

## **Canada talks boldly about free trade but does nothing to achieve it**

Dairy, poultry and egg farmers have seen how helpful protectionism can be for them.

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Pascal Lamy, the head of the World Trade Organization, was in Canada last week and displayed why he is one of the world's top diplomats.

Asked at a gala dinner in Toronto about Canada's supply-managed agricultural sector, he said some countries want free trade in agriculture, while other want protection. Canada has a foot in both camps. As such, he observed, Canada might be helpful in finding solutions.

They give gold medals at diplomacy schools for such adroitness. That he spoke in French meant most of his Toronto audience missed the verbal performance, but it was a beauty. Except, of course, that it was wrong.

Canada isn't looking to lead in the stalled world trade talks, just as it isn't trying to lead in next month's Copenhagen climate-change negotiations. In both cases, Canada is among the laggard countries, holding back change, hoping, actually, for very little progress in order not to upset domestic interests.

One of the best things that could happen to the sluggish world economy would be a world trade deal. It would not only spur trade but would improve productivity in the developed world, and give the developing countries a better shake in product areas where they might have a competitive advantage.

The major stumbling block remains agricultural subsidies, not just in the developed world but in countries such as India, which, with China, helped to torpedo agreement in the last negotiating push.

Farm subsidies are massive, both in absolute terms and in relation to the small number of farmers in the big developed countries. In Canada, there are farmers – such as those who raise cattle and grow grain – who compete internationally and win. They want subsidies reduced, especially in Europe.

“... the Canadian position is being mocked by experts at home and abroad”

But then there are the supply-managed farmers who hold in thrall Canadian politicians of every stripe. How much in thrall? Before the last WTO sessions, the House of Commons voted *unanimously* to instruct negotiators not to yield an inch so as to maintain the stratospheric tariff rates that protect dairy products, poultry and eggs.

It's a racket that hurts Canadian consumers, especially low-income ones for whom food

takes up a large share of total family income, and processors. But the merest hint of a lessening of the tariffs brings the supply-management lobby swarming over Ottawa, and to the international negotiating sessions, holding Canadian negotiators' feet to the fire.

As a result, Canada huddles in a corner with the agricultural protectionists such as South Korea, Japan, France and a few others, determined to scuttle progress. It's the same defensive posture that hurts Canada's efforts to negotiate bilateral free-trade deals that would generally be so helpful to a country with a small internal market that is so dependent on foreign trade.

Supply management arose in the 1970s as a direct response to the separatist threat in Quebec, where farmers are hugely consequential and exceedingly powerful. The Trudeau Liberals essentially tried to buy them off with supply management. Dairy, poultry and egg farmers elsewhere immediately saw how helpful protectionism could be for them.

The Harper Conservatives, nominally free marketeers, ought to abhor supply management, except they have lots of rural Quebec and Ontario MPs. And remember that the government's principal political preoccupation was to tickle Quebec's tummy, at least until Quebeckers kicked them in the privates in the last election.

The Conservatives might hope to win in Quebec some day, but they always win in Alberta and Saskatchewan. These provinces form the party's core support. They are also major fossil fuel producers, with per capita greenhouse-gas emissions far above the national average.

With Stephen Harper and Environment Minister Jim Prentice both tied to Alberta, the government will do just about anything to protect the tar sands from being adversely affected by Copenhagen agreements or any bilateral deal with the United States.

Entering Copenhagen, the Canadian position is being mocked by experts at home and abroad, because no one outside the government's propaganda machine believes current policies will allow Canada to reduce emissions by 20 per cent by 2020.

As a result, Canada's Copenhagen performance will be modelled on the one used at international trade negotiations: Talk boldly about wanting progress, while doing almost nothing to achieve it.