total production



This is why Canada is working so hard in the WTO agriculture negotiations

- We are seeking a more level international playing field:
 - Eliminate export subsidies;
 - Substantially reduce trade-distorting domestic support;
 - Significant improvements in market access for all agri-food products.
- Defending the ability of producers to choose how to market their products;
- Working to advance our objectives in close consultation with the provinces and agri-food sector.

What Are the Opportunities for Agriculture in Canada?

- **Export Competition:**
 - Elimination of export subsidies - a historical achievement
 - Disciplines and rules on export credits and food aid so they can't be used as disguised forms of export subsidies
- **Domestic Support:**
 - Significant reductions in trade-distorting support - especially from EU and U.S.
 - Clearer rules and disciplines on all forms of government support
- **Market Access:**
 - Greater market access opportunities as tariffs come down and tariff quotas expanded
 - Opportunities for further gains through improved disciplines on how access is provided (e.g. rules applying to tariff quotas)

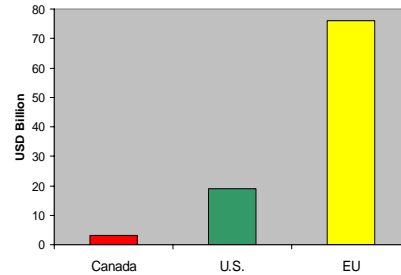
WTO Doha Round: Key Developments

- July 2004 Framework on Agriculture
 - key part of a broader package to help move Doha round forward
 - outlined concepts and approaches to guide the development of "modalities"
- Negotiations intensified over 2004 and 2005 on basis of the Framework
 - discussions became intense/political as WTO Members sought agreement regarding level of ambition for modalities
- Significant divergences between WTO Members persisted

6th WTO Ministerial Conference Hong Kong, December 2005

- The Hong Kong Ministerial Declaration
 - delivered at least minimally acceptable results in most negotiating areas
 - achieved some progress in areas important to Canadian agriculture
 - leaves open the possibility of concluding the Round in 2006
- Canada is active and influential in the negotiations
 - practical and constructive ideas to move negotiations forward
 - Canadian ideas reflected in the Hong Kong Declaration

Where the Issues Stand – Domestic Support



Where the Issues Stand - Domestic Support

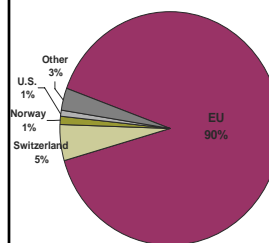
- Trade-distorting domestic support (AMS)
- *De Minimis*
- Blue Box
- Overall reductions
- Green Box

Where the Issues Stand – Export Competition

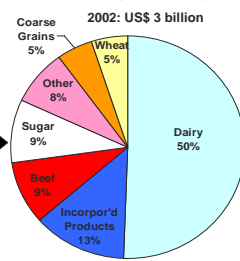
- Export subsidies
- Export credit
- Food Aid
- State Trading Enterprises (STEs)

European Union is by far the biggest user of export subsidies

-- Global use of export subsidies

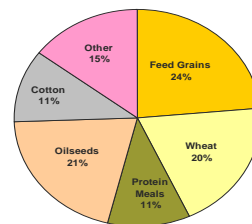


-- EU use by commodity

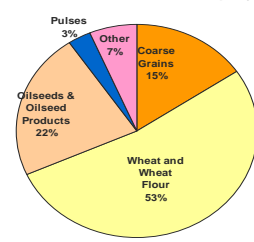


Export Credit and Food Aid: the U.S. is the target

U.S. Export Credit- \$3.4 billion per year



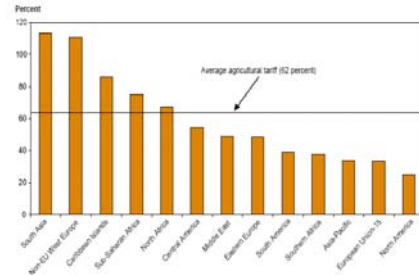
U.S. Food Aid- \$1.2 billion per year



STEs/Canadian Wheat Board

- The CWB's single desk remains under pressure in the negotiations
 - The U.S. and EC continue to press hard
- Canada has been willing to make concessions, including cutting government financial ties to the CWB
- Hong Kong Declaration language was helpful, but the fight will likely continue

Where the Issues Stand – Market Access



Where the Issues Stand – Market Access

- Tariff reduction formula
- Sensitive products
- Tariff quotas
- Other issues

Next Steps in the Negotiations

- Post Hong Kong, WTO negotiations will remain intense
 - WTO Members remain committed to concluding Doha Round by end of 2006
 - US Fast Track Authority expires in 2007
 - Development of U.S. Farm Bill throughout 2006
- In Hong Kong, WTO Members agreed on key deadlines:
 - achieve modalities (i.e. specific commitments) in all areas by April 30, 2006
 - submit comprehensive draft schedules by July 31, 2006

Achieving a Positive Outcome for Canadian Agriculture

- Canada's expectations:
 - negotiations will mean important opportunities for Canadian agriculture
 - challenges will also remain real for Canada's domestic sensitivities:
 - supply managed sectors
 - Canadian Wheat Board
 - close consultations with provinces and industry will remain key
- Canada continues to seek a positive outcome for the entire agriculture sector.