

# Trade Policy Impacts on Global Forage Markets

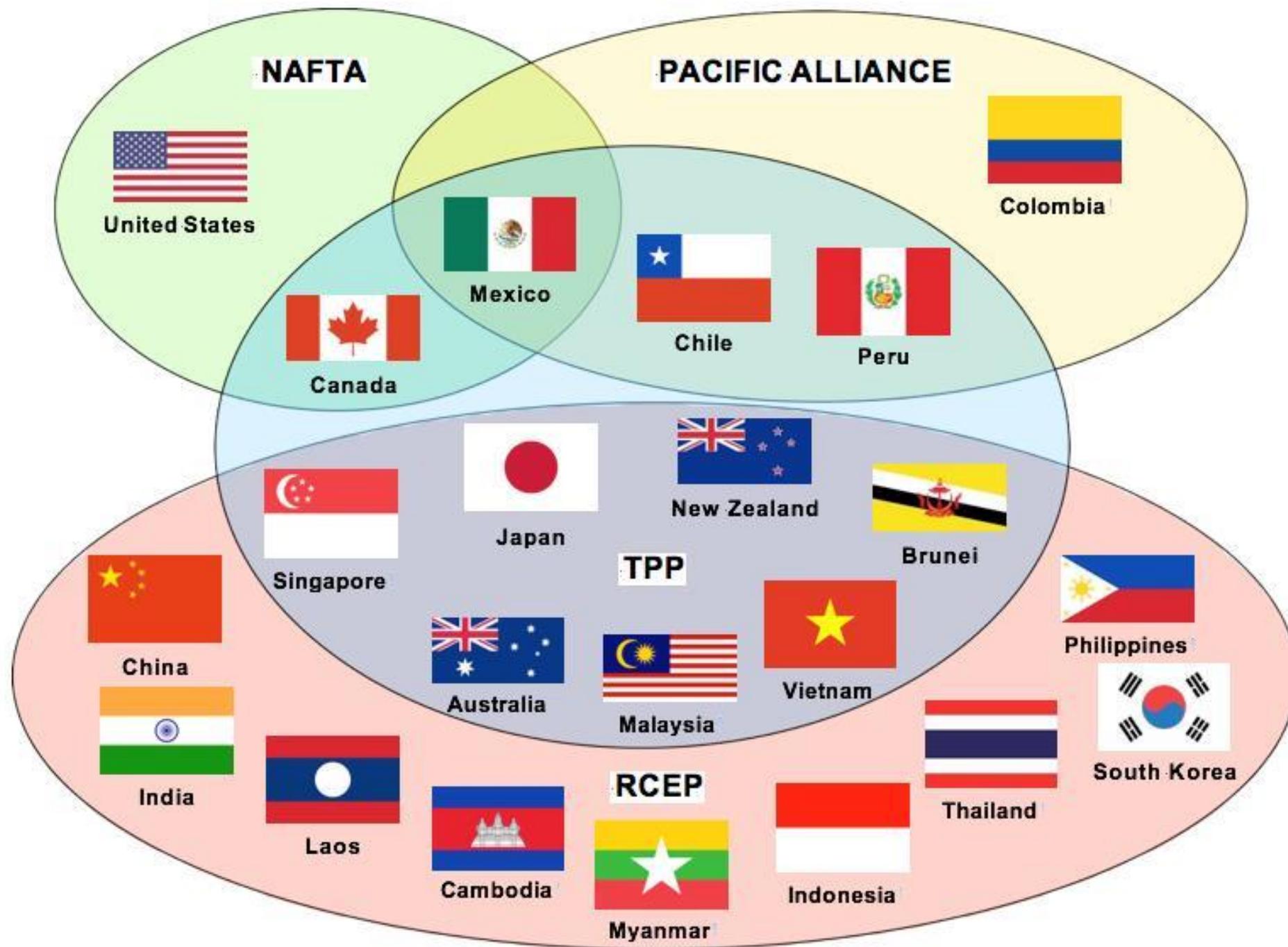
Paul Pryce - Principal Advisor, Consulate-General of Japan





# CPTPP Ratification: Impact on Greenfeed Demand

- ▶ Tariff free access for Canadian alfalfa, barley, etc. upon entry-into-force (EIF).
- ▶ Phase-out of tariffs on chilled and frozen beef, as well as harmonization of regulatory standards on beef, expected to triple exports of Canadian beef to Japan within 5 years (~\$380 million per year).
- ▶ Japan exports \$30 million worth of wagyu beef to Canada each year, but significant growth expected following EIF of CPTPP (Japanese wagyu exports grew 37% so far in 2018 due to Australia and Taiwan lifting restrictions early in the year).
- ▶ Timothy hay - native to Hokkaido and used as long-straw fiber in the diets of dairy and beef cattle there, as well as in horse feed across the Asia-Pacific region.



# US-China Trade Dispute

- ▶ China is now the world's largest forage importer.
  - ▶ Imports of alfalfa pellets and cubes totalled 1.23 million tonnes in 2017 alone.
- ▶ China typically imposes tariffs of 5-8% on forage imports.
  - ▶ However, in June 2018, China imposed retaliatory tariffs of 25% on US alfalfa.
  - ▶ Opportunity for Canada? In March 2012, first shipment of compressed alfalfa hay worth \$600,000 reached China from Green Prairie International (based out of Lethbridge).
  - ▶ New Zealand has tariff-free access: could be a goal for a Canadian FTA or EPA
- ▶ Chinese pork and beef producers seek to move up the value chain.
  - ▶ Siwin Foods - pork and beef gyoza processed in Leduc.

# Challenges for Greenfeed Exports in the Asia-Pacific Region

- ▶ Continued suspicion in Japan and elsewhere in the region toward GMO's and GM content.
  - ▶ Recent polling by Pew indicates that 20% of respondents in Japan regard GM food as “safe”, 76% as “unsafe”, 4% unsure/don't know
  - ▶ China Daily shows similar results among Chinese consumers
- ▶ Currently, Japan has a 5% tolerance for GM content (1-5% labelled). However, growing pressure from some sectors of society to adopt even more stringent standards.
- ▶ China's 13<sup>th</sup> Five Year Plan (2016-2020) identifies biotechnology, including ‘enhanced agriculture’, as one of seven emerging industries - but no biosafety certificates issued since 2006.

# Challenges for Greenfeed Exports in the Asia-Pacific Region

- ▶ Since 1961, the Codex Alimentarius Commission has provided a common set of standards for food safety, including MRLs for pesticides.
- ▶ Some countries are choosing to go their own way: China informed the WTO of 107 new MRLs for pesticides in February 2018 - many more to come.
- ▶ Example: Japan has a MRL of 0.01ppm for imazamox on alfalfa, but China has no specific MRL for imazamox on alfalfa. Current Chinese MRLs for this substance vary: as high as 0.3ppm for sunflower seeds and as low as 0.01ppm for rice and peanuts.
- ▶ Other countries in the Asia-Pacific region have limited resources to develop their own MRLs, but that doesn't stop them from trying.

# Regulatory Dialogue

- ▶ Tylosin in honey.
- ▶ Japan has no MRL for Tylosin - China has high levels (bitter taste but great antibiotic properties), while Canada has typically low levels.
- ▶ Japan's Ministry of Health, Labour, and Welfare has begun monitoring levels - this will inform future MRLs.



# Tools Available to Greenfeed Exporters

- ▶ Canada's Trade Commissioner Service
- ▶ Export Development Canada
- ▶ Calgary Economic Development (or other local EDAs)
- ▶ Alberta Japan Office

# Thank You!

- ▶ Questions? Please do not hesitate to contact me at [paul.pryce@cl.mofa.go.jp](mailto:paul.pryce@cl.mofa.go.jp)