

# **CANADIAN POULTRY MEAT AND EGG INDUSTRIES**

## **WTO TRADE POSITION**

May 2001

As World Trade Organization (WTO) agricultural negotiations have started in 2000, the Canadian poultry meat and egg production and processing industries represented by six national organizations: Canadian Broiler Hatching Egg Marketing Agency (CBHEMA); Canadian Egg Marketing Agency (CEMA); Canadian Poultry and Egg Processors Council (CPEPC); Canadian Turkey Marketing Agency (CTMA); Chicken Farmers of Canada (CFC); and Further Poultry Processors Association of Canada (FPPAC) have adopted a unified position to help guide the Canadian negotiating position.

Combined, the Canadian poultry and egg industries in 1999 generated \$2.2 billion in farm cash receipts and over \$5 billion in total retail sales. There are close to 8,500 Canadians employed full time on almost 5,000 farms, and about 17,000 Canadians employed full time in 550 hatcheries, egg grading stations, and processing and further processing plants. The total value of feed purchases was almost \$1 billion. The investment in plant and equipment is more than \$1.5 billion. Exports have increased dramatically over the past 5 years to \$104.8 million, representing more than 4.6% of production.

### **1. BASIC PRINCIPLES:**

- 1.1 Canada should approach the next WTO round of multilateral negotiations with the objective of achieving measurable results that are positive for all sectors of the Canadian poultry and egg industries.
- 1.2 A WTO agreement must preserve the ability of the Canadian poultry and egg industries to function in an environment that is stable and conducive to profitability and growth. Given the Canadian government support for supply management, effective over-quota tariffs, access level consistent with WTO commitments and clean and transparent TRQ administration rules must be maintained to operate an effective domestic supply management system.
- 1.3 The WTO should be the vehicle for the establishment of fair and effective trade rules.
- 1.4 There needs to be predictable, transparent and binding rules to reduce the risk and improve the fairness of doing business internationally, including an enhanced dispute settlement system.
- 1.5 An initial “down payment” would generate a great deal of uncertainty for our markets

and therefore should be opposed. (i.e. This concept proposed by Cairns group implies substantial adjustments to domestic support, export competition and market access during the first year of the implementation, starting at the end-point of the Uruguay Round commitments, and contravenes the WTO objective of progressive reforms.)

- 1.6 There must be no trade-off between Canadian agricultural sectors, as well as no trade-off between agriculture and another industrial sector.
- 1.7 Zero-for-zero initiatives can be pursued for specific sectors that want to further liberalise their own trade, as long as these initiatives are not linked to any other negotiating issues or commitments.

## **2. EXPORT SUBSIDIES**

- 2.1 The elimination of export subsidies should be the primary objective of trade negotiations since they constitute the most significant distortions to trade. As an example, it should be noted that the US and EU account for 99.4% of the volume of subsidised poultry meat exports.
- 2.2 Where international food aid, export credit and export promotion programs are permitted, fair, effective and stringent WTO trade rules should govern their practices.

## **3. MARKET ACCESS**

- 3.1 All in-quota tariffs should be eliminated in order to achieve effective minimum access.
- 3.2 Over-quota tariffs must be maintained at levels that ensure no more access than the committed level of the Tariff Rate Quota (TRQ).
- 3.3 Clear and binding rules governing market access must be established to ensure all countries provide 5% market access. There should be no further expansion of Canada's level of market access until all countries match our WTO minimum access commitments. For example, as a result of there only being guidelines in the Uruguay Round agreement, Canada will be providing 21% access for broiler hatching eggs, 7.5% for chicken, and 5% for turkey and eggs, while the EU will only provide less than 1% for poultry.
- 3.4 Minimum market access should be provided on an equivalent basis, using the same reference period for all agriculture products.
- 3.5 Product groupings should be established to define a common international definition of specific product groups (e.g. chicken, turkey, eggs and broiler hatching eggs) for all

WTO members. Common specific product groups will ensure that countries are not able to use aggregation or disaggregation of products to circumvent their market access commitments.

- 3.6 Canada must pursue the establishment of transparent, effective and binding rules governing TRQ administration to ensure that the committed level of access is achievable. Countries should not be able to use administrative measures, such as: domestic purchase requirements, limits on the size of shipments, lotteries or designated entry points to circumvent their minimum access commitments.
- 3.7 TRQ administration in support of the objective of equivalent and achievable market access should be guided by the following principles: (a) administrative measures must be fully transparent and predictable to importers and exporters, and be applied equally to all WTO members; and, (b) administrative burdens on importers and exporters should be minimised.
- 3.8 The right to designate the market segments that receive in-quota imports should be allowed provided it does not impede the level of committed access. For example, while Canada currently designates importers for its poultry and egg TRQs, they are consistently fully utilised.
- 3.9 All country-specific TRQ allocations must be eliminated so that access is available to all WTO members.
- 3.10 Simple tariffs that effectively restrict access to a market should be reduced or converted into a TRQ to ensure that real market access is provided.
- 3.11 Government procurement must be brought fully under WTO disciplines. For example, through its US\$5.46 billion School Lunch Program, the US government restricts purchases to US food products.

#### **4. DOMESTIC SUPPORT**

- 4.1 There must be greater discipline governing domestic support, including a cap on total domestic support (amber, blue and green), measured as a percentage of total value of production.
- 4.2 The special consideration for “Blue Box” programs must be eliminated.
- 4.3 The de-minimis exemption for domestic support should be maintained to allow countries to provide a minimal level of support that is often critical to offset agricultural production cycles.

- 4.4 Maintain the measurement of support at the aggregate level.
- 4.5 The definitions of “green programs” must be clarified and made universal to ensure that trade distorting programs do not qualify under the green box. A WTO system for the prior determination of the “green status” of domestic programs must be established.
- 4.6 Recognising that the WTO Agreement on Agriculture calls for non-trade concerns to be taken into account during the next round of negotiations, Canada should seek to: (a) clarify the concept of “non-trade concerns”; (b) ensure that any expenditures related to the financing of this concept is made through existing domestic support categories and is subject to a cap imposed on the total support based on a percentage of the total value of production; and, (c) ensure that the term “multifunctionality” is not used to justify the creation of a new domestic support category or government financing in excess of the cap.

## **5. SANITARY & PHYTOSANITARY (SPS) MEASURES, TECHNICAL BARRIERS to TRADE (TBT) and ENVIRONMENT**

- 5.1 Sanitary and Phytosanitary (SPS) measures must be based on sound and internationally-accepted science and not used as disguised trade barriers. For example, Australia requires chicken imports to be cooked at 70 degrees centigrade for 143 minutes.
- 5.2 Labeling and packaging requirements must be subject to national treatment so that they are not used as disguised trade barriers.
- 5.3 The Committee on Trade and Environment should become a permanent WTO body. Trade provisions in international environmental agreements should be subject to full WTO discipline.
- 5.4 Recognising that an increasing number of agricultural products, developed through biotechnology, are commercialised and enter into international trade, we support Canada’s position to establish a working party on biotechnology in the WTO to determine the adequacy of existing rules and to report to the steering body for the negotiations on whether negotiations are required within the WTO in this area.

## **6. WTO DISPUTE SETTLEMENT UNDERSTANDING**

- 6.1. Canada must seek to improve the transparency of the WTO and in particular, the WTO Dispute Settlement Understanding through: (a) allowing producer organisations,

commodity and trade associations affected by the panel ruling to observe the proceedings of the Dispute Settlement Body in a manner that does not affect the proceedings themselves; (b) ensuring that adequate proceedings are made available to the public, while respecting any confidential information; (c) ensuring that the WTO panel and Appellate Body submissions are made publicly available on a timely basis.