

SECTOR DESCRIPTION

Canada's agriculture industry encompasses a broad range of commodities produced in all regions of the country. The industry accounts for approximately 4% of Canada's GDP, with exports totalling some \$9 billion. Canada's 290,000 farmers form the basis of the agri-food industry which employs over one million seven hundred thousand individuals or 14-15% of Canada's total workforce.

Primary agriculture products are defined as those which are marketed in more or less their natural state. Primary products produced in Canada include: pulses (peas, beans, lentils, etc.), special crops (tobacco, buckwheat, mustard etc), seed, forage products, grains and oilseed crops (wheat, canola), potatoes, fruit, vegetables, floraculture and nursery products, swine, poultry and livestock genetics.

Canada's agriculture industry, even without taking the grains and oilseed sector into consideration, adds substantially to the country's reputation as a supplier of world class products. The value of Canada's annual exports (in \$ millions) for some of the most important non grain/oilseed commodities are as follows; beef cattle \$658, dairy cattle (includes semen and embryos) \$73, hogs \$111, fruit and vegetables \$397, floraculture and nursery products \$225, pulses \$170, forages \$100, tobacco \$70, seed (for sowing) \$75, mustard \$47 and seed potatoes \$30. Numerous other commodities such as sunflowers, ginseng, canary seed and buckwheat also contribute significantly to Canada's agricultural trade.

The primary agriculture sector in Canada is one which has traditionally received significant production support most recently as a means of offsetting the negative market impact of international over production and a trade war driven by the U.S. and EEC subsidies.

The relatively low value of the majority of primary agriculture products necessitates efficient and cost effective shipping and handling. Large, often multi-national firms are in many cases the only ones with the capability to amass sufficient quantities of a commodity and as a result they dominate the international markets. (While this system is efficient, product moving to market in this way often loses its Canadian identity.) On the receiving side, it is again the large firms that dominate in many cases. Direct negotiations between buyer and seller are often restricted (or in the case of Japan difficult to arrange).

The federal and provincial governments have encouraged the development of a greater degree of processing (value added) with some excellent success eg. the processed forage industry. However, the fact remains that many of our main customers prefer to buy commodities which they in turn can process, thus reaping the benefits from the employment and revenue generated from a domestic processing industry (eg. Japan - canola).

Frequently, products such as the seed and specialty crops are often produced by farmers under contract to large marketing firms which tends to stabilize the markets and prices. However, products can be produced outside of any contractual arrangement and various influences such