What impact has Free Trade had on Canadian farmers?

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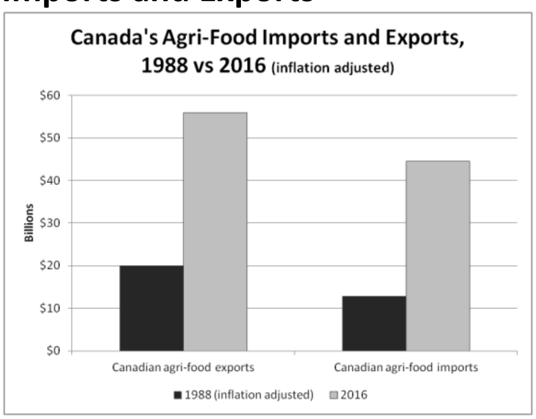
The Canada-US Free Trade Agreement (FTA) came into force in January 1989. Five years later, it was replaced by NAFTA, which expanded the agreement's scope and added Mexico. The 2017 efforts to renegotiate NAFTA are poised to intensify impacts on farmers by strengthening measures to protect the corporate sector from any democratic initiatives that would promote the interests of the farmers, communities and the environment of North America. How has the free trade agenda affected Canadian farmers so far? Let's look at the numbers! (Note: all 1988 indicators are adjusted for inflation)

Number of farmers

FARMS and FARMERS	1988	2016	Difference
Number of farms	239,089	193,492	- 45,597
Number of middle-sized farms	169,535	90,358	- 79,177
Number of young farmers	77,910	24,850	- 53,060
Population of Canada	26,791,747	36,286,425	+ 9,494,678

Since the FTA went into effect Canada has lost one in five farms. The trend is more dramatic for middle-sized farms of 130 to 1120 acres -- nearly half have disappeared. In 1988 we had nearly 78,000 farmers aged 35 or younger. Today we have about a third as many. The family farmers who are left must increasingly rely on off-farm jobs to maintain their households. Meanwhile the total Canadian population has increased by almost 10 million.

Imports and Exports

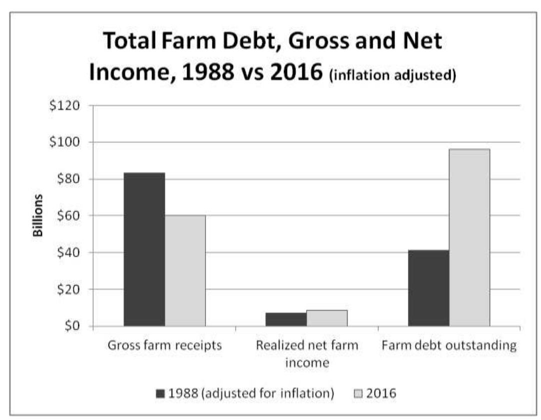


ATMOSPHERIC CO2 (ppm)	1988	2016
Annual average	351.57	404.21

Canada's agri-food exports have increased since the FTA took effect; imports have increased even more. The value of our exports has nearly tripled, while imports went up nearly three and a half times. While Canada now sells more to other countries than prior to the FTA, our trading partners have more of our domestic market. Increasing international movement of agri-food products, along with the geographic concentration of domestic processing, accelerates climate change. Global CO_2 is up by more than 50 ppm since 1988 and is now over 400 ppm.

Farm income and debt

Inflation-adjusted gross farm revenues have actually gone down since 1988. The decline reflects the increasing market power of multinational corporations that dominate grain, livestock, food processing and retailing. Realized net farm income (gross market income plus program payments less operating expenses) has increased slightly, while farm debt has increased dramatically. Farmers' debt load is more than twice what it was when the FTA went into effect. Today, it would take nearly 11 years worth of total net farm income to pay off total farm debt outstanding; in 1988 farm debt equaled 6 years' worth of net income.



Farm input costs

Farmers are paying more for fertilizer and fuel. Nitrogen fertilizer is up a third while diesel has nearly doubled. Farmers may be willing to buy more fertilizer in spite of the price to increase yields on the same number of acres in order to compensate for falling commodity prices and rising land costs.

LAND AND INPUTS	1988	2016
Nitrogen Fertilizer (anhydrous ammonia) per tonne	$701.45	$931.44
Diesel fuel per litre	$.46	$.8513
Farmland average price/acre	$850	$2,871

Seed costs

Certified seed wheat now sells at just under one and a half times its 1988 price; canola seed has gone up 600 to 800%. Many farmers use farm-saved seed for cereal crops, so they do not need to buy wheat seed every year. In 1988 only conventional canola seed was available. NAFTA was the first international trade agreement to include rules for intellectual property such as Plant Breeders Rights and gene patents. Two years after NAFTA came into force, genetically modified (GM) canola was introduced. The patent-holders on GM canola do not allow farmers to save seed from one harvest to plant the next year. After the 2004 Supreme Court decision on the Schmeiser case, conventional seed use dropped dramatically, as farmers feared being sued if volunteer GM canola was found in their fields.

SEED per bushel	1988	2016	% change
Wheat seed: Certified No. 1, bulk	$9.87	$14	+ 142%
Seed: canola, conventional, treated	$78.20		+ 601%
Seed: canola, GM herbicide tolerant Roundup Ready and Liberty Link		$469.77 (RR) $617.86 (LL)	+ 790%

Farm price vs grocery store prices

Since the FTA came into effect farmers are getting 10% less for cows and 20% less for steers. Beef consumption has not increased in spite of population growth, perhaps because retail prices have gone up. Steak costs 20% more now, and ground beef prices have nearly doubled since 1988. Farmers' inflation-adjusted price for wheat is down over 30% since 1988, while bread prices went up. Farmers got 20 cents from a $2 loaf of bread then and today, just 13 cents per $3 loaf.

FARM vs RETAIL PRICES	1988	2016	Difference
Cattle: A1 Steers, Alberta/lb	$1.47	$1.36	- $0.11
Cattle: A1 Steers, Ontario/lb	$1.59	$1.30	- $0.29
Cattle: D1 & D2 cows, Alberta Ontario /lb	$1.08	$.72 (ON) $.84(AB)	- $0.36 - $0.24
Steak: sirloin/lb	$9.23	$10.90/lb	+ $1.69
Hamburger: regular/lb	$2.88	$5.66/lb	+ $2.78
Number of federally inspected beef packing plants	119	23	- 96
Wheat: farm price, SK per bushel	$9.03	$6.25	- $2.78
Bread: grocery store price	$2.05	$2.96	+ $0.91
Value of wheat in a loaf of bread	$0.20	$0.13	- $0.07

Market Power: Farmers versus Corporations

Input sellers and food processors benefit the most from trade deals: they use market access provisions to buy from the cheapest sources in the globally. They also use trade agreement rules to attack farmer-controlled marketing institutions in order to weaken farmers' market power. Each trade agreement has nibbled away at Canada's unique and successful supply management system for dairy, eggs and poultry, putting downward pressure on farmers' prices and opening market space for corporations. Agribusiness's gains are not passed on to consumers, as evidenced by climbing food prices. Instead they use their increased market power to expand their reach and control through mergers and acquisitions, resulting in fewer and larger global agribusiness companies buying, selling and processing. Since the FTA, Canadian ownership of our food processing sectors has nearly disappeared.

FARMER CONTROLLED	1988	2016
Grain handling: # of farmer-owned co-ops	4	0
Dairy: % processed by co-ops	66%	26% in 2012
Number of single desk selling agencies for wheat, hogs	Wheat - 2	(look up)
Number of marketing boards (Supply mgt.)	(look up)	(look up)

CANADIAN-OWNED CAPACITY	1988	2016
Flour mills	50%	(look up)
Grain handling companies	(look up)	(look up)
Beef packing plants	100%	Under 5%
Breweries	95%	~ 30 %
Malt plants	95%	~ 2-3 %

In 1988 over 60% of Canada's grain handling capacity was in the hands of farmer co-operatives. Now they are gone and 3 private multinationals own over half of the capacity. In 2012 the federal government ended the single desk authority of the Canadian Wheat Board then gave its assets to G3, a partnership of Bunge and a Saudi state enterprise.

The beef sector has gone from a Canadian industry to virtually all foreign-owned: Cargill and Brazil's JBS own over 95% of Canada's slaughter capacity. Nearly all of our breweries were Canadian before the FTA. Today, Molson-Coors and InBev own about 60% of Canada's capacity, while Japan's Sapporo owns about 5%. Canada's malting sector went from almost all Canadian to virtually no Canadian ownership today.