

Many markets require the ready availability of commercial credit for a broad range of grain commodities and products.

Canada has also had difficulty in gaining access to some markets which have restrictions on imports for domestic political reasons. For example, political considerations have dominated South Korea's sourcing of imports of grains and oilseeds. Health regulations also are restrictive in certain markets. Canada has suffered the erosion of important historical grain markets in Western Europe as a direct result of the Common Agricultural Policy of the EEC. For example, the market for Canadian wheat in the U.K., though still important, is declining and the market for feed by-products in Europe is in jeopardy because of EEC policies on import levies. Furthermore, EEC export subsidies distort traditional trading patterns in third markets.

Another factor which has constrained the ability of many countries to import Canadian grain is the strength of the Canadian dollar relative to their currencies in recent years. The major question mark for the remainder of this century surrounds the ability of many importers to pay a price which provides an adequate return to our producers. The potential growth in trade is largely to developing countries, which are likely to increasingly encounter difficulty in paying for grain imports.

3. Canadian Export Capabilities

The grains and oilseeds sector is export oriented and the production base has the capability to respond to export demand. The export target of 30 million tonnes projected for 1985 has already been realized and further expansion of grain and oilseed exports to 36 million tonnes by 1990 is considered a reasonable target. Canada's supply capability will be dependent on production constraints such as weather and soil resources and perhaps most importantly in the near and medium term, on the financial returns available to the farm sector from the export market. The 1983 Western Grain Transportation Act should provide a basis for the further development and maintenance of an adequate transportation system.

4. Proposed Promotional Activities

The Canadian International Grains Institute has proved very effective in market development and maintenance and will continue this role. The CWB as the marketing agency for wheat, oats and barley will continue its program of customer visits and servicing as well as the Canadian Grain Commission on matters relating to quality standards, weighing and inspection. The grain trade with appropriate Government program support will continue to promote Canadian grains and grain products through incoming and outgoing missions. Future initiatives will be targetted to specific commodities or countries. A general promotion has limited utility where a relatively small number of buyers and sellers (increasingly of a state or quasi-state trading nature) are largely aware of each others needs, products and supply capability.

Key factors in continued expansion of Canadian grain trade are sustained production levels adequate to meet demand (particularly for oilseeds), competitive pricing and comprehensive expeditious export financing facilities to assist in gaining access for a range of product to a variety of markets.