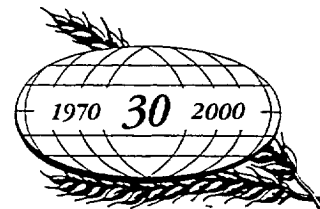


◆ The Canadian Trading Company

XCAN GRAIN

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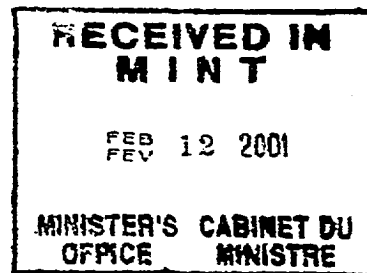
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T-00809-01

February 6, 2001

Mr. Pierre S. Pettigrew
Minister for International Trade
Department of Foreign Affairs and International Trade
Government of Canada
Ottawa, Canada
K1A 0G2



Dear Mr. Pettigrew:

I am writing with regard to your invitation to comment on the potential for a free trade agreement with Central America.

In principle, XCAN supports the pursuit of free trade in agriculture. As a country, Canada produces much more than it is able to consume, thus leaving our producers dependent on access to export markets. Unfortunately, Canadian agriculture has been burdened with a number of trade obstacles in many markets throughout the world, including export and domestic subsidies, tariff and non-tariff barriers and restricted access to many markets.

As you point out, today there is some but not a lot of bi-lateral trade between Canada and Central America. Potential does exist, however, to see that trade grow.

On the agricultural side of things, we believe that the Government of Canada should pursue a free trade agreement with Central America as long as agriculture is part of that agreement. We would not support a free trade agreement with Central America if agriculture was not included.

Central America offers potential for expanded imports of Canadian beans, peas, lentils and canola oil and meal.

Specifically, a primary objective of such a free trade agreement would be at least parity treatment on any tariffs assessed on the import of food into Central America. Many countries have different tariffs on similar products, e.g. soybean or palm oil versus canola oil, or different tariffs on similar products but from different origins, e.g. a higher tariff on Canadian beans versus Argentine beans. We would prefer, of course, that there be no tariffs on the import of Canadian agri-food products. That can be an initial goal or a phased-in goal, depending on the circumstances.