



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 2/24/2000

GAIN Report #CA0021

Canada

Agricultural Situation

Governments of Canada, Saskatchewan, and Manitoba Announce \$400 Million to Western Grain Farmers 2000

Approved by:

Kathleen Wainio

U.S. Embassy

Prepared by:

Matthew A. Cahoon

Report Highlights:

Canada, Saskatchewan, and Manitoba announced an agreement for a 60:40 cost-shared program to provide, on a one-time basis, an additional C\$400 million to help grain farmers. The C\$240 million federal, C\$160 million provincial assistance is designed to help Saskatchewan and Manitoba farmers adjust to higher transportation costs as they face continuing low farm incomes. Farmers in these two provinces were the most affected by the transportation policy changes in the 1990s.

Includes PSD changes: No
Includes Trade Matrix: No

The following is a joint announcement from the Government of Canada, the Saskatchewan, and the Manitoba Provincial Governments. Begin text.

THE GOVERNMENT OF CANADA AND THE PROVINCES OF SASKATCHEWAN AND MANITOBA REACH AN AGREEMENT TO PROVIDE AN ADDITIONAL \$400 MILLION IN FUNDING TO FARMERS

On February 24, 2000, Prime Minister Jean Chrétien joined Saskatchewan Premier Roy Romanow and Manitoba Premier Gary Doer to announce agreement on a 60:40 cost-shared program to provide, on a one-time basis, an additional \$400 million to help grain farmers in those two provinces.

This additional assistance (\$240 million federal, \$160 million provincial) is designed to help these farmers adjust to higher transportation costs as they face continuing low farm incomes. Saskatchewan and Manitoba farmers were the most affected by the transportation policy changes in the 1990s.

"While they have made enormous progress in adjusting to changing markets and global competition, farmers in Saskatchewan and Manitoba clearly need help to cope with especially difficult challenges of low incomes and the transportation policy changes of the 1990's," said the Prime Minister. "This additional \$240 million of federal assistance brings to \$2.31 billion the total amount of farm assistance announced by the federal government since December 1998. Agriculture Agri-Food Minister Lyle Vancilief has worked tirelessly with farmers and provinces to put these resources in place."

"The assistance announced today, along with funds from other federal-provincial safety nets, will provide substantial help to Saskatchewan farmers in producing the 2000 crop," said Premier Romanow.

Premier Doer said it was heartening that the federal government has acknowledged in this concrete way the severity of the farm income crisis. "It's a good day for the family farm."

The Prime Minister and the Premiers also agreed on:

- continued provincial government participation in the 1999 Agricultural Income Disaster Assistance (AIDA) program;
- provincial government participation in negotiations headed by Agriculture and Agri-Food Minister Lyle Vancilief to put new national safety net and income disaster assistance agreements in place;
- provincial administration of this \$400 million in one-time assistance; and,
- the need to continue pushing aggressively for an end to price-distorting agricultural subsidies through the World Trade Organization negotiations.

"Farmers expect their governments to work together to find solutions. The kind of federal-provincial co-operation embodied in this announcement is what our shared approach to agriculture is all about," said the Prime Minister. End text.

The following is a February 24, 2000 background paper prepared and released by Agriculture and Agri-Food Canada. Begin text.

CANADA-SASKATCHEWAN AND CANADA-MANITOBA AGREEMENTS ON ONE-TIME PAYMENT TO GRAIN FARMERS

Program Purpose

The one-time payment announced today is intended to address the continuing adjustment to changes in transportation policies faced by Saskatchewan and Manitoba producers, a situation which has been exacerbated by continuing low farm incomes.

Program Outline

The Government of Canada will be providing \$240 million for grain and oilseed farmers in Saskatchewan and Manitoba. These funds will be matched 60:40 federal-provincial, making the total package worth \$400 million.

The program will be administered by each of the provinces. Payments will be based on historical sales information available in the NISA administration. Payments will be in farmers hands as rapidly as possible before spring seeding. Those not in NISA will have to apply to the province for the program.

The design details of the program will be developed jointly between Canada, Saskatchewan and Manitoba to ensure that the program is "trade-friendly", that is, it will satisfy the requirements of being "green" under the WTO Agriculture Agreement.

Individuals' payments will be equal to a percentage of the first \$125,000 of farmers' average eligible net sales.

Safety Nets

Federal and provincial governments spend an annual \$1 billion towards the national system of crop insurance, stabilization accounts (NISA) and other farm safety net programs under a 60:40 cost-sharing formula.

Last year, the federal government committed \$1.07 billion over two program years (1998-1999) to address severe farm income problems through the Agricultural Income Disaster Assistance (AIDA) program, supplemented by provinces according to the 60:40 cost-sharing formula.

In January, the federal government announced a further \$1 billion in disaster support for the years 2000 and 2001, including interest-free cash advances.

As part of today's announcement, Saskatchewan will remain within the AIDA program for the 1999 year, ensuring that farmers in Saskatchewan will receive the maximum benefit available under the federal-provincial program. Manitoba continues to participate in AIDA for 1999. These two provinces are expected to see the greatest benefit from AIDA for the 1999 program year. Expected payments under AIDA for 1999 are projected to be about \$300 million in Saskatchewan and \$88 million in Manitoba.

Of the funding announced today, \$300 million (\$260 million in direct payments and \$40 million in initiatives to be announced in the provincial budget) will be directed to Saskatchewan grain, oilseed and special crop producers, and \$100 million will be provided for these farmers in Manitoba.

An estimate of up to \$400 million in loans will be available in 2000 to Saskatchewan producers under the federal Spring Credit Advance program, depending on the extent of participation of producers. In Manitoba, up to \$150 million could be available.

This announcement also opens the door to continuing and finalizing the long term framework agreement for safety nets within the next few weeks. End text.

For more information, please visit: <http://www.agr.ca/cb/news/newsrle.html>

Comment

According to press reports, Alberta Premier Ralph Klein and Agriculture Minister Ty Lund have indicated their concerns about their province being excluded. In Eastern Canada, the Ontario Corn Producers' Association and the Ontario Soybean Growers have reacted with deep disappointment to the announcement who are looking forward to an equitable offering for (the) other provinces.

Find Us on The Web

Visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

Related FAS/Ottawa reports:

Report Number	Title of Report	Date
CA0003	New Canadian Farm Aid Program	01/14/2000
CA0018	Government of Saskatchewan Withdraws from AIDA Program	2/14/2000

FAS/Ottawa e-mail: usagr@istar.ca