

Pass the softwood sandwich?  
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WATCHING Canadian prime minister Paul Martin bray at the Americans over softwood lumber makes you wonder if the man eats for a living.

All this posturing on timber and not a peep on beef?

Of course forestry makes an important contribution to Canada's economy. So does agriculture. More, in fact. In 2004, crop and animal production contributed \$13.5 billion in Gross Domestic Product, as compared to \$7.2 billion for forestry and logging.

It's the same with job creation. In 2004, Canada's farmers were responsible for the creation of 324,000 full-time jobs, as compared with 286,000 jobs created by forestry, fishing, mining and oil and gas combined.

Farming feeds communities. As most other countries recognize, a healthy and vibrant farm sector is critical to achieving the domestic policy goals of food security, environmental stewardship and sustainable rural economies.

For some 30 months, Canada's ranchers have had a North American Free Trade Agreement trade defense every bit as valid as the softwood case, based not on complex subsidy arguments, but on sound science and risk. A trade ruling on BSE would also have been a much quicker process than softwood because under NAFTA, agriculture is fast-tracked at 264 days.

The economic stakes are certainly as high. Washington owes Canada \$3.5 billion in illegally collected duties on softwood lumber.

Based on documented sales alone, Washington's NAFTA-illegal closure of the U.S. border to cattle and beef has cost ranchers more than \$2.7 billion and counting.

This doesn't include the costs of borrowed capital nor the economic impact on cattle haulers, truckers, grain producers, markets and employment.

Neither does it include the cost of farm bankruptcies or the unrecoverable losses sustained by rural communities when century ranches go on the block.

For every \$100 million drop in Canadian cattle industry revenue, sectoral GDP drops by an additional \$30 million and non-sector GDP by a further \$54 million, resulting in a total GDP loss to the Canadian economy of \$84 million. It also results in the loss of 1,500 Canadian jobs — 700 direct and 823 indirect — and \$37.4 million in wages.

So when U.S. Secretary of State Condoleezza Rice arrived in Ottawa Oct. 24 and Paul Martin whisked her off to a "working dinner" to discuss Canada's top irritants with Washington, most of us naturally expected beef to be on the table. Unless they consumed it, it wasn't.

Softwood, of course, was on the list. The other two national priorities? Gun controls and passports.

Washington's 30 month and counting, NAFTA-illegal embargo against Canadian cattle and beef has devastated our prairie economy.

The damage continues, yet Martin didn't even raise the issue with Rice? Astounding.

Now that the U.S. border is finally open to live animals younger than 30 months and bone-in beef from cattle younger than 30 months, a weary farm community can be forgiven for saying "let's just get on with it."

But it's not over yet.

Canada remains locked out of traditional markets for non-fed cattle (cows and bulls), beef from animals older than 30 months, genetic products, breeding stock and other livestock sectors.

Industry sources don't expect this to change any time soon and in fact are telling ranchers "don't hold your breath."

Such tacit acceptance by a complacent industry leadership adds unfortunate legitimacy to Ottawa's roll-over-and-play-dead approach, setting a dangerous precedent.

Those who wear the blame for not invoking NAFTA attempt to diffuse criticism by arguing, "what good are NAFTA rights if the Americans won't obey them?"

But the point is not that the Americans won't obey them. The sorry point is that Canada won't assert them.

The problem lies not with NAFTA, but with Ottawa. If Washington ignores a NAFTA panel ruling, Ottawa has the right to impose trade measures to exert equivalent economic damage.

Undertaken strategically, retaliation aimed at the soft political underbelly of the offending country can be effective to enforce compliance. Like what? All sorts of examples come to mind.

How about an export tax on flu shots so that every time an American hears a sneeze in a crowded room, their discomfort brings to mind Washington's failure to live up to international trade rules?

Unfortunately, strategic trade retaliation is unlikely even on the softwood affair because the sad fact is that Ottawa fears starting a trade war, the economic ramifications of which could slow Canada's export-focused economy.

Rather than imposing sanctioned retaliation measures to force the Americans to honour their trade commitments, Martin is calling for a more binding dispute resolution mechanism.

To anyone who understands the trade portfolio, this is as close to meaningless as it gets. The problem is not with the dispute resolution mechanism. NAFTA's teeth are sharp and intact.

The problem is Ottawa's unwillingness to bare those teeth for fear of upsetting Canada-U.S. relations. As any 10 year old knows, if you don't stand up to a bully, you'll be giving up your lunch money for a long time.

The morning after their working dinner, a beaming Martin and Rice waved to Canadians from the front page of the *Globe and Mail* under the headline "Martin seeks a 'sign' from U.S. on softwood."

That same afternoon, in her parting remarks, Rice snapped, eyes flashing, that the word of the U.S. administration was "as good as gold."

Admonishing us for using apocalyptic language, Rice told Canadians to get over it. We are taking all this far too seriously.

How much more of a sign does our prime minister need?

It's time to act.

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