VI. AGRICULTURE

A. OVERVIEW OF THE AGREEMENT

The Canadian agri-food sector is highly dependent on export markets: exports account for nearly half of all farm cash receipts and for 13 percent of the value of processed-food shipments. At $13.27 billion, agri-food exports accounted for 8 percent of all Canadian exports in 1992.

Clear rules for the international trade of agricultural products have been established through the Uruguay Round. These rules form part of a new framework for international trade that will be overseen by the World Trade Organization.

The reduced levels of protection and trade-distorting support in the Agreement for Agriculture are expected, over time, to weaken non-market incentives to engage in intensive agriculture. Lands may then be put to uses that are more appropriate in terms of both market and environmental conditions.

The Agreement on Agriculture has three key sets of provisions.[4]

i) Market access

All non-tariff barriers to trade, including import quotas, will be transformed into tariffs. Tariffs will be bound against future increases and will be cut by at least 15 percent and by an average of 36 percent during the six-year implementation period of the Agreement (1995-2000). Special safeguards for products subject to tariffication will allow tariffs to be increased if world prices fall below a trigger level or if there are import surges. Market access commitments provide the opportunity for a 5-percent import share of 1986-1988 domestic consumption levels by the year 2000-2001 for many products subject to tariffication.

ii) Export competition

Export subsidies must, by the year 2000-2001, be at least 36 percent lower in dollar terms and 21 percent lower in terms of quantity than 1986-1990 averages. These reductions encompass export payments and internal transportation subsidies contingent on export.

iii) Domestic support

A reduction to 80 percent of 1986-1988 averages is required by the year 2000-2001 for those subsidies that are trade-distorting and do not limit production ("amber" programs). Payments under certain programs, whose trade-distorting effects are offset by production limitations, are exempt