

Agriculture and Food Processing

Canadian farmers export almost \$4 billion in agricultural products to the U.S. Ontario ranks first in farm cash receipts nationally and the bulk of Canada's food processing industry is located in the province. Ontario is a major producer of almost all major livestock and horticulture products produced in Canada. It is the most important producer of corn, soybeans, tobacco and pulses. Consequently, Ontario stands to be a major beneficiary of the agricultural provisions of the FTA.

The trade agreement will improve access to the U.S. market in several ways. All tariffs on agricultural and processed food products will be removed over 10 years. However Canada will retain for fresh fruits and vegetables, the right to restore the MFN tariff for a 20-year period under conditions of depressed prices. The U.S. has agreed to exempt Canada from any future import quotas on products containing 10% or less sweetener and on grains and grain products. The removal of these U.S. tariffs and quotas will greatly facilitate the exports to the U.S. of Ontario produce such as mushrooms, root crops, cabbage, tobacco, and the products of Ontario's efficient food and vegetable processors.

The exemption from U.S. meat import laws and the greater certainty provided in the application of U.S. anti-dumping laws will provide benefits for Ontario's beef and pork producers and its meat processing industries. This sector and many other agricultural sectors will benefit from the agreement to minimize technical barriers on agricultural products, food and beverages.

The U.S. and Canada have also agreed to prohibit the use of export subsidies on agricultural products sold in each other's country. For example, the U.S. Export Enhancement Program will no longer apply to goods destined for Canada. This will protect the sale of Ontario agricultural products in Canada from unfair U.S. subsidies.

All elements of the Canadian industry exporting to the U.S. will gain from the tighter disciplines and binding binational dispute settlement on U.S. anti-dumping, countervail and safeguards cases. In the past, the U.S. has brought in rulings against Canada that affected several Canadian agricultural and food products including raspberries, hogs, fresh fish and cut flowers.

As noted, the agreement provides for special 20-year emergency safeguards for horticultural products. Where the import price for fresh fruits and vegetables is below 90% of the previous five-year average monthly import price and the planted acreage of the importing Party is not higher than