



Grey, Clark, Shih and Associates, Limited

Public Affairs & International Trade
Affaires Publiques & Commerce International

FOR IMMEDIATE RELEASE

CANADIAN GOVERNMENT MUST INCREASE PRESSURE ON WTO FOR BETTER BALANCE IN AGRICULTURAL TRADE, REVEALS STUDY

Ottawa, April 14, 2005 - The Canadian Government must take a stand in WTO negotiations relating to agricultural trade, especially after a new study, prepared by Peter Clark, of Grey, Clark, Shih & Associates, for the Dairy Farmers of Canada, suggests that the current WTO agricultural negotiating framework will not ease the imbalances among participating countries. Failure to take linkages between subsidies and tariffs into account will result in perpetuating and exacerbating imbalances in the WTO rules relating to agricultural trade.

Using empirical data, Peter Clark shows that subsidies in countries like the U.S enable their farmers to better absorb a drop in tariffs. U.S. dairy farmers had access to US\$13.8 billion in direct and indirect support in 2003 meaning they can get about 40% of their income from federal, state and local government subsidies. These subsidies effectively limit access to the U.S. market. The US advocates tariff cuts because it can limit access while trying to increase U.S. exports to other markets.

“The WTO’s approach amounts to a one-size-fits-all solution that simply won’t work,” said Peter Clark, principal author of the study. “My point is we have to negotiate both subsidies and tariffs at the same time. Cutting tariffs without eliminating subsidies effectively punishes countries like Canada that do not have the financial resources to subsidise and rewards richer countries that have a tradition of deep pockets support of their farmers.”

During the WTO negotiations, the focus seems to be more on slashing tariffs than on cutting domestic subsidies. This weighs in favour of rich countries like the U.S. that have provided heavy subsidies to their agricultural producers, year after year.

“Agriculture Minister Andy Mitchell suggested recently that we need to restructure our agricultural sector. Canadian farmers are facing the brunt of price pressures from US subsidised products which are easily imported into Canada,” says Clark, who has done two previous studies on U.S. subsidies since 1990.

“This unrestrained domestic support is like importing the ‘beggar thy neighbour’ tariff policies of the 1930’s into the 21st century. The U.S is condemning farmers in poor countries to destitution and poverty. Canada should not give in to these illegal practices,” he explained. “It would be far better to exercise our rights and challenge these subsidies at the WTO as Brazil has done with cotton. We gave the government a road map to do this two years ago but they have not picked up the ball.”

A full copy of the report can be found at

<http://www.greyclark.com/publications.html>

-30-

Information: Cynara Corbin
613-233-8906
cynara@impactcanada.com