



Farming as Collateral Damage in the Age of Trade Wars

By Don Ciparis, NFU-O President

Current trade tensions between China and the United States continue unabated while the trading world watches anxiously. The U.S. will pay its farmers \$16 billion for the hurt of the trade war with China this year. This adds to the \$12 billion that they received last year for lower farm prices and lost sales.

The U.S. producer is clearly cushioned from trade disruptions due to these new tariff regimes while Canadian producers watch with no such comparable support forthcoming from their federal government. Even worse, Chinese buyers are nervous about buying Canadian because the ongoing tariffs could cause U.S. soybeans, for example, to be diverted to Ontario, harming domestic soybean production in the province and denying Canada the opportunity to service a long-time market. While a weak Canadian dollar has softened the impact to Ontario crop producers, the situation clearly indicates that Canadian farmers are collateral damage in this new age of trade wars.

To add more complexity to an already complex situation, the future of the World Trade Organization (WTO) is unclear as this trade war heats up. The U.S. president has threatened withdrawal from the WTO because of the U.S. perception of being unfairly penalized by the world body while the Chinese escape similar treatment. The WTO neglects to respond to the escalating drama, amplifying even more uncertainty in the world's trading system.

The National Farmers Union - Ontario (NFU-O) acknowledges and appreciates the efforts that the federal government has demonstrated in

leading a movement to revive and reform the WTO during the Organization for Economic Co-operation and Development (OECD) meetings in Paris this year. The Canadian Agri-Food Trade Alliance considers the WTO "the best forum for creating a trading system that's fair to all" and "the only forum to effectively address agricultural domestic subsidies." Canadian livestock producers do not need to be reminded that it was the WTO that ended the U.S. Country of Origin Labeling (COOL) non-tariff trade barrier, even though the financial hurt experienced by producers was never addressed, while Canadian sheep and goat producers continue to be denied the degree of U.S. market access that was theirs before the imposition of COOL. Regardless, recognizing the inadequacies of the world body is the first step in its rehabilitation.

The Chinese decision to escalate trade tensions with its announcement on August 7, 2019 to allow its currency to drop sharply to its lowest level in more than a decade did not alleviate matters. Nor did it help when they announced that they would halt purchases of all U.S. agricultural goods. Of course, the U.S. administration retaliated late that day by labeling China as a currency manipulator. The world's traders watched in awe.

The defenselessness of the Canadian producer trading in the world stage can be illustrated by the OECD's farm subsidy comparison studies of its member countries. Canadian farm subsidies are below average among

nations in the OECD and considerably lower than 20 and 30 years ago. Canada's Producer Subsidy Equivalent is nine per cent now, compared to 18 per cent 20 years and 36 per cent 30 years ago. Clearly, there is a problem, and Canadian producers are expected to fend for themselves in dealing with the situation.

But Ontario and Canadian agricultural producers cannot continue to exist in this deteriorating trade environment created by the Chinese and the U.S. governments.

The Government of Canada must demonstrate its commitment to its farmers in the same way that it demonstrated its support to Canadian steel/aluminum producers for U.S. tariff harassment on June 28, 2019 with aid of \$800 million Canadian or the \$867 million Canadian offered to Canadian softwood lumber producers in 2017 after Washington imposed tariffs on that commodity. The injury to our canola, soybean, beef and pork producers from tariff escalations in 2018 and this year are well known. Pork processors alone are incurring losses on a weekly basis of up to \$15-\$30 Canadian per hog in lost revenues.

The NFU-O calls upon its associates at the Christian Farmers Federation of Ontario (CFFO) and the Ontario Federation of Agriculture (OFA) to join us in requesting that these trade distortions affecting Ontario producers be met with a tangible, strategic plan from the federal government that ensures the solvency of Ontario producers. The NFU-O is ready to begin problem-solving discussions.

Producers cannot wait any longer.

Coming Events

Local 330 Renfrew– Next meeting is Monday, Sept 2, 7:30 p.m. at the Barr Line Community Centre. For more information, contact Connie Tabbert at rcnfu330@gmail.com or 613-646-7753.

Farmland Succession and Conservation Workshop Survey

The NFU-O and the Ontario Farmland Trust have partnered for a project on farmland succession and conservation, with support from the Gosling Foundation and the McLean Foundation.

This project will include workshops in Ontario to share information on succession, land access, and farmland conservation. We'll also bring young and new farmers who seek land together with farmers and other rural landowners who are looking for successors or farmland renters.

Please fill out the survey at <https://www.surveymonkey.com/r/JD6ZJP3> or phone 1-888-832-9638 to help us shape the priorities of this workshop and decide where in Ontario the workshops should take place.

A subscription to The Rural Voice is one of the benefits of being an NFU-O member