

exporter of agri-food products, after the United States and the European Community, and the fifth-largest importer. Given Canada's share of global agri-food trade, we have a significant interest in ensuring that the international trade rules governing agriculture are fair. We need to ensure that Canadian producers and processors can obtain access to foreign markets and that they are not disadvantaged by high subsidy levels offered by other countries. For that reason, the current round of WTO agriculture negotiations are very important to Canada's agri-food sector.

The WTO Agreement on Agriculture was an important outcome of the Uruguay Round of multilateral trade negotiations, which ended in 1993. This agreement was a good first step in setting out agricultural trade rules and commitments in the areas of market access, domestic support and export competition. Despite this progress, WTO members recognized that much more work would be needed to advance the trade-reform process, and they committed to start new agriculture negotiations in 2000. As a result, the current WTO agriculture negotiations have been under way since March 2000.

Canada's initial negotiating position for these negotiations was announced in August 1999 by International Trade Minister Pierre Pettigrew and Agriculture and Agri-Food Minister Lyle Vanclief. This position is the result of extensive consultations with the provinces and with Canada's agriculture and agri-food stakeholders. The fundamental objectives of the initial negotiating position are to:

- eliminate all export subsidies as quickly as possible;
- achieve maximum possible reduction or elimination in domestic support that distorts trade or production;
- obtain real and substantial improvements in market access for all agriculture and food products; and
- ensure that decisions about the production and marketing of Canadian products, such as supply management or the Canadian Wheat Board, are domestic policy choices and will continue to be made in Canada.

Between March 2000 and March 2001, WTO members submitted proposals outlining their ideas and objectives for agricultural trade reform. A wide range of WTO members, including both developed

and developing countries, put forward proposals that covered issues such as market access, domestic support, export competition, food security, and special and differential treatment provisions for developing countries. Canada put forward all of its negotiating objectives through proposals and submissions, either on its own or jointly with the Cairns Group. From March 2001 to February 2002, members discussed the issues raised in the proposals in more detail.

The agriculture negotiations have become much more intense since the launch of the broader round of WTO negotiations at Doha in November 2001. The Doha Ministerial Declaration sets out an ambitious negotiating agenda for agriculture. Ministers have called for the agriculture negotiations to achieve fundamental reform through comprehensive negotiations aimed at substantial improvements in market access; reductions, with a view to phasing out, of all forms of export subsidies; and substantial reductions in trade-distorting domestic support. Achieving this ambitious mandate would go a long way toward addressing the fundamental issues underlying a number of the difficulties facing Canadian farmers and processors.

The Doha Declaration sets out important milestones for the agriculture negotiations, including the objective of establishing modalities by March 31, 2003. In December 2002, the chairman of the agriculture negotiations provided an overview paper summarizing the issues discussed in these negotiations and identifying the key areas of divergence that required attention. The paper formed the background for comprehensive discussions by WTO members of possible modalities, which in turn provided the chairman with the material for successive drafts of a modalities text. WTO members are currently engaged in intense negotiations over the latest version, as they seek to secure greater convergence in accordance with the Doha mandate.

Ministers will have an opportunity to review the progress of the agriculture negotiations at the fifth WTO Ministerial Conference in September 2003. At that time, they will provide further direction, if needed, in order to move the negotiations forward. The target for concluding the entire Doha Round of negotiations, including agriculture, is January 1, 2005.