

NAFTA - AGRICULTURE

WHAT'S IN THE AGREEMENT

The agricultural provisions of the Canada-U.S. Free Trade Agreement (FTA) remain the basis for agricultural trade between Canada and the United States. Canada and Mexico negotiated a separate market access agreement on agriculture. The main elements are:

- ◆ Retention of Canada's import quotas and tariffs for poultry, eggs and dairy products; Mexico will also exclude these sectors;
- ◆ On sugar, Canada will match Mexican tariffs;
- ◆ Phasing-out of all remaining Mexican tariff and non-tariff barriers that hinder Canadian exports;
- ◆ Immediate elimination of Mexico's import licences on wheat, with progressive tariff removal over 10 years;
- ◆ Immediate elimination of Mexico's import licences on barley and table potatoes. Immediate duty-free access for specified quantities of barley and table potato exports, and barrier-free access after 10 years;
- ◆ Immediate elimination of Mexico's tariffs on dried peas, mustard flour, millet, honey, lentils, rye and buckwheat; other tariffs will be phased out over 10 years with the exception of corn, and some dried beans (15 years);
- ◆ Improved access to Mexico for pork, apples and potato products, with barrier-free access after 10 years;
- ◆ Removal by Canada of restrictions on the import of Mexican wheat and barley, beef and margarine;
- ◆ Maintaining for 10 years the right to impose automatic tariff safeguards when imports of certain fresh, frozen or prepared fruits and vegetables, and cut flowers, exceed specified levels;
- ◆ On exports to Mexico, an understanding that Canada and the U.S. will not use export subsidies except where competition is subsidized; and
- ◆ Agreement by all three countries not to use health and sanitary regulations as disguised trade barriers.

BENEFITS FOR CANADA

- ◆ Canadian producers can compete in Mexico on the same basis as U.S. producers;
- ◆ Canada's import quota system in support of supply management for dairy, egg and poultry sectors remains untouched;
- ◆ Mexico's import restriction on wheat is converted to a low tariff immediately and then phased-out over 10 years; Mexico's markets will be open to key Canadian exports such as grains, pork, and potato products;
- ◆ Canada is well positioned to benefit from the growing demand in an increasingly affluent Mexico for food products; and
- ◆ Canada's high health and safety standards for agriculture are maintained and can be strengthened.