

Media Release

Animal Industry Corn Users Frustrated with New Grain Corn Tariffs

For Immediate Release

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Ottawa -- Representatives of Canadian hog and beef cattle producers and their nutrition suppliers are concerned and disappointed about today's announcement from the Canada Border Services Agency (CBSA) to impose provisional duties on imports of grain corn from the U.S.

"The duties imposed today amount to \$1.90 CDN (\$ 1.65 US) per bushel or about 75% of the price at Chatham, Ontario last week. This will add a cost of up to \$100 CDN per head of cattle in corn-feeding regions such as Ontario," explains Ian McKillop of the Canadian Cattlemen's Association (CCA).

Clare Schlegel, President of the Canadian Pork Council (CPC), comments, "The duty will add up to \$20 CDN to the cost of feeding each hog. Livestock and meat exports by hog and beef producers total about \$8 billion a year. We are working with Ministers Mitchell and Peterson to improve our access to important markets like Japan, Korea and the EU and we have been urging the government to deal with U.S. grain subsidies through the multilateral World Trade Organization process.

"There is little point in using our Canadian trade laws to deal with U.S. subsidies; Canada is simply too small a market for U.S. corn to force a policy change," continues Mr. Schlegel.

"With this new duty on corn imports, we will be less competitive because our feed costs will be higher than in the U.S. American producers will be able to outbid us for weanling pigs and feeder cattle." Increased livestock exports to the U.S. may draw attention that could result in further trade challenges.

The BSE crisis has encouraged the beef industry to expand processing capacity in Canada. The threat of U.S. duties on live hogs last year has similarly encouraged more pork processing in Canada. The new duty announced today on U.S. corn imports will discourage the feeding and processing of animals in Canada, thus undermining the livestock industry's recovery efforts.

The association representatives also explained that they had been working with the corn producers to explore alternatives to import duties that would address their grievances, including improved safety net programs. They noted, however, that recently announced new government money failed to turn off the complaint.

Together with the Animal Nutrition Association of Canada, CCA and CPC have formed a coalition known as Animal Industry Corn Users. Its objective is to defend their industries' mutual interests before the CBSA and the Canadian International

Trade Tribunal (CITT). “The CITT will issue a final injury decision in mid-April,” Mr. Schlegel notes, stating, “We are confident we can demonstrate there is no causal connection between grain corn imports and U.S. subsidies on the one hand, and the injury claimed by the corn growers on the other.”

The Canadian industries are exploring with government the use of drawback and remission programs to safeguard their domestic and export interests.

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