

Grain Growers of Canada – Speaking Points for Trade Committee

(Gary)

Good morning Mr. Chair, Members of Parliament and fellow guests.

My name is Gary Stanford and I am both a Director of the Grain Growers of Canada and the Alberta Winter Wheat Producers Commission.

I farm 1,200 acres in Southern Alberta, where I grow wheat, barley, pulse crops and forages.

With me today is Richard Phillips, the Executive Director of the Grain Growers, with a long farming and agricultural policy background in Saskatchewan.

First, I would like to thank you for the opportunity to be here today and to share our thoughts on Canada's recent trade initiatives and more specifically as they relate to Columbia and South America.

The Grain Growers of Canada represent grain, oilseed and pulse commodity associations from every province in Canada, except Quebec.

But even there, we have now formed a coalition to work together with the F.P.C.C.Q. (the Quebec Grain Growers) on the issue of funding for public research. (La Fédération des producteurs de cultures commerciales du Québec)

Today in our remarks, I would like to touch on the need to keep Canadian producers competitive.

Internationally we have and are looking to negotiate trade agreements between ourselves and other countries, both multi-lateral and bilateral.

Bi-laterals are good in one respect because we can target key markets for Canadian exports. For example NAFTA, South Korea, the EU and Peru.

Peru is the most recent South American free trade agreement.

Peru eliminated tariffs on virtually all Canadian exports, with most remaining tariffs to be eliminated within five to ten years.

Agriculture products that have enjoyed immediate duty-free access to Peru include wheat, barley, lentils, peas and selected boneless beef cuts.

And Canada eliminated its tariffs on almost all Peruvian imports. The rest will be eliminated over a three- or seven-year period, with the exception of over-quota tariffs on dairy, poultry, eggs and refined sugar, which are excluded from tariff reductions.

Direct bi-laterals with countries like Peru and Columbia are advantageous in trade because many of their exports are products that we don't produce in Canada and many of our exports are of products that they don't produce enough of.

Canadian farmers are blessed with an abundance of land for crops like wheat, barley, canola and pulses, while other countries have the advantage of a more temperate climate.

That creates a situation where trade can work for farmers in both countries.

In regards to the Columbia trade deal, two days ago you heard from a pulse exporter about the potential markets for pulse crops and I would like to reinforce some of the potential.

Colombia is Canada's seventh largest market for pulses and special crops, with annual imports from Canada averaging over \$53 million and 111,000 tonnes.

In 2008, pulse and special crop exports to Colombia were \$80 million and 102,000 tonnes.

Pulses are Canada's second largest agri-food export to Colombia, following cereals like wheat and malt barley.

The U.S. - Colombia agreement would immediately eliminate tariffs for U.S. peas, lentils, chickpeas, canary seed and mustard seed and this would result in an immediate 15 per cent tariff disadvantage for those Canadian products upon implementation of that agreement.

The Canada - Colombia free trade agreement will ensure that Canadian pulses and special crops are not disadvantaged relative to its U.S. competitors and may even provide Canada a tariff advantage for a period of time if the Canada-Colombia agreement enters into force before Colombia's agreement with the United States.

The Canada-Colombia FTA will initially provide 4,000 tonnes of tariff-free access for Canadian beans - the quantity increasing over time - compared to the 60% duty currently in place.

This FTA will provide competitive access for a set quantity of Canadian beans and will help Canada begin to rebuild market share.

Now Richard will share a few statistics on the importance of trade to Canadian farmers over all.

(Richard)

Thank you. Gary has touched on why bi-laterals with South American Countries are good.

But, I would like to share the downside of bi-laterals.

Bi-laterals deal primarily with tariff lines and this becomes an issue for smaller market places.

Canada itself has a population of just over 30 million while the United States had over 300 million, roughly 10 times the size of domestic market Canada has.

Because we are not as large a market for imports, we don't always have the same bargaining clout that countries like the US have.

- In South Korea for example, the US can negotiate a better bi-lateral deal due to their large import market for Korean goods.
- This then permanently locks in Canadian exporters at a competitive disadvantage on tariffs and market access.

A better way forward in the long run for Canada is a competitive **Multi-lateral** like the World Trade Organization talks.

The multi-lateral process is crucial, because it is the only meaningful way to get at the key issues of domestic and export subsidies. (Eg - not that many years ago the EU and the US were subsidizing their farmers at artificially high prices which led to massive overproduction and then they had to subsidize the exporters so they could get the prices down to make sales. It was a double subsidy which hurt not only Canadians, but farmers in many other countries as well.

Subsidies from other countries can be both direct and indirect. For example EU oat subsidies today.

Although the EU doesn't export oats into Canada, they do sell at a subsidized price into the US which then depresses our prices here in Canada, since the US is our main market.

Every country in the world wants to protect their farmers, so we have seen over time, multitudes of subsidies and tariffs preventing the movement of agricultural goods and people trying to produce crops which may not be agronomically suited for their areas.

What a multilateral trade deal does is provide the rules for fair trade that everyone has to follow, whether they are a large powerful country or smaller ones like Canada and Columbia.

It also provides dispute resolution to solve disagreements which can drag on for years.

In Summary – We recognize the importance of bi-laterals and especially into the rapidly South American market, but we also encourage all Parties to remember the importance of the multi-lateral process in keeping Canadian farmers competitive.

Thank you again for the opportunity to be here and having worked in a number of developing countries, I look forward to your questions.