Canada-Israel Free Trade Agreement
What It Means for Agriculture and Agri-Food

Overview

The Canada-Israel Free Trade Agreement (FTA), which will come into force January 1, 1997, improves market access for agri-food products of export interest to both Canada and Israel, and eliminates tariffs on virtually all industrial goods. It will restore Canada's competitive position in the Israeli market where the United States and the European Union have gained preferential access through negotiated bilateral arrangements.
The Canada-Israel FTA covers about 80 per cent of two-way trade in agri-food products. Total agri-food trade between Israel and Canada was $17.1 million in 1995. Canada's principal agricultural exports to Israel were lentils and other pulses ($2.3 million), while Israel's main exports to Canada were vegetables and fruits ($6.9 million).

For the Canadian agri-food sector, the greatest short-term benefits will be increased opportunities for wheat, pulse crops, coarse grains and canola oil. The Canada-Israel FTA provides for renewed negotiations in two years to pursue further trade liberalization. This will expand coverage of the agreement and help to secure longer-term opportunities for Canadian agri-food products. Canada and Israel agreed at the outset of the negotiations to exclude the mutually sensitive supply-managed sectors of dairy, poultry and eggs.

In most other areas, such as sanitary and phytosanitary barriers, technical barriers and intellectual property rights, the parties agreed that their rights and obligations would be governed by the agreements under the World Trade Organization.

Grains

Israel's demand for imported grains has steadily increased over the last decade. The United States has been the predominant supplier. The Canada-Israel FTA gives Canada a chance to take advantage of this growing market and the opportunity to supply it on a consistent and regular basis. Israel will establish annual duty-free tariff rate quotas for Canada of 150 000 tonnes of wheat and 200 000 tonnes of coarse grains (rye, barley, oats and corn), levels set above Canada's historic export volumes to Israel. Non-feed wheat imports are subject to domestic purchase requirements in Israel. Canadian wheat flour and malt exports will also benefit from duty-free tariff rate quotas. The annual quotas are 10 000 tonnes for wheat flour and 9 000 tonnes for malt.

Oilseeds

Duty-free access for canola seed has been secured, putting Canada in a better position to compete with the European Union and the United States in this market. Duties on Canadian canola oil will be applied at a rate of 13 per cent, at par with access for soybean oil. Israel's oilseed-crushing industry depends largely on imports, primarily soybeans from the United States, which are crushed for meal. Israel's domestic oilseed crops (cottonseed, peanut and sunflower) are grown mainly for feed or confectionery.

Special Crops

Pulse crops will benefit from a duty-free tariff rate quota of 10 000 tonnes. Canadian pulse crop exports to Israel reached $2.3 million in 1995. Israel's highly intensive dairy industry offers market opportunities for alfalfa meal and pellets, which are now guaranteed duty-free access. In addition, canary seed exports, which have shown major gains in recent years, will