



**CAPI**

*The Canadian Agri-Food  
Policy Institute*



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*L'Institut canadien des  
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## **Farm Trade Liberalization Prospects for Canada: Doha Round and Bilateral FTAs**

Peter Clark, February 13, 2006

# WTO more bust than boom

- **Doha Round**
- **Major Disappointment**
- **Underwhelming progress**
- **Now Four Years Late**
- **Talk the talk – or walk the walk**
- **Train is Stalled in the Station**

# Four Years Late

- **Who wanted this Round?**
- **E.U. – Lamy**
- **Millennium – Big Bang**
- **Big Fizzle – Seattle**
- **Doha/ 9-11**
- **Political statement**
- **Developing country suspicions**
- **Hell no we won't go**

# What can we agree on

- **Least developed countries (97%)**
- **Export subsidies**
  - **Who classifies them?**
  - **Cotton – eventually**

# What we can't agree on

## Market Access

- UR payment
- Interlinkage to Domestic Support
- Who will benefit?

## Domestic Support Reductions

- How far?
- How fast?
- What it is/is not trade or production distorting

# Canada shortchanged in UR

- **Market access – beef**
  - Japan – E.U.
- **Market access – pork**
  - Japan – E.U.
- **Domestic support – grains and oilseeds**
- **TRQ manipulation**

# Hong Kong – Davos and April Target

- **Promises, promises**
- **Political Reality**
  - Unrest in E.U.
  - Ambition outstrips appetite for adjustment
  - Mid-term U.S. election
  - Mistrust from developing world
  - G-10 concerns
  - Farm income crisis
- **WTO is not self-policing**

# Where is Canada's leverage?

- **Ahead of the crowd on export subsidies/ domestic support reductions**
- **Already adjusted to NAFTA**
- **All bound, mostly low tariffs**
- **Little left to give**
- **Will not defend our rights, e.g., Brazil – lose leverage**
- **Unfocussed approach**
- **Link objectives to access**



# Eliminate Unfriendly Farm Policies

- **Senseless Divisions among farm groups**
- **Farmers should not fight farmers**
- **Divide and conquer**
- **Farm groups do not negotiate**
- **Blame government, not farmers**
- **Market access concessions must be offset by gains**
- **Farmers must work together**
- **Set common priorities**
- **Solidarity**

# The New Government's Challenge

- **Must regain lost influence in Geneva**
- **G-4, G-6 – Canada is G-1**
- **Why – not bureaucrats not at fault**
- **Canada needs to offer something different**
- **Ministers must take responsibility**
- **Rural dependency of government**
- **Farmers must define what they want**

# Do not pay twice - again

- We paid in UR but were not paid
- Who wants access to Canada
- What do they want
- What will we get in return?
- Who should we target ?
- What does Canada want ?
- What do targets want ?
- Are we too theological?
- Forget cookie cutter approach – focus and target.

# Identify potential markets

- **Japan, Korea, India**
- **What can we do for them?**
- **Are bilaterals the answer?**
- **Can we change ruling on AoA Article 9.1(c)?**
- **Better benchmark- world price**
- **COP arguments by USA depend on forum**
- **USA /EU at risk and should be interested**

# Identify problems – get paid or challenge

- **Japan**
  - beef/pork – FTA
- **Korea**
  - beef/pork – FTA
- **E.U. – fix administration**
  - enforce Hormones Panel
  - grains – oilseeds
  - masters of own misfortunes

# WTO not self-policing

- **Obligations mean nothing unless enforced**
- **Farm income crisis – many causes**
- **Must challenge non compliance or cheating**
- **2003 – Gave Ottawa challenge roadmap for U.S. – N.Z. subsidies**
- **Brazil – sugar/cotton/soybeans**
- **Uruguay – rice**
- **Canada – feed grains? - pulses?**
- **Must challenge -WHY NOT?**
- **Nice guys finish last**

# Bilaterals/Regionals

- **Pragmatism vs Crusaders**
- **Mexico has major benefits on pork in FTA with Japan**
- **Canada is at disadvantage**
- **Mexico sets aside problems-does the deal**
- **Canada wants perfection – very elusive**
- **There is no Holy Grail.**

# Targets

- **Mercosur (population 190 million)**
- **ASEAN (population 592 million)**
- **Korea (population 48.5 million)**
- **Japan (population 125 million)**
- **India (population 1 billion)**
- **China (population 1.3 billion)**



# Flexibility and pragmatism Needed

- **Canada – must get into more markets first with preferences**
- **We have already adjusted to competition with USA**
- **Always playing catch up**
- **Be more like Mexico – fix difficult issues later**
- **WTO test – “substantially all the trade” is 85%**
- **FTA’s offer focused benefits and timetables**
- **WTO – long wait**
- **USA – FTA’s face political obstruction**
- **Canada can be there first**

# Train will not leave the station unless

## Farmers

- Work with each other
- Establish common front with government
- Define goals
- Sell them at home and internationally

## Governments

- Recognize importance of agriculture
- Challenge to secure rights
- Adopt more pragmatic approach to bilateral regional FTAs
- Force re-inclusion in steering groups