

WORKING PAPER

PROVINCIAL IMPACT OF THE E.E.C.'S ENLARGEMENT
ON CANADIAN AGRICULTURE

by

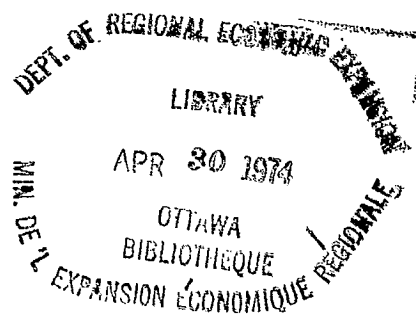
André Harbec

**ECONOMIC ANALYSIS BRANCH
PLANNING DIVISION**

 REGIONAL ECONOMIC EXPANSION CANADA
EXPANSION ÉCONOMIQUE RÉGIONALE CANADA

HF
3228
G7
H3

HF
3228
G7
H3



THE PROVINCIAL IMPACT OF THE E.E.C.'S ENLARGEMENT
ON CANADIAN AGRICULTURE

by

André Harbec

April 1973

Natural Resource Studies
Planning Division.

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
INTRODUCTION	3
Chapter 1: Exports of Agricultural Products to Britain	5
Chapter 2: The Impact of Canada's Major Agri- cultural Exports to Britain	9
Chapter 3: The Impact of Changed Access Con- ditions on Particular Commodities	13
1. Cheddar cheese	13
2. Edible Offals - Fresh or frozen	14
3. Tallow	14
4. Meat Casings	15
5. Feeds of Animal Origin	15
6. Wheat	15
7. Barley	16
8. Wheat Flour	16
9. Pelleted Screenings	17
10. Cereals, Milled	17
11. Rye	18
12. Soya Bean Oil-Cake & Meal	18
13. Soya Bean Oil	19
14. Flaxseed	19
15. Linseed Oil	20
16. Linseed Oil-Cake & Meal	20
17. Vegetables - Dried	20
18. White Pea Beans - Dried	21
19. Canned Corn	21
20. Fresh Apples	22
21. Onions and Shallots - fresh	22
22. Potato Products - frozen	22
23. Corn - Frozen	23
24. Peas - Whole, Dried	23
25. Asparagus - Canned	24
26. Tobacco - Unmanufactured	24
27. Tobacco - Manufactured	24
28. Grass Seeds	25
29. Honey	25

	<u>Page</u>
Chapter 4: The Impact on Canada's Major Agricultural Imports from Britain	26
Chapter 5: The Impact on Canadian Provincial Agricultural Income & Employment	31
a) Prince Edward Island	... 31
b) Nova Scotia	... 32
c) New Brunswick	... 32
d) Quebec	... 33
e) Ontario	... 33
f) Manitoba	... 34
g) Saskatchewan	... 34
h) Alberta	... 35
i) British Columbia	... 35
 ANNEX	 36
 BIBLIOGRAPHY	 39

SUMMARY

Britain will not immediately adopt the Common Agricultural Policies (C.A.P.) of the European Economic Community (E.E.C.). The adjustment will be gradual, extending over a five-year transitional period, during which time Britain's most favoured nation duties will be dismantled in five equal annual stages.

For Canada, the most important result of Britain's entry into the E.E.C. and consequent adoption of the C.A.P. will be the change it generates in Canada's access to the British market for agricultural products. The terms of access will worsen in relation to other suppliers to the British market. Many of our exports will face duties or levies for the first time, while duty-free or preferred access will be extended to other E.E.C. member states and associated countries, thus creating so-called reverse preferences in their favour.

Changes in the terms of access will make Canadian food products relatively more expensive in Britain and in most instances it will be necessary to reduce prices to offset the tariff or the loss of preference if Canada hopes to retain a share of the British market. As the scope for price reductions in the agricultural sector is

limited by low profit margins, it is apparent that the Canadian exporter will suffer.

Canada is expected to encounter a significant reduction in the exports of raw tobacco, soya bean oil, wheat, barley and cheddar cheese.

The Province of Ontario will suffer the most from Britain's accession to the E.E.C. with an expected \$61.5 million reduction in its agricultural exports. Saskatchewan and Alberta will lose exports of approximately \$13.5 million each. Quebec and Manitoba will lose exports valued at \$7.4 and \$6.7 million respectively. As a result, Canadian agricultural employment will fall by 10,700 which represents a 2.1 per cent decrease. Agricultural employment in Ontario will fall by about 4,000.

INTRODUCTION

This paper studies the possible impact of Britain's accession to the European Economic Community (E.E.C.) upon Canada's agricultural exports. Canadian agricultural exports to Britain diminished between 1965 and 1969, but have been increasing since. Before 1968, Britain was Canada's largest agricultural export market. Since 1968 Canada has shipped more agricultural products to the United States than to Britain. In 1971, exports to the British market dropped to third place as the E.E.C. moved into second place.

Canada is also a substantial importer of agricultural products, importing \$1.3 billion worth of agricultural products in 1971. Most of this was imported from the United States (\$705 million), while imports from Britain were valued at \$48 million. Though the amount of these imports is significant, it is not the main topic of this report.

Agricultural exports to Britain are an important part of Canada's total exports. In 1971, 15 per cent of Canada's total agricultural exports were to Britain. Britain's entry into the E.E.C. will directly affect these agricultural exports. The E.E.C.'s enlargement will also

cause some indirect effects on Canadian agricultural production, for it will increase the competition Canada faces from Great Britain in agricultural exports to other countries. These indirect effects are not investigated in this report. Only the direct effects on Canada's regional exports to and imports from Britain resulting in its entry into the E.E.C. are examined.

The first part of the report examines the major items of Canadian agricultural exports to Britain in the light of the E.E.C.'s import policies. The second section concerns the impact on Canada's major agricultural exports to Britain. This is followed by a section that details the impact of changed access conditions on specific commodities. The fourth chapter deals with the impact of Britain's entry into the E.E.C. on Canadian imports from Britain. The final chapter describes the total impact of Britain's entry on agricultural income and employment on a provincial basis.

Chapter 1

EXPORTS OF AGRICULTURAL PRODUCTS TO BRITAIN

Before 1968, Britain was the biggest market for Canadian agricultural exports. Since then the U.S.A. and the E.E.C. have become more important as shown in Table 1. However, Britain still remains one of our major buyers, and since 1970 the exports have continued to grow. The effects of Britain's entry into the E.E.C. will moderate this upward trend. This paper quantifies these effects and identifies those commodities in which exports are expected to decline.

In some cases the United Kingdom is almost the only export market for some Canadian products. For example, in 1971 the percentage of Canadian exports destined for the British market was very high for the following commodities (see also Table II):-

Cheddar cheese	91 per cent
Feeds of animal origins	92 per cent
Soya bean products	98 per cent
Linseed oil	99 per cent
Canned asparagus	97 per cent
Unmanufactured tobacco	90 per cent

The immediate impact on Canada's agricultural exports will not be very great when the E.E.C.'s common external tariff (C.E.T.) is first applied, but agricultural exports to Britain will be increasingly affected when the C.E.T. is applied in full under the E.C.C.'s Common Agricultural Policy. The main impact on Canada will be changes in the terms of access to the British market. The enlargement of the European Community by the admission of Britain, Ireland, Norway and Denmark and by associate agreements that are likely to follow with other countries will transform the E.E.C. into a trading block of unprecedented size. Many of Canada's agriculture products will lose their margin of Commonwealth Preference and duty-free entry, and will have to overcome a reverse preference that works in favour of Common Market suppliers under the Common Agriculture Policy.

"The objectives of a Common market extending to agriculture and agricultural trade as laid down in the Treaty of Rome were expanded (...). These emphasized, inter alia, the need to increase trade between member countries, to achieve a balance between supply and demand, to avoid encouragement of surpluses and to give scope to the comparative advantage of each region. Essentially a common protective policy towards outside suppliers was inherent in these objectives and a common external frontier for all agricultural produce was envisaged by the early seventies."¹

¹ Trapman, Christopher, "The E.E.C.'s common agricultural policy and imports from third countries", O.E.I. April 1971, p. 70-71.

In 1968 the E.E.C. agreed on a Common Agricultural Policy (C.A.P.). In the case of grains, levies are common to the whole Community and are changed to take account of changing prices on the world market. If prices increase, levies are reduced, and if prices fall, levies rise, thus maintaining a threshold price. For the dairy products, variable levies are applied to butter, cheese, processed milk and lactose¹. Beef and veal on a live basis are protected against imports by a common external tariff on 20 per cent ad valorem.

Producers of fruit and vegetables in the E.E.C. enjoy a protection against imports from outside countries as do producers of other C.A.P. commodities. Reference prices for all of these products are fixed by the Commission and correspond to the lowest market price in the area of greatest surplus for each product. If import prices remain below the reference price for more than three consecutive days, a countervailing duty equal to the difference between the reference price and the import price is applied². This indicates that some of Canada's fruit and vegetable exports will suffer a severe drop. Non-edible horticultural products, vegetable oil, oilseeds and tobacco are subject to duties under the Common External Tariff of the E.E.C.³

¹ Ibid., p. 75.

² Trapman, Christopher, op. cit., p. 77.

³ Trapman, Christopher, op. cit., p. 78.

Table 1

CANADIAN EXPORTS OF AGRICULTURAL PRODUCTS
TO PRINCIPAL COUNTRIES
1960 to 1971

Year	U.K.	USA	EEC	Japan	USSR	China	Other Coun- tries	Total
(millions of dollars)								
1960	289	193	149	106	1	0	171	909
1961	273	225	213	119	13	120	230	1,193
1962	295	226	184	113	1	147	191	1,157
1963	321	223	181	133	15	104	382	1,359
1964	332	211	180	139	313	136	391	1,702
1965	332	274	216	143	190	105	334	1,594
1966	308	280	221	172	319	183	379	1,862
1967	294	244	250	184	124	89	343	1,483
1968	270	278	156	168	85	158	280	1,395
1969	252	293	150	148	4	120	244	1,211
1970	275	345	231	193	89	122	430	1,685
1971	292	333	327	232	114	193	493	1,984

Source: Canada, Department of Agriculture, Canada's Trade in
Agricultural Products: 1970 and 1971, Economics
Branch Publication, 72/5, p. 4.

Chapter 2

THE IMPACT OF CANADA'S MAJOR AGRICULTURAL EXPORTS TO BRITAIN

The United Kingdom's entry into the EEC will effect Canada's agricultural exports in different ways. Trade in some products will be completely eliminated. Examples are: soya bean oil, linseed oil, linseed oil cake and meal, corn (canned) and potato products (frozen). Except for soya bean products, this will not significantly effect Canada's agricultural gross income. Soya bean products, unmanufactured tobacco, wheat (and wheat flour), barley and cheddar cheese will suffer the most significant declines in exports. The elimination or reduction of exports to Britain in these eight commodities will account for 90 per cent of reduction in Canadian agricultural exports among the 29 commodities listed in Table II. The biggest absolute impact will be the reduction in Canadian exports of tobacco. Trade with Britain in Tobacco (mostly unmanufactured) is anticipated to diminish by \$28.9 million from its 1972 level. Other large absolute declines in exports will be in soya bean products \$26.2 million, wheat and wheat flour \$22.8 million, barley \$17.9 million and cheddar cheese \$17.5 million. The total reduction of

Canadian exports of the 29 commodities studied in this report is expected to be \$115.5 million and the reduction in the above eight commodities will contribute \$103.3 million of this total.

Decrease in Canadian exports to Britain in the 29 agricultural commodities listed in Table II will reduce total agricultural exports to Britain by 40 per cent.

Table 2

CANADIAN EXPORTS TO BRITAIN AND TO THE WORLD IN
1971 FOR 29 COMMODITIES

(in '000 of dollars)

	(1) To the World	(2) To the U.K.	(2)/(1) in Percent	The probable impact of Britain's entry into the E.E.C.
1. Cheddar cheese	16,468	15,028	91.2	decrease of 50%
2. Edible offals	7,679	3,368	43.8	decrease of 10%
3. Tallow	18,733	4,006	21.4	nil
4. Meat casings	8,669	1,007	11.6	decrease of 40%
5. Feeds of animal origin	1,820	1,672	91.9	nil
6. Wheat	720,787	91,125	12.6	decrease of 25%
7. Barley	195,263	35,861	18.4	decrease of 50%
8. Wheat flour	50,425	3,805	7.5	no assessment possible
9. Pelleted screenings	9,372	4,920	52.5	no assessment possible
10. Milled cereals	3,283	1,139	34.7	no assessment possible
11. Rye	11,714	827	7.0	decrease of 50%
12. Soya bean oil, cake & meal	11,905	11,662	97.9	trade eliminated
13. Soya bean oil	14,491	14,487	100.0	trade eliminated
14. Flaxseed	63,849	6,218	9.7	nil
15. Linseed oil	2,421	2,404	99.3	decrease of 90%
16. Linseed oil, cake & meal	1,046	183	17.5	trade eliminated
17. Vegetables dried, n.e.s.	5,544	3,944	71.1	decrease of 60%
18. White pea beans, dried	4,220	4,066	96.3	decrease of 10%
19. Corn, canned	4,078	3,208	78.7	trade eliminated

...2

	(1) To the World	(2) To the U.K.	(2)/(1) in Percent	The probable impact of Britain's entry into the E.E.C.
20. Fresh apples	9,250	912	9.8	decrease of 50%
21. Onions & shallots (fresh)	1,543	744	48.2	decrease of 50%
22. Potato products, frozen	1,506	267	17.7	trade eliminated
23. Corn, frozen	723	612	84.6	decrease of 50%
24. Peas, whole, dried	2,093	523	24.9	decrease of 10%
25. Asparagus, canned	728	708	97.2	decrease of 70%
26. Tobacco unmanufactured	53,775	48,108	89.5	decrease of 60%
27. Tobacco, manufactured	2,758	814	29.5	decrease of 10%
28. Gross seeds	8,765	1,721	19.6	decrease of 25%
29. Honey	4,369	1,260	28.8	decrease of 25%

Source: Statistics Canada, Trade of Canada, 1971.

Chapter 3

THE IMPACT OF CHANGED ACCESS CONDITIONS ON PARTICULAR COMMODITIES

This chapter estimates the anticipated effects of Britain's entry into the E.E.C. It is clear that Canada's terms of access to Britain will worsen in relation to other suppliers. Many of Canada's exports will have to face a more restrictive trade in Britain, while duty-free or preferred access will be extended to other E.E.C. members and associated countries, thus creating so-called reverse preferences in their favour. In these circumstances, British importers will have an economic incentive to exhaust available Community sources before turning to outside suppliers.

1. Cheddar Cheese

The British import pattern of cheddar cheese will change somewhat following Britain's accession to the E.E.C. and the application of C.A.P. levies. Recent experiences in the British market indicate that consumers are willing to pay a substantial premium for Canadian cheese. Exports of cheese to Britain will likely be reduced by half due to E.E.C. enlargement. However, this reduction can be shifted to Canada's domestic market and

to the U.S. market. This can be done by eliminating Canadian imports of cheddar cheese.

2. Edible Offals - Fresh or Frozen

For these products, Canadian processors will be able to lower their prices to meet competition from other suppliers to the British market. Thus, only slight reductions are expected in the volume of Canada's sales of offals to Britain following enlargement of the E.E.C.

3. Tallow

Following Britain's entry into the Common Market, Canada will lose the 10 per cent margin of preference over non-Commonwealth, non-E.F.T.A. suppliers. It is expected that Canadian exporters will be willing to accept a slightly lower return on their sales of tallow to the U.K. The export trade in this product will be otherwise unaffected by Britain's entry into the E.E.C.

4. Meat Casings

The synthetic casings will be affected, but the bulk of Canadian exports of natural casings derived from hogs, will continue to enter Britain free of duty from all sources. Thus, little or no effect is expected.

5. Feeds of Animal Origin

The change in Canada's terms of access to the British market will be the loss of the 10 per cent preference over non-Commonwealth, non-E.F.T.A. suppliers. Because of the inconsistency of trade patterns for these products, it is unlikely that trade will be affected in these products.

6. Wheat

As a result of Britain joining the E.E.C., British production of wheat could increase by as much as 35 per cent. The protective features of the C.A.P. on cereals will give British importers an incentive to fill their wheat deficit from other E.E.C. member states, in particular, France. However, the special baking qualities of

Canadian hard wheat, will help to preserve sales. In the final analysis, Canadian wheat sales could be reduced by 25 per cent, following E.E.C. enlargement.

7. Barley

The present structure of C.A.P. prices will favour imports of corn and, to a lesser extent, denatured wheat rather than barley to fill British requirements. However, Canada's malting barley trade with Britain is well-established and has remained stable for the past fifteen years. The application of C.A.P. levies on Canadian malting barley is not expected to affect exports. Canada's barley sales to Britain following enlargement will be largely concentrated in the malting trade and will likely range between 60,000 and 100,000 tons as compared to an average in total barley exports to Britain of 200,000 tons over the past five years.

8. Wheat Flour

In this small market, Canada will face stiff competition from subsidized U.S. exports of hard wheat flour.

When the 10 per cent tariff preference over American suppliers is eliminated, the fall in Canadian exports could be as high as 90 per cent.

9. Pelleted Screenings

The effect on the volume of screening exports to Britain in the post-entry period is uncertain, and will depend on the levy imposed by the Community. Livestock producers in Britain will face steeply rising feed costs due to the application of C.A.P. variable import levies on grains such as barley, oats and maize. As a result, they may examine ways to reduce their overall feed costs as much as possible and thus, British livestock producers may not be adverse to using screenings provided the levy is significantly less than on the more popular cereals. No firm conclusion can be drawn as to the changed volume of pelleted screenings Canada might be able to export.

10. Cereals, Milled

In the past, Canada has faced British variable levies on this commodity, and will now have to face higher C.A.P.

levies. Milled cereals will lose their Commonwealth preference and will have to pay the full Community levy under the C.A.P. It has not been possible to assess the probable reduction in the volume of this Canadian export commodity.

11. Rye

Britain's entry into the E.E.C. will eliminate Canada's 10 per cent preference and create a reverse preference in favour of Community exporters of rye. West Germany in particular, will undoubtedly gain at Canadian expense. The future volume of Canadian exports to Britain will depend on the extent to which Britain can satisfy her requirements from other E.E.C. member states. Losses of 50 per cent or more of Canada's exports are likely.

12. Soya Bean Oil-Cake, and Meal

As a result of Britain's entry into the E.E.C., Canada will lose the 10 per cent margin of preference it had in Britain over non-Commonwealth suppliers. This preference has been essential to enable Canada's export trade to compete with the U.S. With Britain's accession, Canada's exports of soya meal will be eliminated.

13. Soya Bean Oil

Canada will lose its 15 per cent margin of preference and the free entry will be replaced by a 10 - 15 per cent C.E.T. As with soya cake and meal, Canadian exporters of soya bean oil will be unable to compete with U.S. suppliers and this trade will be completely eliminated. Canada currently imports soya bean from the United States. These imports will be sharply reduced as a result of lost export sales and will offset the effects of lost British sales on Canadian soya bean growers.

14. Flaxseed

Canadian flax sells at a relatively higher price in Britain than U.S. seed. This differential is based on more than the 10 per cent margin of preference, as Canadian flaxseed is of higher quality than that from the U.S. Canadian exporters could lower their price by increasing the allowable dockage and maintaining their flaxseed exports. The changed terms of access to the British market following enlargement should not affect the volume of Canadian flaxseed exports going to Britain.

15. Linseed Oil

Canada will not be able to match Argentine prices (heavily subsidized) in Britain following enlargement and, as a result, Canada can expect to lose most of the British market for linseed oils. However, a small market for high quality oil not available from Argentina will remain. Up to 90 per cent of the export sales will be lost.

16. Linseed Oil - Cake and Meal

Loss of the 10 per cent margin of preference for Canadian exports of linseed oil to Britain will lead to reduced markets for the meal residue for export by Canadian firms. It is anticipated that Canada will no longer ship linseed cake and meal to Britain following enlargement.

17. Vegetables - Dried

This is a "basket" grouping consisting mostly of potato products. The loss of Canada's 10 per cent margin

of preference and free entry of products will be replaced by the Community's 17 per cent C.E.T. on dried vegetables. It is expected that increased British production together with the deterioration in Canada's trading position relative to that of the U.S. will lead to substantial reduction (60 per cent) in Canada's sales to Britain of dried potato products.

18. White Pea Beans - Dried

It is anticipated that Canadian bean growers will be unwilling to lose the British market, after the elimination of our 4 per cent margin of preference, and will accept lower returns on their exports sales in order to meet U.S. prices. Losses in the volume of exports to Britain should be minimal.

19. Canned Corn

It is possible that Canada will lose the British market for canned corn when exporters have to compete on an equal footing (i.e., without their 5 per cent margin of preference) with U.S. suppliers.

20. Fresh Apples

The prospect for apple exports to Britain following entry into the Common Market is uncertain. Losses to France seem inevitable, but the reduction in Canadian sales may not be as great as was once feared. It is likely that exports will fall by as much as 50 per cent from present volumes.

21. Onions and Shallots - Fresh

Canadian onions and shallots have a reputation for quality in Britain and usually command slightly higher prices than supplies from Netherlands, Spain and Poland. It is anticipated that elimination of the Commonwealth preference and the creation of reverse preference in favour of Dutch and Spanish suppliers will cause substantial reductions in Canada's exports.

22. Potato Products - Frozen

The trend towards self-sufficiency in the production of frozen french fries in Britain will be accelerated when the Canadian product becomes subject to the 18 per cent C.E.T.

It is anticipated that Britain will soon be able to meet 100 per cent of her domestic requirements. Following the elimination of the British outlet, Canadian processors should experience no difficulty in diverting excess production to the growing U.S. and/or domestic markets.

23. Corn - Frozen

Following elimination of the current 5 per cent margin of preference, Canada will find it more difficult to compete with U.S. frozen corn exports to Britain. Canadian sales of this product to Britain are likely to be reached by more than 50 per cent following enlargement.

24. Peas - Whole, Dried

Canada's competition in this sub-market for dried peas in the U.S. In the past Canada enjoyed a 10 per cent margin of preference. Elimination of this margin should not significantly affect the volume of sales as one of Canada's major exporters of dried peas to Britain is a British subsidiary and sells directly to its parent firm.

25. Asparagus - Canned

After the elimination of the 10 per cent margin of preference and the application of the 22 per cent C.E.T., Canada's exports of canned asparagus to Britain will be severely reduced. It is not expected that Canadian exporters will be able to meet the vigorous price competition of Taiwan and the U.S.

26. Tobacco - Unmanufactured

Loss of preference and resulting increased competition from the U.S. in a slowly diminishing post-enlargement British market for flue-cured tobacco will result in declining Canadian exports to Britain from the present 40-50 million pounds to perhaps 15-20 million pounds.

27. Tobacco - Manufactured

Canadian exports of fine-cut tobacco to Britain are flue-cured Virginia leaf. This reflects the long-standing British choice for cigarettes made exclusively from this king of tobacco. It is unlikely that adverse changes in the terms of access to Britain will affect the trade significantly.

28. Grass Seeds

Loss of the 10 per cent margin of preference will worsen Canada's competitive position in the British market for grass seeds vis-a-vis the U.S. At worst, Canadian exporters could face a reduction in their sales of between one-quarter and one-third.

29. Honey

Application of the 27 per cent C.E.T. will make Canadian honey an expensive product in Britain, and considerable consumer substitution in favour of other spreads such as jams and marmalades is likely. It is estimated that the decline in British demand will bring about a 25 per cent reduction in Canada's exports of honey.

Chapter 4

THE IMPACT ON CANADA'S MAJOR AGRICULTURAL IMPORTS FROM BRITAIN

Canada's agricultural products imports from Britain were valued at \$48 million in 1971¹, which accounted for 4 per cent of Canada's total agricultural imports in 1971 (Table 3). The major items were confectionery and sugar preparations worth \$8.8 million which are included in "Other Agricultural Products" in Table 4. Raw wool was Canada's second most important agricultural import valued at \$8.2 million. This is included in "Other Animal Products" in Table 4. Grain products imports for human consumption (mostly bakery products) were worth \$5.1 million. Vegetables and oil seeds products imports were valued at \$2.2 million and \$1.7 million respectively.

Canadian imports of oil seed products, animal feeds, meats, dairy products, poultry, eggs, potatoes, seeds for sowing and grain products (bakery products) could be affected by Britain's entry into the E.E.C. The impact is expected to be small compared to Canada's agricultural export losses. Many imports of agricultural products, especially bakery products, are not expected to disappear.

¹ Table 3 shows the total Canadian agricultural imports from principal countries.

At most, a drop of \$3 or \$4 million is expected in agricultural imports from Britain due to the E.E.C.'s enlargement.

Table 3

CANADIAN IMPORTS OF AGRICULTURAL PRODUCTS FROM
PRINCIPAL COUNTRIES
1960 to 1971

	USA	Austra- lia	UK	NZ	EEC	Mexico	Other Coun- tries	Total
	(millions of dollars)							
1960	427	33	34	10	17	16	210	747
1961	467	33	50	10	24	12	217	813
1962	480	41	50	12	23	17	234	857
1963	514	52	55	14	24	17	329	1,005
1964	550	52	56	14	24	17	334	1,047
1965	552	40	56	15	26	22	300	1,011
1966	566	47	55	15	38	26	289	1,036
1967	590	49	49	15	40	21	320	1,084
1968	571	52	52	18	38	40	324	1,095
1969	648	69	53	40	40	51	345	1,246
1970	669	89	46	43	43	34	359	1,283
1971	705	74	48	39	49	30	354	1,299

Source: Canada Department of Agriculture, Canada's Trade in Agricultural Products: 1970 and 1971, Economics Branch Publication, 72/5, p. 5.

Table 4

IMPORTS OF AGRICULTURAL PRODUCTS FROM ALL
COUNTRIES AND FROM BRITAIN BY MAJOR
GROUPINGS IN 1971

('000 dollars)

	Imports of Agri- cultural products from		
	the World (1)	the U.K. (2)	(2)/(1) %
Grains	27,409	15	-
Grain products (human)	22,129	5,429	24.5
Animal feeds	10,938	191	1.7
Oil seeds	67,033	3	-
Oil seed products	72,099	1,731	2.4
Animals living	33,660	224	0.7
Meats	99,607	825	0.8
Other animal products (wool, raw, etc.)	77,537	13,942	18.0
Dairy products	24,888	451	1.8
Poultry and eggs	10,941	220	2.0
Fruits and nuts	287,443	1,665	0.6
Vegetables (excl. potatoes)	129,290	2,229	1.7
Potatoes and products	7,765	46	0.6
Seeds for sowing	10,575	198	1.9
Sugar	99,214	43	-
Tobacco, raw	4,368	2	-
Vegetable fibres	54,854	104	0.2
Plantation crops	166,393	8,351	5.0
Other agricultural products	92,872	12,674	13.6
Total	1,229,015	48,343	3.9

Source: Canada Department of Agriculture, Canada's Trade in Agricultural Products: 1970 and 1971, op. cit., p. 7 and 0.9.

Table 5

DECREASE IN PROVINCIAL EXPORTS*
TO BRITAIN

(in \$'000s)

Reference No.	Commodity	P.E.I.	N.S.	N.B.	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Total
1	Cheddar cheese	82.7	52.6	15.0	3,877.2	3,035.6	225.4	-	142.8	82.7	7,514.0
2 & 4	Edible offals & meat casings	11.1	8.9	5.2	136.8	230.8	84.3	101.3	156.8	4.4	739.6
6 & 8	Wheat & wheat flour					751.8	2,460.4	14,807.8	4,579.0	182.3	22,781.3
7	Barley					376.5	2,815.1	7,046.7	7,190.1	502.1	17,930.5
11	Rye					6.2	81.5	227.0	98.8		413.5
12 & 13	Soya bean oil, cake & Meal					26,149.0					
15 & 16	Linseed oil, cake & meal				11.7	2.3	603.1	1,217.9	509.3	2.3	2,346.6
17 & 22	Vegetables (dried) and potato products (frozen)	339.7	31.6	450.3	410.8	674.2	202.8	7.9	321.3	194.8	2,633.4
18 & 24	Peas, dried				23.4	40.8	52.8	28.0	266.2	47.7	458.9
20	Apples, fresh		40.6	6.4	120.8	157.8				130.4	456.0
21	Onions & shallots				196.8	89.3	34.2		3.7	48.0	372.0
19 & 23	Corn, canned & frozen ¹	7.0	42.2	28.1	825.8	2,305.2	28.1			277.6	3,514.0
25	Asparagus, canned				45.6	371.7	13.4			64.9	495.6
26 & 27	Tobacco				1,736.8	27,209.4					28,946.2
28	Grass seeds				5.6	66.3	49.1	48.6	195.8	64.9	430.3
29	Honey	0.3	1.9	2.2	25.2	50.4	41.3	44.7	120.6	28.4	315.0
	Total	440.8	177.8	507.2	7,416.3	61,517.3	6,691.5	13,529.9	13,584.4	1,630.5	115,495.9
	Total decrease of gross agricultural income	43,518.0	68,736.0	58,157.0	768,886.0	1,563,925.0	459,267.0	1,111,194.0	909,069.0	271,506.0	5,254,258.0
	Decrease of gross agricultural income (%)	1.0	0.3	0.9	1.0	3.9	1.5	2.1	1.5	0.6	2.2
	Decrease of employment (%)	1.4	-	1.7	1.0	4.0	1.5	2.1	1.5	0.8	2.1
	Number ('000)	0.1	-	0.1	1.0	5.3	0.7				
								1.9	1.4	0.2	10.7

* Estimates

¹ Corn, canned: excluding the Prairies

Chapter 5

THE IMPACT ON CANADIAN PROVINCIAL AGRICULTURAL INCOME AND EMPLOYMENT¹

a) Prince Edward Island

Prince Edward Island's agriculture will be little affected by the E.E.C.'s enlargement. It's agricultural exports to Britain will not decrease by more than half a million dollars annually until the full application of the C.A.P. The commodity that will suffer the most is potatoes². An annual decrease of \$340,000 in these exports is expected. The other products which will suffer a decrease are cheddar cheese, edible offals, meat casings, corn and honey.

These reductions imply a small decrease in the total agricultural gross income and a loss of about one hundred in employment. This represents a decrease of 1.0 per cent in the total agricultural gross income and 1.4 per cent in agricultural employment in Prince Edward Island.

¹ Excluding Newfoundland. The methods of estimating provincial changes in exports and employment are explained in annex.

² Dried vegetables (n.e.s.) consist almost entirely of potato products.

b) Nova Scotia

The impact of Britain's entry into the E.E.C. will be insignificant for the agriculture of Nova Scotia. It is expected that Nova Scotia will have a small decrease in its agricultural gross income due to the E.E.C.'s enlargement. Its annual agricultural gross income will drop by \$177,800 and there will be slight employment changes. Cheddar cheese, corn, apples and vegetables (including potato products) are the main exports affected.

c) New Brunswick

New Brunswick will be the most seriously affected of the Maritime provinces. A decrease of \$507,000 in annual agricultural gross income is anticipated. However, this decline only represents a decrease of 0.9 per cent of the total. This small amount, however, will lead to a reduction of 1.7 per cent in total agricultural employment, or a reduction of one hundred employees. The greatest loss of gross income will be experienced in potato production.

d) Quebec

The Province of Quebec is expected to lose a substantial amount of its agricultural exports to Britain. It is anticipated that the Province will lose \$7.4 million of agricultural sales annually. This amount represents only 1 per cent of Quebec's agricultural gross income, and will result in the loss of about one thousand jobs. The biggest loss for Quebec's agricultural producers will be in cheddar cheese, raw tobacco, corn and vegetables.

e) Ontario

Ontario will suffer the greatest loss among Canadian provinces from Britain's entry into the E.E.C. It will lose an estimated \$61.5 million in annual agricultural gross income. This reduction will account for 53 per cent of the total decrease in Canadian exports. The agricultural gross income of Ontario is expected to drop by 3.9 per cent.

The products mostly affected are tobacco and soya bean. The expected drop in the exports of these two products constitute 87 per cent of Ontario's loss. The processing industries for cheddar cheese and corn will also lose \$2.3 million in their sales.

Employment in agriculture is expected to fall by 4 per cent in Ontario compared to total agricultural employment in 1971. This means that about 5,300 people will lose their jobs.

f) Manitoba

A reduction in exports of wheat (including wheat flour), barley and linseed oil will lead to an annual diminution of \$6.7 million in Manitoba's agricultural gross income. This loss in gross income will reduce employment by about 1,500.

g) Saskatchewan

Saskatchewan will lose \$23.5 million in its agricultural exports. Most of this will be from reduced Canadian wheat exports. In fact, 65 per cent of the \$22.8 million lost in Canadian wheat exports will be borne by Saskatchewan. This Province will lose exports of barley of \$7.0 million and exports of linseed oil products of \$1.2 million. The above and other reductions in exports of rye, potato products, dry peas, grass seeds and honey indicate a decline of about 2,000 in employment.

h) Alberta -

The decrease of Canadian exports of wheat and barley will cause a reduction of \$7.2 million in barley and \$4.6 million in wheat for the Province of Alberta. The total reduction in Alberta's agricultural exports will be \$13.6 million or 1.5 per cent of total annual agricultural gross income. Employment is expected to fall by about 1,400.

i) British Columbia

This Province will be little affected by British entry into the E.E.C. The total reduction in agricultural exports is anticipated to be only \$1.6 million annually, representing a reduction in agricultural gross income of 0.6 per cent.

ANNEX

1. Estimates of Provincial Exports to Britain

To determine the impact of the E.E.C. enlargement on the Provincial Gross Agricultural Income, the predicted amounts of decrease of Canada's exports to Britain for each product were divided by the provincial percentage of farm cash receipts or values of farm production for the same export product. The total decrease in Provincial Gross Agricultural Income is the sum of the decrease for each export product. Table A-1 shows the percentages of agricultural production per province.

2. Estimates of Provincial Decreases in Employment due to the Enlargement

The decrease in employment for each province resulting from the E.E.C.'s enlargement was calculated by using the Total Agricultural Gross Income and the Total Agricultural Employment, to obtain provincial productivity estimates. The provincial decrease in Agricultural Gross Income was divided by productivity, to obtain the decrease of employment as shown in Table A-2.

Table A-1

PERCENTAGE OF PRODUCTION BY PROVINCE
1971

Commodity	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total*
Cheddar cheese	1.1	0.7	0.2	51.6	40.4	3.0		1.9	1.1	100
Edible offals & meat casings	1.5	1.2	0.7	18.5	31.2	11.4	13.7	21.2	0.6	100
Wheat & wheat flour					3.3	10.8	65.0	20.1	0.8	100
Barley					2.1	15.7	39.3	40.1	2.8	100
Pelleted screenings & cereals milled					2.6	12.9	57.6	25.8	1.1	100
Rye					1.5	19.7	54.9	23.9		100
Soya bean oil, cake & meal					100.0					100
Linseed oil, cake & meal				0.5	0.1	25.7	51.9	21.7	0.1	100
Vegetables (dried) & potato products (frozen)	12.9	1.2	17.1	15.6	25.6	7.7	0.3	12.2	7.4	100
Peas, dry				5.1	8.9	11.5	6.1	58.0	10.4	100
Apples		8.9	1.4	26.5	34.6				28.6	100
Onions, & shallots				52.9	24.0	9.2		1.0	12.9	100
Corn, canned & frozen	0.2	1.2	0.8	23.5	65.6	0.8			7.9	100
Asparagus canned				9.2	75.0	2.7			13.1	100
Tobacco				6.0	94.0					100
Grass seeds				1.3	15.4	11.4	11.3	45.5	15.1	100
Honey	0.1	0.6	0.7	8.0	16.0	13.1	14.2	38.3	9.0	100

Table A-2

DECREASE IN PROVINCIAL AGRICULTURAL EMPLOYMENT
DUE TO THE E.E.C.'S ENLARGEMENT

	Employment 1971	Gross Agricultural Income 1971	Decrease in Gross Agri- cultural in- come	Output per Employee	Decrease in Employment	
	('000)	(\$'000)	(\$'000)	(\$)	('000)	(%)
Nova Scotia	8.0	68,736	177.8	8,592.0	-	-
New Brunswick	6.0	58,157	507.2	9,692.8	0.1	1.7
Prince Edward Island	7.0	43,518	440.8	6,216.9	0.1	1.4
Quebec	98.0	768,886	7,416.5	7,845.8	1.0	1.0
Ontario	134.0	1,563,925	61,517.3	11,671.1	5.3	4.0
Manitoba	47.0	459,267	6,691.5	9,771.6	0.7	1.5
Saskatchewan	91.0	1,111,194	23,529.9	12,210.9	1.9	2.1
Alberta	93.0	909,069	13,584.4	9,774.9	1.4	1.5
British Columbia	25.0	271,506	1,630.5	10,860.2	0.2	0.8
Canada					10.6	2.1

BIBLIOGRAPHY

Agriculture Canada

Canada's Trade in Agricultural Products:
1970 and 1971, Economics Branch Publication,
72/5, C.D.A.

Department of Industry, Trade and Commerce

British Accession to the E.E.C., The Probable
Impact of Changed Access Conditions on Canada's
Exports to Britain, Ottawa, March 1972.

Elliot, Geoffroy

"British Entry into the Common Market",
Foreign Trade, September 1971.

Elliot, Geoffroy

"The Impact of E.E.C. Enlargement on Canadian
Agricultural Trade", Proceeding 1971 Canadian
Agricultural Outlook Conference, Nov. 22-23,
1971, Canada.

Gherson, A.R.A.

"Charts Its Future Course," Foreign Trade,
September 1971.

Gifford, M.N.

"The United Kingdom Market for Canada's Agri-
cultural Exports", C.F.E., Vol. 2, No. 5,
December 1967.

Marsh, John

"British entry to the European Community
implication for British and North American
Agriculture", British-North American Committee,
London, March 1971.

Trapman, Christopher

"The E.E.C.'s Common Agricultural Policy and Imports from Third Countries", O.D.I., April 1971.

Villeneuve, Normand

"Association and Preferential Agreements in the E.E.C.", Canada Commerce, December 1971.

Wightman, V.F.

"Agricultural Policy Pledges Consideration for Outside Suppliers", Canada Commerce, October 1972.

