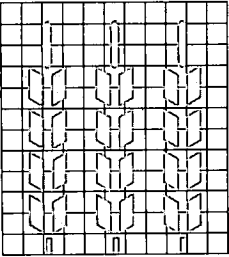


AGRICULTURE



The future of Canada's agriculture industry hinges on the outcome of the forthcoming round of negotiations under the General Agreement on Tariffs and Trade and in the negotiations for a comprehensive trade agreement with the United States.

Agriculture represents 10 per cent of all economic activity in the country. It is responsible for 1.6 million jobs. In 1985, the industry generated \$19.7 billion in farm cash receipts. More than half of farm cash receipts come from export sales.

Canada's single most important customer is the United States. Sales of our farm products across the border are equivalent to 10 per cent of all farm cash receipts in Canada. More than half of our non-grain and oilseed farm products go to the States.

A recent series of disruptions in Canada-U.S. agriculture trade, the result of protectionist pressures, demonstrates the desirability of an agreement that would provide a mechanism for settling disputes and provide security of access to the American market.

Grains and Oilseeds

- Grain and oilseeds generate one-third of all farm cash receipts in Canada, with wheat being the most important crop.
- 89,000 farmers produce grain or oilseed crops. Some \$5 – \$7 billion, or about two-thirds of all agricultural exports, is derived from exports of grain and oilseed products.
- In 1985, Canada exported to the U.S. \$100 million in animal feed, \$113 million in bakery products, \$72 million in oilseeds and \$41 million in oilseed product.
- The main concern of grain producers is the impact of the new U.S. Farm Bill which

has reduced international grain prices to the detriment of Canadian grain producers while ensuring that U.S. grain producers receive subsidies to maintain their income levels.

Red Meats

- In 1985, farm cash receipts for the red meat industry – cattle and calves, hogs, sheep and lambs – were more than \$5 billion, or 25 per cent of all farm cash receipts.
- More than 100,000 farms produce beef cattle and another 58,000 farms raise hogs.
- There are 70 federally-inspected beef packing plants and about 50 pork packing plants.
- In 1985, total red meat and live animal exports were valued at more than \$1.25 billion, of which \$1 billion went to the States. This represented virtually all exports of live hogs, 92 per cent of beef and veal exports and 77 per cent of pork exports.

Dairy

- In 1985, farm cash receipts in the dairy sector approached \$3 billion, or 15 per cent of total farm cash receipts.
- 44,000 farmers are in the milk business and more than 25,000 Canadians work in 450 dairy processing plants.
- Only six per cent of Canadian dairy product sales are in the U.S., mostly cheese.
- Import quota systems govern dairy trade on both sides of the border. However, while we are prepared to discuss these trade measures, neither government intends to negotiate away its respective marketing systems.



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