



“The Voice of Manitoba Farmers”

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Safety Nets

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Producers in the agricultural industry face many uncontrollable production and economic risks every year. Production risks include such things as drought, excessive moisture, frost, hail, insects and diseases, while the economic risks include world market conditions, international trade policies and programs, high operating costs, high fixed costs and low margins.

These frequently occurring risks result in large fluctuations in producer incomes which can threaten the stability of the agricultural industry. To achieve the goal of sustainable growth, agriculture needs programs that provide stability and reduce the fluctuations in farm incomes.

KAP believes this can best be achieved through a system, adequately funded by the provincial and federal governments, consisting of crop insurance, NISA and a disaster program. Interest free cash advances play a significant role with regard to Canadian safety nets and must be maintained. This system should be available to all producers and for all commodities and should provide a predictable income level to producers. These programs should be delivered consistently across Canada.

KAP supports an improved Disaster Financial Assistance Agreement which adequately compensates producers for losses such as land restoration and farm inputs due to natural disasters which are outside the scope of the agricultural safety net system.

KAP believes that any federal government safety net funding must recognize risk as a fundamental component in assessing Manitoba's allocation of the safety net envelope. Furthermore, safety net funding should be directed only at income stabilization programs, and should not be used to fund other types of agricultural initiatives.

Compensation for Economic Hurt

KAP believes that the federal government should implement and fund strategies and programs to mitigate the subsidy imbalance, of affected commodities, until such time as a new WTO agreement deals effectively with this imbalance.

The issue of foreign subsidies affects the livelihood of rural Canada but, in addition to that, has the ability to have a major impact on the Canadian economy.

In the Uruguay Round of trade negotiations, the Government of Canada signed an agreement that allowed foreign countries to continue to subsidize their producers at high levels, while at the same time our government has not been willing to support us to the level that is allowed under the WTO agreement. Canada cannot continue to provide approximately 20% of its allowable support under the WTO for agriculture, while the United States and European Union provide nearly 100% of their allowable support to their farmers.

That lack of support has placed an unbearable financial burden on our producers and, in turn, rural Canada. Based on 2001 Agriculture and Agri-Food Canada figures, our grains and oilseeds prices are depressed by \$1.3 billion annually due to foreign subsidies. The Government of Canada must compensate producers for this inequity, and this compensation must continue until such time as the next WTO agreement has rules in place that will reduce foreign subsidies OR until our government will support Canadian producers to a level comparable to our international competitors.

The federal government's recent announcement of \$1.2 billion over 2 years is a step in the right direction but there has to be a longer term commitment. Furthermore, this funding must be paid to the provinces based on economic hurt to grains and oilseeds producers, not on the current formula of farm cash receipts (FCR). Based on farm cash receipts, Manitoba would receive 11.05% of the federal dollars but on economic hurt to grains and oilseeds we would receive approximately 15%. These dollars should target the hurt/risk not the historical farm cash receipts.

It is also the responsibility of the federal and provincial governments to ensure that a farmer in Manitoba is treated the same as a farmer from Ontario or one from Alberta. The federal government must not put us in the position where we are competing with other provincial treasuries.