

Russia squeezes out imports

By Barry Wilson
Ottawa bureau

Canada's farm equipment manufacturers and sellers, looking to exports as the best way to sidestep sluggish domestic sales, are complaining about growing Russian protectionism that hurts its export prospects.

And they are asking federal trade minister Stockwell Day to raise the issue directly with the Russian trade minister in late June.

"As Russia seeks membership into the World Trade Organization, they should be working on removing existing trade restrictions instead of creating new ones," the presidents of the Association of Equipment Manufacturers and the Agricultural Manufacturers of Canada said in a joint letter to Day.

Last week, the industry took its case to members of the House of Commons agriculture committee.

Howard Mains, an Ottawa-based consultant for Canadian members of the AEM, told MPs June 2 that recent Russian policies aimed at helping its domestic manufacturing industry are hurting Canadian exporters.

In particular, a recently imposed 15 percent import duty on combine harvesters and self-propelled forage harvesters make Canadian product less competitive in that market.

As well, the Russian Agricultural Bank has announced it will give Russian farmers a 20 percent discount on loans if they buy Russian-made machinery.

"Canadian companies exporting to Russia have already experienced significant decrease in exports in the first quarter of 2009," Mains said.

"The Russian government has increasingly resorted to industrial policies that limit market access by non-Russian origin goods and further create barriers to trade, particu-



Canadian manufacturers of harvesters are having trouble accessing the Russian market since that country instituted new import duties on farm equipment and other protectionist policies. (Photo courtesy of MacDon Industries)

"The government has made it very clear to buyers of agricultural equipment that banks will only finance equipment that was made in Russia."

— Howard Mains, AEM consultant

larly in the area of agricultural equipment. "Today, equipment trade with Russia is progressively less transparent and is now affecting Canadian exports."

Mains said the irony is that without imports, Russian farmers will not be able to get the equipment they need because domestic manufacturers supply less than half the domestic demand.

"The demand is huge in that country," he told southwestern Ontario Conservative MP Bev Shipley.

The opportunity for Canadian manufacturers is tremendous. So here is untapped potential and yet the domestic market is not going to be able to supply it."

He said a Canadian industry delegation that went to Russia in May came away believing that the interest rate break offered purchasers of Russian-made equipment is even greater than the 20 percent discount that has been announced.

"The government has made it very clear to buyers of agricultural equipment that banks will only finance equipment that was made in Russia," he said. "It's not written down anywhere but it's a very clear threat that has been stated."

In earlier testimony at the committee, Ottawa-based trade consultant Peter Clark told MPs that protectionism and subsidies are on the rise around the world and Canada is being left behind.

Both the United States and the European Union have reverted to selective export subsidies to clear market surplus product and to try to strengthen domestic prices.

"We are in a race for the bottom except Canada is not even in the race," he told MPs.

We don't have the money. We have never really dealt with export subsidies in that way and we do have serious problems."