

## Executive Summary

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The Canada-U.S. Free Trade Agreement will be of significant economic benefit to Canada. It establishes a new trading relationship based on more secure and open access for each country to the other's markets. This will bring benefits to many sectors of the Canadian economy.

For agriculture, the government had several objectives in the negotiations. It aimed to improve access for exports of farm products to the U.S. market, to make that access more secure and to preserve Canada's agricultural policy instruments. These objectives have been accomplished. The Agreement will gradually eliminate all tariffs between both countries while at the same time addressing a broad range of non-tariff barriers that affect agricultural trade between the two countries.

Specific impacts by agricultural sector noted in the assessment include:

### Grains and Oilseeds

- Potential for increased exports of canola oil, soybean oil, and high quality wheat and oats;
- Opportunities for increased canola oil exports to the United States through the phasing out of U.S. tariffs on that product. After three years, the decrease in the U.S. tariff on canola will more than offset the removal of Western Grain Transportation Act (WGTA) benefits to west coast ports; and
- Increased potential markets for sales of milling and pasta wheats in the United States immediately upon the Agreement coming into force.

### Livestock and Red Meats

- Increased export market opportunities for high quality finished cattle for slaughter, and for high quality beef and pork; and
- Some possible opportunities for increased imports of feeder cattle to Canadian feedlots, which will improve capacity utilization and create a larger domestic market for feed grains.

### Dairy

- No effect on the milk supply management system. Existing import controls on a broad range of dairy products remain in place and steps were recently taken to widen the scope of import controls in support of the milk supply management system.

### Horticulture

- Benefits for some specific commodities, no effect on most other commodities, and adjustments for a very few (e.g., grapes);
- Secure access to a large market in the United States for both fresh and processed potatoes, benefitting the Maritimes;
- Expanded export opportunities for cole crops, including broccoli, brussels sprouts and cauliflower; and