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## Quote of the month

"This 'pause' in the negotiations allows industry an opportunity to continue to work closely with government and our international counterparts, to further promote our position and address these concerns."

**CFA President,  
Bob Friesen**

## The Cancun Disagreement

**A**fter five days of negotiations, the 148 WTO members were unable to reach consensus at the 5<sup>th</sup> WTO Ministerial meeting in Cancun, Mexico.

The negotiations did not collapse as a result of the agriculture discussions. Rather, they ended because of the complexity of the Singapore issues (investment, competition policy, transparency in government procurement and trade facilitation).

There are still significant divergences between various groups of countries on the agriculture draft text, which was referred to as Annex A, and much work remains to be done.

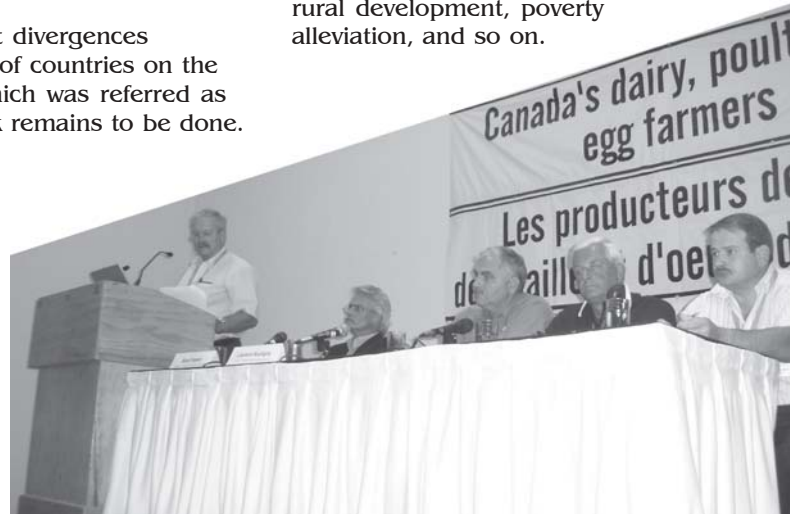
### The Players

The draft ministerial declaration, released on August 24<sup>th</sup> by WTO Chair Carlos Perez del Castillo, reflected the strong influence of a few major players in pursuing an agreement on agriculture that would allow them to maintain their existing programs while providing no concessions for the conclusion of an agreement. The United States - European Community constituted the first alliance joining their forces to ensure the preservation of their generous domestic support programs.

As a counterbalance, Brazil led the creation of the G-21 group representing the large and often most advanced developing countries such as Argentina, China, India and South Africa. The creation of this new influential group relegated the Cairns Group to a minimal role, since 11 of its members are now putting their efforts behind the G-21. The G-21 is pursuing significant increases in market access but without concessions on the basis of special and differential treatment for developing countries. However, some of the G-21 countries such as Brazil and Argentina have highly-performing agriculture sectors that prompt the question of the

real need for special and differential treatment.

Finally, a third group emerged during the Cancun negotiations. The G-10, led by Japan, opposes the capping of over-quota tariffs and increasing market access. The G-10 is also asking WTO members to consider the importance of Non-Trade Concerns. Those include food security, the environment, structural adjustment, rural development, poverty alleviation, and so on.



### The Negotiations

The Castillo draft ministerial text, which constituted the basis of the discussion, contained references to the potential reduction of over-quota tariffs and the imposition of a cap on all tariffs, thus seriously jeopardizing the Canadian chicken industry and our supply management system. In addition, these provisions would not contribute to a more rules-based system and would maintain the inequalities of market access.

This draft declaration also indicated some loosening of the pursuit of export subsidy elimination and called for the continuation of generous domestic support programs for the countries who can afford to heavily subsidize their agriculture sectors. Canada cannot compete dollar-for-dollar and neither can the majority of the world agricultural producing nations.

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### **Cancun . . .**

This constitutes an uneven playing field for Canadian commodities competing against US and EU products on the world market. This draft declaration was heavily influenced by demands from the EU-US and the G-21 coalitions.

Therefore, it was crucial that references to the imposition of a cap on all tariffs and the mandatory reduction of over-quota tariffs be removed during the negotiation process in order to maintain one key pillar of supply management, our effective import controls. Without import controls, it would be impossible to ensure that our production meets consumer demand.

In Cancun, George Yeo, the trade minister for Singapore, was named as the facilitator for the agriculture negotiations. Following three days of discussions, he proposed a revised draft declaration on Saturday September 13<sup>th</sup>. To our disappointment, his version constituted a setback to Canada's agricultural sector and reinforced the provisions relating to the tariff reductions and tariff caps. On top of that, Mr. Yeo's text brought in new provisions on domestic support that would force Canada to reduce or drastically modify its fundamental risk management programs such as NISA and crop insurance.

It was a movement in the wrong direction that Canada could not accept. The message was clearly communicated to both ministers Pettigrew and Vanclief.

### **The Collapse**

As the Doha Development Round is a comprehensive negotiation including all five negotiating areas, other topics than agriculture such as the Singapore issues also raised concerns. Therefore, the Chair of the ministerial conference held discussions on the Singapore issues first in order to break the deadlock before moving to agriculture and the other negotiating areas. However, since countries could not progress towards an agreement on the Singapore issues (some delegations stood firmly on their positions which opposed those under discussion), the Chair had to face the reality that progress was unrealistic.

The strong diverging views would not likely have been reconcilable by extending the end of the meeting by one day, as was previously done at the Doha conference in 2001. At mid-afternoon on September 14<sup>th</sup>, the Chair informed the delegations that an agreement was impossible and requested a meeting of the General Council at senior officials level no later than December 15, 2003.

### **The Future**

This failure to reach consensus on the Singapore issues has taken away some of the focus on the agriculture negotiations. However, the evolution of the draft ministerial declaration from the del Castillo version of August 24<sup>th</sup> to the Yeo version on September 13<sup>th</sup> indicates a precarious change of direction for Canadian agriculture and especially for supply management.

The inability to correct the inequities of the current agriculture trade rules raises serious concerns about the likelihood of achieving movement towards a rules-based system where all players have similar opportunities to maintain viable agriculture industries.

The recent developments show once again that a few powerhouses can determine the course of the negotiations. The difference this time is the emergence of a new player (the G-21) which creates a counterbalance to the traditional US and EU domination. However, whether it is the G-21 or the US-EU, these alliances pursue their own interests and the last few weeks have shown that neither of them is pursuing a more level playing field.

There is strong pressure to reduce all tariffs, without recognizing the role of over-quota tariffs, although effective tariff rate quotas guarantee clean market access. The Canadian chicken industry is a prime example providing 7.5% market access making Canada and its 30 million consumers the 8<sup>th</sup> largest importing nation in the world.

The Canadian supply management system faces serious pressure. All efforts possible must be undertaken to ensure everyone understands that supply managed commodities not only provides considerable market access but do not receive any payments from the government. In addition, we do not create surplus production that inundates world markets and depresses world prices.

Our domestic production system provides stability and opportunities for growth. As negotiations on agriculture and the other key areas resume, our role continues to be the promotion of the Canadian trade position as well as the importance of maintaining Canada's domestic supply programs.



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# Antimicrobial Medication Availability in Canada

## The Issue

The Veterinary Drugs Directorate (VDD) of Health Canada is in the beginning stages of proposing several new initiatives that would change the way antibiotics are approved for use in Canada, how these antibiotics are used and their availability.

VDD is the branch of Health Canada that is responsible for ensuring the safety of food from animals treated with veterinary drugs and for ensuring that veterinary drugs sold in Canada are safe and effective.

## Reason for Change

Over the past several years, the use of antimicrobials in agriculture has received an increasing amount of attention. As antimicrobial resistance has become a prevalent issue worldwide, the use of antibiotics in agriculture has been questioned, both as a necessity and as a source of resistance.

Antimicrobial resistance can develop in any type of microbe (germ). Microbes can develop resistance to specific medicines. A common misconception is that a person's body becomes resistant to specific drugs; however, it is microbes, not people, which become resistant to the drugs.

In response to these questions and concerns, Health Canada appointed a committee in 1999 to examine the animal uses of antibiotics and the potential to reduce resistance development and any negative impacts on human health and safety.

The committee was chaired by Dr. Scott McEwen of the University of Guelph and was entitled the Advisory Committee on Animal Uses of Antimicrobials and Impact on Resistance and Human Health (AMR advisory committee).

The AMR advisory committee released its final report in June of 2002 outlining 38 recommendations for the Canadian government, provincial governments, veterinary professionals and industry to perform in order to better protect the health interests of Canadians.

The VDD is presently considering these recommendations and has released a proposed response to the report of the AMR advisory committee in December 2002. Further to this, VDD held a stakeholder consultative session in May 2003 to identify areas of consensus and to consider the impact of the recommendations.

Several of the issues could impact Canadian chicken farmers:

## Prescription Status

Health Canada is proposing that all veterinary antimicrobials for disease treatment and control be available by prescription only.

The reason for this proposal is that over-the-counter availability of antibiotics may contribute to antimicrobial resistance (AMR) because there is no direct professional oversight of the use of these products. Treatments may be administered inappropriately, for the wrong diseases, in insufficient doses or for incorrect periods of time or routes of administration.

Currently in Quebec, the sale of veterinary drugs is restricted to pharmacists and veterinarians. This is a model that VDD will be examining more closely.

Concerns over this proposal include increased costs for farmers from veterinarian charges and the potential for higher-priced drugs. In addition, concern exists over the ability of veterinarians to serve farmers properly without delay in order to treat a disease outbreak quickly and not to delay the provision of medication.

A key to this recommendation is that a veterinarian would not be required to visit the farm each and every time an animal requires treatment. Instead, a prescription could be given over the phone or could be provided over a finite period of time with regular re-evaluations.

## Risk Analysis of Antimicrobials and Growth Promotants

Health Canada is proposing a risk analysis of new and existing antimicrobials to evaluate the human health risks and benefits associated with antimicrobials. In addition, Health Canada is proposing a risk analysis to determine the fate of antimicrobials that are being used as growth promotants. The re-evaluation would focus on the possible effects on human health.

While the AMR advisory committee did not advocate rejecting new drug applications on the basis that resistance exists they were concerned about applications where the primary use was determined to be for prophylaxis (or growth promotion), instead of use for therapeutic reasons.

## Prudent Use of Antimicrobials

Health Canada is proposing to establish a joint committee with stakeholders to develop a communications strategy, tools and messages aimed at promoting prudent and judicious use of antimicrobials, as well as addressing the need for developing educational programs focusing on antimicrobial resistance.

The prudent use of antimicrobials will ensure their future availability to the agriculture sector and their effectiveness in humans.

CFC's *Safe, Safer, Safest* program strives to address the prudent use of antibiotics through the use of the flock sheet, veterinary prescriptions for extra label medication and the use of on-line medication compendiums.

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**Antimicrobial . . .**

A further prudent use education program with VDD could be combined with the *Safe, Safer, Safest* program.

### Importation of Antimicrobials

Health Canada is proposing that all importation of antimicrobials for livestock be discontinued. Currently, there are few restrictions or controls in Canada to prevent the importation of antibiotics or active pharmaceutical ingredients (API). APIs are defined as bulk, pharmaceutically active substances that are used in the formulation of drugs.


The loophole in Canadian law allowing importation of these products raises questions about Health Canada's capacity to enforce legislation.

The economic impact of this option will also be studied, however the impact of not imposing importation controls will be examined relative to trade, consumer confidence and research and development.

### Harmonization

Health Canada is proposing to harmonize reviews with other international regulatory agencies on issues such as registrations of antibiotics, on withdrawal periods and wherever appropriate.

Further clarification is required as to the specifics of what is being harmonized. This could prove to be a benefit if the result was sharing of scientific data and approaches to drug approvals.

The economic benefits of harmonization (improved drug availability, better access to withdrawal periods) will need to be balanced against any negative impacts (i.e. on trade). 

## USDA Lifts Quarantine Restrictions in California

**U**S Agriculture Secretary Ann Veneman announced on September 16<sup>th</sup> that there are no longer any areas in the United States that are quarantined because of Exotic Newcastle Disease (END), a serious disease of poultry and other birds.

This is a major milestone in the fight to end what was a very serious avian disease outbreak, but US Department of Agriculture (USDA) officials warn that continued precautions should be taken against the reintroduction of END.

The quarantine is being ended 11 months after END was first identified in California. The total outbreak, and the measures to control and eradicate it, led to the depopulation of nearly 4 million birds across 4 different states.

## Food Product Recall Workshops

**P**roduct recalls are a shared responsibility between all partners in the food supply chain. The 2003 Supply Chain Food Product Recall Workshops are being offered in nearly all of the provinces in the next few months. CFC staff attended the first session in Montreal and found it a unique and eye-opening experience.

There were a variety of presentations that explained the roles of different parts of the food chain, the need for tight controls and accurate record keeping during production, the importance in having a communication plan and how HACCP (Hazard Analysis and Critical Control Point) is effective in production and processing systems.

The schedule for the workshops is:

Sept. 23	Montreal, QC
Sept. 30	Guelph, ON
Oct. 2	St. John's, NF
Oct. 7	Charlottetown, PEI
Oct. 9	Halifax, NS
Oct. 21	Calgary, AB
Oct. 23	Richmond, BC
Oct. 29	Mississauga, ON
Nov. 4	Winnipeg, MB
Nov. 6	Saskatoon, SK
Nov. 26	Mississauga, ON

The cost is \$75.00 and includes a free copy of the *Supply Chain Food Product Recall Manual* valued at \$250.

For more information or to register, contact the organizers, the Food and Consumer Products Manufacturers of Canada through their Web site [www.fcPMC.com](http://www.fcPMC.com) or at (416) 510-8024 ext. 2237.

The workshops are sponsored by the following associations: the Canadian Association of Importers and Exporters Inc.; the Canadian Council of Grocery Distributors; the Canadian Produce Marketing Association; the Confectionery Manufacturers Association of Canada; the Canadian Federation of Independent Grocers; and the Food and Consumer Products Manufacturers of Canada.

Support for the workshops is provided by Agriculture and Agri-Food Canada and the Canadian Food Inspection Agency.

END is one of the most infectious poultry diseases in the world. It is a contagious and fatal viral disease that affects the respiratory, nervous and digestive systems of all species of birds. The virus is spread primarily through direct contact between healthy birds and the bodily discharges of infected birds. The disease is transmitted through infected birds' droppings and secretions from the nose, mouth and eyes. 