FTA’s and Global Meat, Poultry and Dairy Trade

A Canadian Perspective

Ted Bilyea

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Importance of Trade to Canada

In 2011, Canada exported
• $1.32 billion of beef and $2.86 billion of pork

The United States Exported
• $5.42 billion of beef and $6.11 billion of pork
Importance of the US market

- 85% of Canada’s beef/cattle trade is with the US – worth $1.8 billion.

- Essentially, Canada is "backfilling" US supply.
Canada’s beef trade balance with the US ($value)

$1.4 billion (2002).

vs.

$42 million (2011).

Are we at risk of becoming a net importer of beef?
The value differential in Canada/US beef trade

- Cdn beef exports to US averaged $3.74/kg.
- US beef exports to Canada averaged $6.55/kg.
US export growth

Since 2005:
• US exports: up 280%.
  vs
• Cdn exports: up 45%.

Since 2002:
• US exports: up 51%.
  vs
• Cdn exports: down 3.5%.

(Note: excluding exports to Canada and to the US, respectively.)
Export intensity Canadian meat industry is falling

NAICS 311610 - Animal Slaughtering and Processing
NAICS 311611 - Animal (except Poultry) Slaughtering
NAICS 311614 - Rendering and Meat Processing from Carcasses
Current and Past Challenges

- WTO Doha round
- US / South Korea FTA and Market Access Concessions for U30M Beef.
- US and EU Grain Fed Duty Free Quota
Canada’s Trade Agreements

- Canada European Comprehensive Trade Agreement (CETA).
- Canada Japan Economic Partnership Agreement
- Trans Pacific Partnership
Trans Pacific Partnership

- Canada has the same interest as the United States
- Aggressive trade agenda
- Impact of the Comprehensive Regional Economic Partnership (CREP)
Summary

• Growth in demand is going to come from international markets – not North America.
• FTA’s and WTO reduce tariff rates and create rules.
• FTA’s influence trade patterns and trading partners.
### Beef Market Priorities

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<thead>
<tr>
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<th>Japan</th>
<th>EU-27</th>
<th>South Korea</th>
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</thead>
<tbody>
<tr>
<td>Beef Imports (2011)</td>
<td>745,000 tonnes (#3 globally)</td>
<td>431,000 tonnes (#4 globally)</td>
<td>366,000 tonnes (#5 globally)</td>
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<tr>
<td>Total Beef Consumption</td>
<td>1.24 million tonnes</td>
<td>677,000 tonnes</td>
<td>7.95 million tonnes</td>
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<tr>
<td>Top Suppliers</td>
<td>#1 Australia, #2 United States, #3 New Zealand</td>
<td>#1 Australia, #2 United States, #3 New Zealand</td>
<td>#1 Brazil, #2 Argentina, #3 Uruguay</td>
</tr>
<tr>
<td>Tariff Rate</td>
<td>38.5%</td>
<td>20% Hilton Quota</td>
<td>40%</td>
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## Pork Market Priorities

<table>
<thead>
<tr>
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<th>Japan</th>
<th>South Korea</th>
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<tbody>
<tr>
<td>Pork Imports</td>
<td>1.2 million tonnes (#1 globally)</td>
<td>382,000 tonnes (#4 globally)</td>
</tr>
<tr>
<td>Total Pork</td>
<td>2.5 million tonnes</td>
<td>1.5 million tonnes</td>
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<tr>
<td>Consumption</td>
<td></td>
<td></td>
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<tr>
<td>Top Suppliers</td>
<td>#1 United States; #2 Canada; #3 EU</td>
<td>#1 EU; #2 United States; #3 Chile</td>
</tr>
<tr>
<td>Tariff Rate</td>
<td>Minimum of $4.28/kg on half carcasses to $6.25/kg on pork cuts</td>
<td>22.5% on fresh/chilled; 25% on frozen</td>
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