



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

Transcript
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GEORGE BENTLEY: My name is George Bentley. I'm Manager of Media Relations for Agriculture and Agri-Food Canada. Today we're here to wrap up the 36th Cairns Group Ministerial meeting. We have with us today the two co-chairs of the meeting, Canadian Agriculture Minister Gerry Ritz on my right, and to his left, Australian Minister for Trade Dr Craig Emerson.

Each Minister will start with brief remarks and then we'll proceed with a question and answer session. We ask that you identify yourself and your affiliation prior to asking your question. We also do have a hand-held microphone. We ask you to use it so that the people on the tele-conference can hear and also our interpretation folk.

Minister Ritz, Minister Emerson, I turn the floor over to you.

GERRY RITZ: Thank you, George. Good morning, everyone, and thank you for joining us today, whether you're here or on the phone.

Canada was very proud to host the 36th Cairns Group Ministerial Meeting here, which is actually the 25th Anniversary as well, Craig?

CRAIG EMERSON: Yes.

RITZ: Here in our home province of Saskatchewan. I'd like to thank Australia's Trade Minister, Dr Craig Emerson, who is the Chair of the Cairns Group. It's been great working with you, Craig. I think you would agree we've presided over some tremendous discussions here in Saskatoon over the past couple of days.

Cairns' members are dedicated to promoting an open rules-based international trading system. While we might not always agree on everything, we know that by working together towards common goals, our voice will be well heard. This year's meeting was timely, and we had a full agenda. We discussed the status of the WTO agricultural negotiations and our overall objectives. Canada remains committed to the multilateral process of the World Trade Organization.

While everyone agrees that the current status of the negotiations is disappointing, we must remain diligent and realistic in achieving agricultural trade reform. We made progress in preparing for the upcoming Ministerial Meeting this December. Canada supports the forward-looking plan that will lead to an ambitious and balanced outcome of the Doha Round. To do this we must move beyond a business-as-usual approach.

While safeguarding the good work that has been done, Cairns Group members discussed how we may move forward. A

forward-looking plan should take into account the economic changes in the world since the launch of the Doha Round a decade ago. But we must never stand still when it comes to trade policy.

Canada, like many countries, has an ambitious agenda on other free trade agreements to create new export opportunities for our producers and processors. Working with industry, we have had tremendous success, and all the while, we have steadfastly supported what works here in Canada, namely our supply-managed sector.

In addition to our discussion on Doha, I was also pleased that for the first time the Cairns Group broadened our focus to include other trade issues for agriculture. Canada led a robust discussion about science and innovation and the positive role it can play for our farmers, our environment and our global food security objectives.

We've all seen the statistics. We must double food production over the next 40 years to meet the increasing demand, with a significant decrease in global arable land base. If our farmers and processors are to meet this challenge they need to produce more foodstuffs, supply consumers with higher nutritional content, use less inputs, and of course make a smaller environmental footprint. Needless to say, the planet's food producers have a challenge before them.

With the support of governments and industry, we know that with our research, innovation and information-sharing, our farmers can step up to the plate with confidence. Unfortunately, agricultural

innovations that have the potential to alleviate some of these pressures on our farmers, our environment and the global food supply are being met with resistance in today's trade environment. Our key market access problems and challenges in recent years are linked to the application of non-science-based trade rules.

In May 2003, after the discovery of BSE in Canada, most markets closed their borders to shipments of Canadian cattle and beef products. This was one of the worst experiences that the Canadian agricultural sector has ever seen. But the key through it all was the strength and acceptance of science-based rules. For the market access risks we felt a short time ago posed by the low-level presence, or LLP, of a genetically modified product, which is approved in the country of origin, but not yet approved in a specific export market.

If we are to promote innovation we need a trading system which is solidly anchored with a science-based approach to these trade rules. A growing number of countries believe rules based on sound science can and will help open, improve predictability and transparency in our agricultural trading system. We're happy that the members of the Cairns Group recognise the importance of science-based trade approaches to market access. The Cairns Group has always been and continues to be a leading voice in promoting agricultural trade reform, and this discussion was certainly complementary to those efforts.

In the coming months, we'll be working with the Cairns Group on recommendations to address trade-distorting measures that can affect food security to present at

December's WTO Ministerial Meeting. Canada will be hosting an international meeting on the subject of science early next year to foster a collaborative international approach. Canada's also very pleased to accept the Cairns Group support for our domestic decision to open our wheat, durum and barley markets.

I had the great opportunity to sit down with Craig and discuss the opportunities and economic benefits for farmers when they are not controlled by a single desk looking at the Australian model. Once again, I heard that Australia's grain industry is thriving in a free and open market.

In the year following their deregulation, the number of export markets has more than doubled. They now have more than two dozen organisations accredited for wheat exports and many new jobs have been created. Most notably, wheat production reached record levels of 26 million tonnes last year, far and away above the previous 10-year average of 20 million tonnes.

Our Government remains focused on our economy in which agriculture plays a vital role. Like Australia, an open market in Canada will drive innovation, encourage investment, create value-added jobs, and give Western Canadian grain farmers the marketing choice they want and deserve.

In conclusion, agriculture has proven time and again its positive contribution to global economic recovery. And it will continue to do so, especially as we succeed in breaking down trade barriers. There was a lot to discuss, plus our guests enjoyed the beauty of Western Canada; not to mention some good old-fashioned Saskatchewan

hospitality. There's no question advocating for trade based on rules and sound science will ensure a stronger economy here at home and around the world.

Thank you.

Craig?

EMERSON:

Well, thank you, Gerry. And I do want to begin my remarks with some thanks. And that is on behalf of the Cairns Group to thank Canada, and Gerry in particular, for hosting what has been a very successful meeting. And I would measure that by the level of participation in the meeting, the enthusiasm. The interaction during the meeting was very, very encouraging indeed. So thank you for organising a great meeting.

I also want to thank the farm groups who were with us and having their own deliberations about these issues and feeding the outcomes of those deliberations directly in to our discussions. And it is a pleasure to report to you that we are singing from the same song sheet. And it helps us assess constantly our relevance to the aspirations of the farming community when we're in a situation where they provide input. And it's the sort of policy work that flows from that that gives us our best possible chance of achieving our goals in global trade liberalisation.

The key topics for discussion were obviously the future of the Doha Round, a discussion about food security, a discussion about science-based trade, and also about Russia's accession to the World Trade Organization. I'd like briefly to touch on a number of those.

It was so far the frankest discussion in which I participated on the future of the Doha Round. We have had over the years many exhortations to try harder, to do better, to bring the Round to a successful conclusion in 2011, if possible. But that has proved to be impossible. And that is a source of great disappointment to the Cairns Group because our farmers work hard and do their very best but are thwarted on international markets in terms of access and, even where there is access, paying penalties in terms of high trade barriers over which they must climb in order to get into those markets.

The Doha Round has been going for 10 years, and that means that it's easily the longest-running round of negotiations since the establishment of the General Agreement on Tariffs and Trade in 1947. That itself is cause for concern.

Of greater concern, however, is the possibility of the Doha Round failing. No other Round has ever failed. And so we see it as a big responsibility on the shoulders of the Cairns Group, which have proved to be an effective voice in global trade discussions, to ensure that the Doha Round does not fail.

And so we had a very creative discussion about ways forward. To pretend that going down the existing path will succeed only with the addition of some extra time would be naïve and it would be folly. And so our discussions really centred on how we can achieve the aspirations of the Doha Round by recognising that the current process, the pathway that has been pursued now for 10 years, is not going to get us there. And so I think while it was preliminary in the nature

of that discussion, it's extremely heartening that countries of the world recognise that the Doha Round is in trouble, and that we must bring it to a successful conclusion. And that can only happen by creating new pathways to the completion successfully of the Doha Round.

The second area of discussion is very much related to our aspirations for Doha because what we want to see, of course, is improved market access, a reduction and a very serious reduction in farm subsidies, and the elimination of export subsidies. All of these policies are relevant to the issue of food security. We need to recognise that already one billion people around the world go to bed hungry every night; one billion people. That is a scourge on the Earth. And yet, we are capable of producing the food to ensure that they don't go hungry. But between now and 2050, there'll be another two billion people. And we have as nations a moral responsibility to feed those people.

How do we ensure that there is food security: that is, sufficient supply to meet what is going to be escalating demand between now and 2050? Well, the smartest way of doing it again is to do what we're seeking to do through Doha, and that is to liberalise trade so that the market can seek out the best places on Earth to produce the food, produce it in quantities that are demanded, which satisfies both the physical demand for food and helps with reducing prices.

There were food riots in about two dozen countries in 2008. There are already signs in some countries: some people argue that

one component of the pressures that created the Arab Spring was food prices. And I think countries around the world are anxious about a repeat of 2008. And yet, if we remain on a course of business as usual, trade barriers as usual, quantitative restrictions as usual, then that's what will happen. There will be more instability in some countries around the world. So our discussion there focused obviously on efforts to liberalise trade in the lead-up to a very important meeting of the G20 in France later this year, where food security is on the agenda.

But as Gerry also indicated, there are issues such as making our existing land more productive, our crops more resilient and durable. So that discussion proceeded. And another area where we didn't have enough time for a full discussion is in the whole area of logistics. It's estimated in some major emerging countries that 35 per cent of the food produced never gets to the final market because of spoilage and loss and inefficiencies in transport networks. So I think this is going to be one of the defining debates of the first part of the 21st Century: how we respond to this supply-demand imbalance.

Gerry's already spoken about science-based agricultural trade, so I won't seek to repeat that. But on the issue of accession by Russia to the World Trade Organization, there was very strong support around the table for accession by Russia to the World Trade Organization in 2011. Now, we don't have a lot of time left for 2011, so the aim is to get this done so the Ministerial Meeting that will be held in Geneva in December can tick off on Russia's accession. That

would mean that we have 154 members of the World Trade Organization.

And when sometimes you hear of people maligning the World Trade Organization, it seems to be a club that people want to join. So I wouldn't be maligning it too much if you've already got 153 members. Russia would be 154. And there's another group of countries, smaller countries, that are seeking to join. But I think the Russian delegation was very heartened, Gerry, by the statements of support from all the countries around the table.

And the last thing I will say before we go to questions is on the issue of wheat marketing. The Australian experience has been unambiguously good, that it's been very good for Australian wheat farmers. The Productivity Commission in Australia did a report and described on the basis of evidence given by our farmers the transition as, I quote, "remarkably smooth". So what happened is that in moving from a monopoly situation to a competitive situation, there were not disruptions for farmers. Quite the opposite: it was a remarkably smooth transition.

One consequence of having so many traders in the market is that Australian wheat used to be exported to 17 countries. It's now exported to 41 countries. And I think farmers more than anyone else appreciate the benefits of diversification; that they have multiple options as to where their wheat is sold, and that's what the creation of a more competitive trading environment has done. And, in fact, it didn't go from one to two or three or four traders;

it went from one to 26 in a very short period of time. And what that says is that there's money to be made in putting your best foot forward for farmers in terms of the services that are being offered by these wheat marketers.

So Gerry, I could highly recommend the experience of Australia in terms of wheat marketing. There is no call to go back, to turn back the clock, because even those who were apprehensive or outright opposed to a move from a monopoly marketing situation for the Australian Wheat Board now realise it's a done deal. And I'm not saying that every person in Australia would fully endorse it. But what I would say is that it has overwhelming support, overwhelming support in the farming community. And no-one, but no-one, is seriously arguing that we turn the clock back. So it's been one of the great reforms in Australia, and I'd certainly recommend it to everyone who's listening to this press conference today.

BENTLEY:

Thank you, Ministers. We're going to take questions from the floor now. Once again: your name, affiliation, and also we have a roaming microphone there which will come over to you. As I said, it will allow people on the tele-conference to hear the questions.

ROD NICKEL:

Rod Nickel, with Reuters. Minister Ritz, you mentioned that the way forward is not the business-as-usual approach, and I think you referenced the developing world. Can you be more specific in what kind of new approach?

RITZ:

I think the first thing, Rod, was a recognition that a new approach was required. Doing the same thing over and over has given us

the same results for a decade, and really we have not accomplished what was set out to accomplish under the Doha Round. It was a developmental round.

We've also seen some benefits from the Doha Round, even though it's not in play as such in that some of the developing countries, and I'll speak to China and Brazil especially, that were developing at that point are now emerging. They've gone to the next step, which is fantastic. China is the biggest, hottest economy in the world, and Brazil, probably the hottest agricultural economy in the world. So it proves to us that open trade regimes work, that it helps these developing countries achieve the next level. Certainly, there are many more that aspire to that end as well. So we're looking at some positive examples and hoping to build out of those results.

SEAN:

Sean, Western Producer. It's September 9th and you talk about a new approach. How is that going to be resolved by the end of this year?

EMERSON:

It would be resolved - if we get our way as the Cairns Group - it would be resolved by discussions between now and the Ministerial Meeting in December. We don't need to bring the Round to a conclusion this year, and nor do we need to be mired in the process. Even worse, we don't want to be mired in developing a process in order to agree on a process. That would be the definition of insanity.

What we need to do is simplify the way forward, in my view. I come from the country and I think simpler things are a lot better than complex things. And the truth is that the Doha Round has become a very

large and complex negotiation where everything depends on everything else. And people won't move unless someone else moves, and it's just become completely entangled. And no one can move because they're waiting for someone else to move on an issue that is unrelated to the one that happens to be discussed at that particular meeting.

So we're finding the countries won't move on agriculture unless they get something on manufacturing, and the countries won't move on manufacturing unless they get something on fish subsidies; and they won't move on that unless they get something on trade facilitation. They won't move on that unless they get something in another completely unrelated area. So I think it's been a good diagnosis of the problem, but the sense is that we don't need to make it more complex; we need to simplify it.

We deliberately didn't get to the point of saying 'now this is absolutely the new path forward'. We really set up some tests because, frankly, my experience in this portfolio of trade is that as soon as you say 'here's a new kind of way forward', a whole lot of people will start telling you what's wrong with it. And I think we're far better off to do this in an inclusive way, have recognition of where we are, which I think at last has been achieved at the Cairns Group meeting.

That is that we are at an impasse. We're not going to get a full Round completed this year. We're not even going to get the sort of down-payment that we hoped in May that might be feasible. So we need to chart a

simple path forward and see what, if anything, we can get towards the end of this year in terms of a substantive down-payment.

So that's where we got to with the discussion, and we will now use the time between early September and around mid-December in order to talk with our colleagues in different countries; perhaps not in an absolutely formalised way because, again, my experience is when it all becomes formalised and you get a huge number of people in the room, they'll put their hands up and tell you what's wrong with it, and they won't try to support the ideas that are on the table. So we'll just do our very best to have these sorts of discussions in an informal way.

And, of course, the final thing I'll say is the G20 will need to focus on this as well because it's on in November, and the leaders of the 20 largest countries in the world will certainly need to turn their attention to this.

BENTLEY: Operator, I understand we have a couple of the questions possibly on Cairns on the tele-conference right now. We might want to plot them in.

ALLAN DAWSON: Thank you. Allan Dawson, Manitoba Co-operator. Dr Emerson, I wonder if you have some advice for Canada regarding supply management. You talked about the benefits of removing the single desk. You know of Canada's balanced approach on the WTO. What are your thoughts on our position with supply management?

EMERSON: I'm a guest of Canada, and when I come to Canada, I don't seek to do anything other than support Canada's aspirations of being

a successful exporter onto global markets. And so I think the Government of Canada is well capable of making its own judgments and decisions on matters such as these. But certainly, as I indicated in terms of wheat marketing, it's been a very great success in Australia. And all we can do is encourage the Canadian Government in the direction in which it's heading.

JOURNALIST: Minister Ritz, (inaudible) end subsidies in (inaudible) world, how do you think a 19-member organization like Cairns would deal with the 153-member organization of the WTO to end subsidies?

RITZ: Well, I would speak to the guests that we invited this time around to Cairns. The United States was here. The European Union was here. Japan; other major agricultural traders as well. They all agreed with us that we need to move forward on a number of substantive issues.

As Craig has said, the problem is we've created a domino effect where nothing can fall because everything is so interrelated and interconnected that you can't get down to this one bite-at-a-time repair that we need.

Having said that, a number of countries, including Canada, have sought to adjust to in the beginnings the Uruguay Round. As you remember, our crow rate was off-side with the Uruguay Round. It was ended and we moved forward, so Canada as well as other countries like Australia have repeatedly started to remove subsidies and work towards the end game of the Doha Round ahead of the deadline for the Doha Round.

Our complete suite of farm programs now is Doha (inaudible). We have some that are in the amber basket, but we still have room in that. You know, it's all set up. So, you know, a lot of us have sought to make the changes that were required ahead of the schedule, showing leadership in that regard, and we'll continue to do that.

HARRY SIEMENS: Thank you very much. Harry Siemens from SiemensSays.com. You know, we hear so much about how bad it was for producers and those kinds of things. To hear that things have gone well in Australia in the transition is good news. But where does that negative news come from?

RITZ: The same place most negative news comes from, Harry.

SIEMENS: I know. I was asking the doctor from Australia to answer that one.

EMERSON: Well, you can believe me.

SIEMENS: Yeah. Okay. That's... that's good. That's really the only question I had. The other ones were answered. Thank you very much.

EMERSON: Okay.

RITZ: Craig assures me he's from the Government and he's here to help.

SIEMENS: Yeah. Yeah, okay, good. Great.

OPERATOR: You have other questions from the telephone lines from Andrew Mayeda from Bloomberg News. Please go ahead. La parole est à vous.

ANDREW MAYEDA: Hi. Good afternoon. Thanks for taking my call. I've got one Wheat Board question and

one Cairns question. I'll start with the Wheat Board question. This is for Minister Ritz.

A Federal Court judge ruled today that a court challenge by the Friends of the Canadian Wheat Board can proceed. This is, they're basically arguing that the Government can't proceed with the abolition without a plebiscite for farmers. So I'm just wondering what your reaction is to that, and are you concerned at all that some of these legal issues could push back your timeline for implementation?

RITZ: Well, I'll answer shortly and succinctly, Andrew. Parliament created the monopoly, and it will take Parliament to remove and move beyond it.

MAYEDA: Okay. And regarding the conversation on food security: was there any conversation about the impact that ethanol production might be having on food prices? And how would you describe the discussions on that?

EMERSON: There was a brief discussion. I raised that issue as the Chair of the session. No, it wasn't a discussion that dominated the agenda item, but there was a discussion amongst some of the developing countries that indeed food grains had been and will continue to be diverted into ethanol production.

It is seen as one of the factors that is contributing to high food prices because there are now two sources of demand for food. One is consumption by human beings and animals, cattle and so on. And the other is consumption by ethanol producers. So it basically makes a difficult situation somewhat worse. That's the truth of the

matter, and there's no point pretending otherwise.

So whatever people's arguments are about ethanol and energy security and so on, it's inescapable that the diversion of substantial amounts of food, grains, into ethanol production does make a difficult situation somewhat worse.

RITZ: There's also a recognition, Andrew, that one of the most basic feed stuffs and most volatile in the marketplace is rice, which of course is not an ethanol feed stock at all. So there's more than one reason for volatility in the markets.

BENTLEY: Okay, if we could bring it back in the room here now. I think we'll open the floor to questions on other topics beyond Cairns, if that's okay by everyone. We are going to be probably limiting it to four or five more questions in total. Just again, we've got some time constraints.

JEAN CHARLES GAGNÉ : (La Terre de Chez Nous): Yes. It's a question for Mr Ritz. Mr. Ritz, I was wondering if you have been challenged a lot by other members of the Cairns Group in order to dismantle supply management in place in Canada for milk, egg and poultry? And I also want you to tell me how do you feel in such a group with your balanced position in agriculture?

RITZ: I feel very comfortable in the Cairns Group and at the WTO at Canada's ambitious balance of trade agenda. As Dr Emerson has said, our supply managed system is a domestic system, best left to the Canadian Government and the Canadian industry to work with. So I take that to heart. I'm heartened by the fact that countries around the world are constantly demanding

Canadian genetics from our supply managed system.

BENTLEY: Next question from the tele-conference, please. And we probably will have time for this one, plus one more, and that will finish off the news conference today. So go ahead, please.

KRISTINE SHANE: (Embassy Newspaper) Hello. Again, talking about supply management, I'm just wondering how much talk during the conference was regarding supply management, specifically I guess looking to the supply management of Canada's dairy industry? I know New Zealand, a member of Cairns Group, has expressed some concerns on that in the past. So how much discussion was surrounding supply management and what was the nature of that discussion?

RITZ: I can assure you that the discussions were higher-profile than that, looking at kick-starting the Doha Round, making sure that we have multinational rules based trade around the world. Domestic policies country to country were not discussed.

SHANE: Thank you.

BENTLEY: All right, once again, thank you everybody today. That concludes our news conference. Thanks for participating. Have an enjoyable day in the Saskatchewan sunshine. Merci and bonne journée.