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A G R I C U L T U R E A N D A G R I - F O O D

MOVING *forward*

EXPANDING MARKETS



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Agriculture and
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OPENING UP NEW MARKETS

The federal government pursues, secures and opens access for the Canadian agri-food sector's interests in world markets. The objective is to enable the sector to develop markets for Canadian Agri-food products, especially higher-value products.

Through the World Trade Organization (WTO), the North American Free Trade Agreement and other trade agreements, the government has helped to improve access for producers and agri-businesses in markets as diverse as the United States, Mexico, Europe, Puerto Rico, Korea and South Africa.

The government is working closely with sector partners to capitalize on opportunities arising from bilateral agreements with Israel and Chile. A top priority in all markets is to overcome any trade barriers that may prevent the exploitation of new market access opportunities. In addition, trade agreement rules and dispute settlement provisions negotiated by the Government of Canada have helped create a more beneficial trading environment for importers and exporters.

Over the coming year, the department will be developing, with its provincial and industry partners, strategic market development action plans for priority and emerging markets. The action plans will present an enhanced Canadian image and capability as a supplier of high-quality agri-food products to these markets.

RECORD AGRI-FOOD TRADE SURPLUS SHOWS WE'RE ON TRACK

Canada exported \$18.8 billion worth of agri-food products in 1996, a 7.2% increase over 1995. At the same time, imports of agri-food products rose by 4.6% to \$13.2 billion, bringing Canada's agri-food trade surplus to \$5.6 billion in 1996, compared to \$4.9 billion in 1995.

Although the trade balance for consumer-oriented products is slightly negative, exports from Canadian food and beverage processors has increased by almost 60% from 1991 to 1995.

These results also show that efforts to increase exports by 50% between 1993 and the year 2000 – from about \$13 billion to at least \$20 billion – are right on track. Experts agree that this target, set by the industry and Canadian ministers of agriculture, is well within reach.

Exports to the U.S. were up 19.4%, to \$10.3 billion. Exports to Japan – Canada's number two market – totaled \$1.9 billion. Exports to Mexico increased by 7.5% to \$388 million.

Dramatic increases were seen in several other markets as well, including a 50% increase in exports to Brazil, a 160% increase in exports to Indonesia and a 66% increase in exports to South Korea.

A NEW DEAL WITH CHILE

The recent signature of a trade agreement with Chile gives Canadian agri-food exports a head start over U.S. competition in the most stable and fastest growing economy of South America.

The Canada-Chile Free Trade Agreement, expected to take effect on June 2, 1997, provides improved market access for key Canadian agri-food products which will be duty-free either immediately, or within 5-10 years. The agreement ensures Canada will maintain comparable or better access in the Chilean market vis-à-vis the United States and other South American countries.

As part of the agreement, Canada succeeded in obtaining:

- *Seasonal duty-free access for durum wheat, and a guarantee that any access improvements granted to Canada's main competitors for milling wheat will be passed on to Canada.*
- *Immediate duty-free access for Canadian barley, lentils, white pea, other beans, canary seed, grass seeds, most horticultural products, unsweetened juices and mineral water, alcoholic beverages and many processed products.*
- *Gradual elimination of duties for Canadian corn, mustard seed, canola oil, frozen peas, pasta and bakery products, sugar, sweetened beverages and some other nonalcoholic drinks.*

TOOLS AND RESOURCES FOR EXPORTERS

Agriculture and Agri-Food Canada invests more than \$30 million annually in international business development. In 1995, along with Foreign Affairs and International Trade Canada, the department reorganized federal trade services into the Agri-Food Trade Service (ATS). ATS links the services of several federal departments and agencies at the regional and national levels to offer the agri-food industry fast, easy access to development programs, market information, trade opportunities, exporter counseling and industry support services.

One component of ATS is the Agri-Food Trade Network (<http://atn-riae.agr.ca>), where market information and intelligence is available to help Canadian exporters capture new opportunities abroad. Federal and provincial governments are also running training sessions to assist firms in making technology a part of doing business globally.

Through the Post Initiated Agri-Food Fund, Canadian agri-food specialists and trade commissioners in 50 international markets are now able to fund innovative export development projects on behalf of Canadian exporters. In addition, Agri-Food Trade 2000 financial programs help clients increase sales through projects in areas such as market awareness and information, technology adoption and product promotion.

PROMOTING CANADIAN PRODUCTS ABROAD

Agri-food trade missions to China, South Korea, Mexico, South America, Singapore, Indonesia and Japan, led by Agriculture and Agri-Food Minister Ralph Goodale, have paid off in new sales and business opportunities for Canadian producers. The Team Canada approach behind these missions has demonstrated the effectiveness of government-industry partnerships in promoting Canadian exports.

To ensure that government focuses on areas where it can get results most effectively, the department works closely with industry through Canada's International Business Strategy, the Agri-Food Industry Market Strategies (AIMS), and the new Canadian Agri-Food Marketing Council. For example, with the help of AIMS the department has forged new alliances with other federal departments, provincial governments and industry partners to streamline the marketing of beef around the world. As a result, beef exports are increasing steadily.

LINKING SCIENCE TO EXPORTS

Sometimes the best support for exporters comes from the scientists at Agriculture and Agri-Food Canada. For example Japan – one of the biggest markets in the world – recently lifted a decade-old ban on Canadian tomatoes, after AAFC lab tests showed that the tomatoes do not carry blue mold.

Over \$7 million in federal government funding was approved in 1996 to help the agri-food industry sectors and alliances implement their trade development strategies developed through the AIMS process. These strategies focus largely on promoting understanding and awareness of Canadian agri-food products in foreign markets.

The recently announced Canadian Agri-Food Marketing Council (CAMC) will advise the government on the challenges facing the industry in the global marketplace, and on the best ways of supporting companies in their search for new markets.

CAMC is made up of 26 leaders in the agriculture, food-industry and marketing sectors.

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A SOUND INVESTMENT

To compete, Canadian firms must be able to produce for world markets. In many cases, this ability depends on their success in attracting investment for technology and equity improvement, production development of further processed products – higher value products – that could provide higher profit margins.

Government efforts to enhance the investment climate support this success. Today, foreign direct investment in Canada's agriculture and agri-food sector tops \$12 billion, more than twice the level in 1984. The government is helping to make the industry the number one choice for investors around the world.

- The Government of Canada has selected agri-food as a key sector for attracting and retaining foreign investment.
- The Canadian government is sending the message to foreign investors it wants to encourage more investment in Canada. Investment provides an injection of capital, creates and preserves high value added jobs, and facilitates the transfer of technology.

- Last spring, the federal government launched a new strategy to attract and retain national and international business investment. The message to investors is that Canada is open for business. The approach will attract new foreign investment into Canada; facilitate the establishment of new strategic alliances; and retain and expand existing investment and strategic alliances between Canadian and foreign firms.

- AAFC is an active partner in the investment agenda, along with provincial governments. In the short term, the Department will be following up on a very successful Keidanren investment mission from Japan last fall and will be developing promotional campaigns targeted at potential firms in other priority markets, such as France, Germany, the U.K. and the U.S. Attention will be focused toward building on activities of multinational firms already doing business in Canada.

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