

CETA FACTSHEET

Will CETA help family farmers in Canada by opening up more European market access for beef and pork?

According to media reports, the last stages of negotiating the Canada – European Union Comprehensive Economic and Trade Agreement (CETA) are stalled due to a few very difficult issues, with agriculture being one of the most important. Many business-oriented commentators are framing the matter as stubborn dairy producers getting in the way of their cattle and hog producing neighbours and preventing all of Canada from cashing in on CETA.

A closer look at the situation raises some big questions.

CETA will not open the market to hormone-free beef, and Canada already has more tariff-free market access for hormone-free beef than it is using.

- CETA will not lift the EU's long-standing ban on beef produced with the use of hormones.
- The EU already gives Canada an annual tariff-free access quota for 23,200 tonnes of hormone-free beef.
- The Canadian Food Inspection Agency (CFIA) offers inspection services to companies wishing to sell hormone-free beef to the EU.
- In 2011 Canada exported only 9,000 tonnes of hormone-free beef to the EU.

Canada already has more market access for pork than it is using.

- Europe prohibits pork produced using ractopamine (Paylean).
- Canada allows ractopamine in pork production, although the CFIA offers inspection services to exporters of ractopamine-free pork.
- Canada can ship 4,624 tonnes of pork at tariff levels of €233/tonne to €434/tonne, and has additional access to WTO-wide tariff-free quota of 7,000 tonnes and to WTO-wide quota of 70,390 tonnes at tariff levels of €233/tonne to €434/tonne.
- Tariffs of €233 to €434 per tonne work out to \$CDN 0.14 to \$CDN 0.25 per pound at current exchange rates.
- In 2011 Canada did not export any pork to the EU. In 2010 Canada exported only 5,000 tonnes of pork.

Canada has very few slaughterhouses that meet the EU's standards.

- Europe does not allow the use of anti-microbial washes on carcasses.
- Europe requires inspection and traceability measures to ensure that animals have never been treated with any of the drugs it has banned.
- Europe recognizes the CFIA's competence to provide meat inspection service that meet Europe's requirements for exporters.
- Canada has just one approved abattoir that handles beef only: Sunterra Meats.
- Canada has just three approved abattoirs that handle pork only: Maple Leaf's Lethbridge plant, (which sells only to Japan), Du Breton and Aliments Lucy Porc.
- Canada has only three approved abattoirs that handle multiple species: Bouvry Export, Canadian Premium Meats, Viande Richelieu.

The EU is the world's largest exporter of pork; its exports exceed Canada's total production. Why would it take exports from a competitor?

- In 2010 Canada produced 1,926,000 tonnes of pork meat.
- In 2011 the EU exported 2,312,000 tonnes of pork meat (including live).

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The EU imports most of its beef from Brazil, Argentina and Uruguay. Our competition, therefore, is from South America.

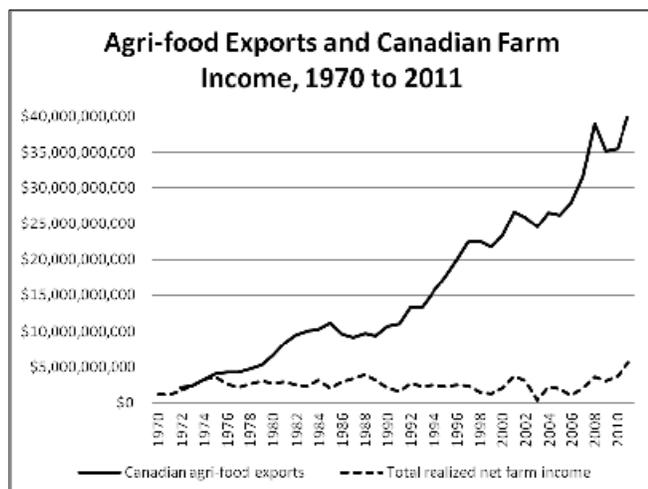
- EU imported 216,000 tonnes from MERCOSUR (Argentina, Brazil, Paraguay, Uruguay, and Venezuela).
- Brazil banned the use of growth hormones in beef production in 1991 to maintain its European market.
- The EU exported 491,000 tonnes of beef in 2011, mostly to Russia.

Europe exports more cheese than Canada produces. The EU will easily fill any quota provided.

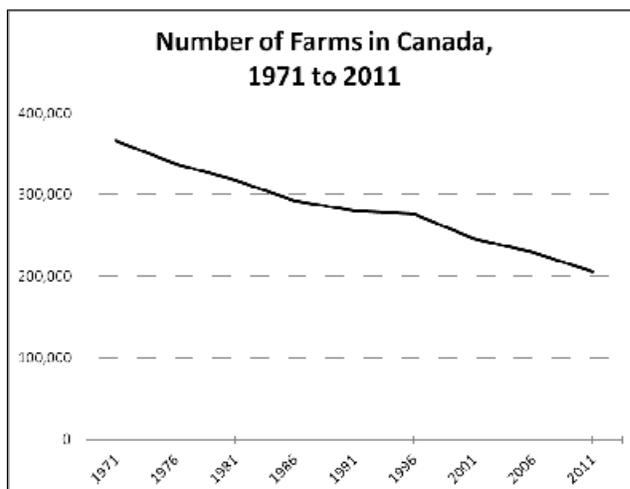
- In 2011 Canada produced 447,948 tonnes of cheese of all kinds.
- In 2011 the EU exported 682,000 tonnes of cheese and curd.
- The EU now supplies Canada with 3% of our cheese (13,400 tonnes) tariff-free through a Tariff Rate Quota exemption.

Increased exports do not increase farmers' incomes and do not help farms survive.

- Canada's annual agri-food exports have increased dramatically from less than \$2 billion in 1970 to over \$40 billion in 2011.
- Total realized net farm income has hardly changed, rising from \$1.2 billion to just under \$5.7 billion in the same period.
- Since 1971 Canada has lost nearly half of its farmers. The number of farms dropped from 366,128 to 205,730 in 2011.



Source: Statistics Canada



Source: Statistics Canada

The EU subsidizes its farmers and Canada does not.

- The EU spends \$50 billion/year on agricultural subsidies. In the Netherlands, for example, farmers receive more than €400 per hectare (\$218/acre).
- Canada provides a limited safety net program, called Business Risk Management. From 2007 – 2010 BRM programs paid out about \$3.4 billion/year. Applied evenly on a per-acre basis, the program would pay out about \$20/acre of Canadian farm land.
- Canadian dairy, egg, chicken and turkey farmers **do not** use the BRM programs because supply management provides them an adequate income from selling their product.
- Canada's dairy sector operates almost entirely within the domestic market.
- Canada's Agriculture Ministers have repeatedly stated that farmers should get their income from the marketplace, not the mailbox. It is unlikely that Canadian farmers will ever get European-style subsidies.

The federal government has access to all this information, yet since the mid-1980s, continues to implement policy and programs to constantly increase agricultural exports. The question is: Who does benefit from this policy direction? The evidence is clear. Family farms, as Canada's primary food producers, are being sacrificed on the altar of free trade. Farmers' ability to earn a decent living and provide Canadians with healthy food is thwarted by a policy environment that gives rise to agreements such as CETA.