U.S. and Canadian Agricultural Trade Positions: Navigating trade issues

AAEA Extension Section
Policy Symposium

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U.S. and Canadian agricultural trade positions: Underlying market factors

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Agenda

- Background
  - U.S. and Canadian agricultural trade
  - Production and trade for major commodities

- Introduction to issues
  - BSE and other bilateral issues
  - Exchange rates
  - Policy

<table>
<thead>
<tr>
<th></th>
<th>U.S. exports to Canada</th>
<th>U.S. imports from Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>278</td>
<td>1,102</td>
</tr>
<tr>
<td>Cattle</td>
<td>128</td>
<td>1,085</td>
</tr>
<tr>
<td>Pork</td>
<td>166</td>
<td>730</td>
</tr>
<tr>
<td>Hogs</td>
<td>1</td>
<td>320</td>
</tr>
<tr>
<td>Poultry products</td>
<td>346</td>
<td>124</td>
</tr>
<tr>
<td>Dairy products</td>
<td>233</td>
<td>216</td>
</tr>
<tr>
<td>Vegetables and preps</td>
<td>1,766</td>
<td>1,451</td>
</tr>
<tr>
<td>Fruits and preps</td>
<td>878</td>
<td>175</td>
</tr>
<tr>
<td>Snack foods</td>
<td>687</td>
<td>1,382</td>
</tr>
<tr>
<td>Oilseeds and products</td>
<td>760</td>
<td>547</td>
</tr>
<tr>
<td>Coarse grains</td>
<td>378</td>
<td>223</td>
</tr>
<tr>
<td>Wheat</td>
<td>1</td>
<td>311</td>
</tr>
<tr>
<td>All other products</td>
<td>2,966</td>
<td>2,523</td>
</tr>
<tr>
<td>Total agricultural trade</td>
<td>8,588</td>
<td>10,190</td>
</tr>
</tbody>
</table>

Source: USDA FATUS & BICO data bases
Farm income and program payments

Canada

United States

Source: Statistics Canada

Source: USDA
Wheat production and trade

Canada

United States

Sources: USDA 7/03 WASDE for 1998-2003; FAPRI 1/03 baseline for 2004-2007
Corn production and trade

Canada

United States

Sources: USDA 7/03 WASDE for 1998-2003; FAPRI 1/03 baseline for 2004-2007
Oilseed production and trade

Canada canola

U.S. soybeans

Sources: USDA 7/03 for 1998-2002; FAPRI 1/03 baseline for 2003-2007
Beef production and trade

Canada

United States

Source: FAPRI 1/03 baseline. Note: trade figures exclude substantial live trade.
Pork production and trade

Canada

United States

Source: FAPRI 1/03 baseline. Note: Trade figures exclude substantial live trade.
Weekly U.S. cattle imports from Canada (LMIC)
Alberta direct steer price, 2003 (LMIC)
U.S. Gulf price for HRW wheat (FAPRI 1/03 baseline)
U.S. and Canadian hog prices

Source: Wan Yan's M.S. thesis
Pork-sector effects of 10% devaluation of Canadian dollar

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian hog price</td>
<td>+10.6%</td>
</tr>
<tr>
<td>Canadian pork production</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Canadian hog exports to U.S.</td>
<td>+3.6%</td>
</tr>
<tr>
<td>Canadian pork exports to U.S.</td>
<td>+3.9%</td>
</tr>
<tr>
<td>U.S. pork retail price</td>
<td>-0.4%</td>
</tr>
<tr>
<td>U.S. hog price</td>
<td>-0.9%</td>
</tr>
</tbody>
</table>

12th quarter effects of a sustained change in the exchange rate

Source: Wan Yan’s M.S. thesis
Milk and sugar prices

Milk prices

U.S. dollars/cwt

0 5 10 15 20
1997 1999 2001

U.S.--all-milk price; Canada--milk prices paid by processors

Sugar prices

U.S. cents/lb.

0 5 10 15 20 25
1997 1999 2001

U.S.--NY raw price; World--FOB Caribbean price
Trade issues and positions

- Bilateral issues
  - BSE
  - COOL
  - Trade disputes
- Multilateral issues
  - WTO negotiations
  - FTAA negotiations