

CAFTA Trade Insights

CAFTA: The Voice of Canada's Agriculture and Agri-Food Exporters

Trade Updates

Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

Canada has signalled to the country, and the rest of the CPTPP members, that it is ready to ratify the agreement and be in the first wave of the trade pact. On June 6, Canada's Prime Minister stated during [Question-Period](#) "we are happy to announce that we will be introducing into the House the bill for the ratification of the new CPTPP before the House rises for the summer."

This is good news. Overall, CAFTA is pleased as this sends positive market signals to trade partners in Asia and moves Canada closer to the implementation of the CPTPP. On June 5, International Trade Minister François-Philippe Champagne made the announcement during an [appearance](#) before the House Standing Committee on International Trade on the Mercosur talks.

The [treaty was tabled](#) May 22 in the House of Commons by International Trade Minister François-Philippe Champagne along with an explanatory Memorandum on the CPTPP. CAFTA immediately sent out a [statement](#) in praise of the federal government. CAFTA president Brian Innes said Canada had taken "a historic step closer to having competitive access to Asia-Pacific markets."

There is, however, still the matter of having legislation tabled in parliament before the summer break and ratified as soon as possible. The last possible sitting day is June 22, 2018. Much work remains. Once tabled, a bill must pass through various stages in both the House and Senate: first and second reading, consideration in committee, and third reading. Once the bill passes both chambers, it must receive Royal Assent to become law.

It is critical that the House and Senate work hard to approve legislation as soon as possible to ensure that Canada is in the first tranche of countries implementing the deal. The CPTPP comes into force 60 days after 50% of the signatories have achieved domestic ratification. Countries that ratify after the 50% stage must wait 60 days before formally joining the pact.

The race is on. Mexico has already ratified the multi-lateral trade deal, with Japan expected to have its ratification process concluded by the end of June. Australia tabled the treaty in its Parliament and vows to expedite ratification while others including Chile New Zealand, Singapore, Peru, Vietnam and Brunei are all working to ratify the CPTPP by the fall of 2018.

CAFTA urges Canada to be among the first six countries to ratify this trade agreement and benefit from the initial round of tariff reductions. In a [recent open letter](#) to International Trade Minister François-Philippe Champagne, CAFTA stated: "it should be understood that a failure by Canada to be among the first 6 to ratify



CAFTA ACCA

Canadian Agri-Food Trade Alliance | Alliance canadienne du commerce agroalimentaire

the CPTPP would not result in status quo. Rather, it would constitute a needless reduction of Canadian competitiveness in the vital Asia-Pacific region:

- Australia's current free trade agreement (FTA) with Japan has already cost our barley growers 250,000 tonnes in sales each year for the last two years.
- Nearly all of the \$425 million worth of soybeans and soy products are shipped to CPTPP countries where we do not have FTAs. If Australia is in the first wave to ratify the CPTPP and Canada is not, this would impact the competitiveness of Canadian soy producers.
- Canadian food and consumer products from baked goods, frozen foods, prepared potatoes, processed grains, pulse products, sugar and chocolate confectionery would face high tariffs in CPTPP countries such as Japan, Malaysia and Vietnam while competitors essentially wouldn't.
- Our canola oil exports to Japan face higher tariffs than Australian's due to their pre-existing FTA. Currently, we have a seven per cent disadvantage, which grows to nine per cent by April 1, 2019. By then, industry expects that Japanese tariffs applied to Australian canola oil will be low enough to encourage increased shipments; this spells a tariff battle Canada will lose – eroding our current \$1.4 billion canola seed exports to Japan and wasting an opportunity for more value-added exports.
- Every quarter the Japanese government reviews the volume of beef imports and determines whether to impose a tariff safeguard. Countries that have an FTA with Japan are exempt increases. As Japan moves forward with the CPTPP and New Zealand and Mexico join Australia with new preferential beef access to Japan, Japanese beef imports could surge and trigger the most favoured nation (MFN) safeguard as it did last year caused by imports from Australia. If Canada delays implementation of the CPTPP, we prolong our tariff disadvantage and extend our exposure to the increased risk of Japan's MFN safeguard."

With the uncertainty created by the renegotiation of NAFTA, the potential massive competitive trade disruptions arising from the U.S.-China talks and the lack of real access to the European Union provided under the CETA, it's more important than ever to speed up the implementation of the CPTPP and secure access to large and fast growing markets such as Japan, Malaysia and Vietnam.

CAFTA also continues to stress that failing to ratify the CPTPP in a timely matter would diminish Canada's leverage for negotiating how new countries join the pact. Canada will be in a much stronger position as one of the original six players. Read more:

- [CAFTA praises tabling of CPTPP treaty, urges quick action on legislation](#)
- [CAFTA Open Letter to Minister Champagne](#)
- [CPTPP Timeline](#)

On the Hill

CAFTA and its members have been busy on the hill all spring, engaging key MPs and Senators in both the House and the Senate. In addition to the primary message on the importance of trade for agri-food exporters, CAFTA and members stressed why CPTPP ratification remains a clear priority.

Currently, the House Standing Trade Committee is conducting a pre-study of the CPTPP, which is primarily focused on the similarities and differences between the CPTPP and the former TPP. Similarly, the Senate



CAFTA ACCA

Canadian Agri-Food
Trade Alliance

Alliance canadienne
du commerce
agroalimentaire

Standing Committee on Foreign Affairs and International Trade has been encouraged to conduct a similar pre-study before the CPTPP implementing bill gets to the Senate. A pre-study allows the consideration of a bill and for parliamentarians to form an opinion before official consideration. This facilitates a position within a shorter time frame than if a pre-study was not conducted.

Overall, most people on the Hill agree that consultations, hearings, studies and open debate have taken place long enough on the treaty. CAFTA does not advocate for the paralysis of analysis and neither do the hard-working Canadians that CAFTA represents.

Many witnesses have appeared before the House and Senate committees on international trade and both have published reports outlining the importance of FTAs and the TPP for Canada. For example:

[Report](#) of the Senate on Free Trade Agreements, a Tool for Economic Prosperity

[Report](#) of the House Standing Committee of International Trade (CITT) on the TPP

“Trade is my future”

Trade is my Future presents the stories of Canadians who depend on the export of agriculture and food for their livelihood. The campaign highlights the dedication and commitment of real farmers like Markus Haerle.

Markus is a soybean grower in Ontario and takes pride in customer satisfaction that hinges on world-class traceability. With a large part of his business depending on export markets, he stays actively involved in policy, regulations and advocating for Canadian farmers. The business of exporting requires a constant development of new markets and continued access to an immensely greater client-base—increased productivity and prosperity are key to a sustainable industry. Read his [story and why trade is his future](#).

“TRADE IS MY FUTURE”

Markus Haerle and his family own and operate a mixed-farm near the community of St. Isidore, ON: they grow grains, oilseeds, corn, soybeans and spring wheat, and collect eggs from laying hens.

Markus has traveled extensively to Japan, the U.S., and Malaysia to meet with the people who buy and consume the crops he grows.

Canada’s identity-preserved soybeans, grown through a rigorous traceability system, are among the highest quality in the world. Markus takes great pride in the extra effort and commitment required when growing crops for the high-value customers of quality Canadian soybeans.

Read Markus' story at www.cafta.org/trade-is-my-future

CAFTA ACCA
Canadian Agri-Food Trade Alliance | Alliance canadienne du commerce agroalimentaire

Markus Haerle
Ontario soybean grower



CAFTA ACCA

Canadian Agri-Food Trade Alliance | Alliance canadienne du commerce agroalimentaire

Other Trade News

- On May 31, the Prime Minister and Foreign Affairs Minister announced [retaliatory tariffs](#) on U.S. products of origin, beginning July 1, 2018. The countermeasures total up to C\$16.6 billion on steel, aluminum and other products. The value is equal to the U.S. tariffs, which are already enacted, on Canadian goods. For a full list of products Canada has subjected to tariffs, [click here](#). On the same day, Canada announced its intent to file a World Trade Organization (WTO) and NAFTA [challenge](#) in response to U.S. tariffs.
- The EU has [announced](#) its intention to impose additional duties on the [list of U.S. products](#) notified to the WTO on May 18, valued at up to €2.8 billion of trade and has stated that the new duties will start applying in July 2018. The EU also launched legal proceedings against the U.S. at the WTO with the US under the WTO Dispute Settlement Understanding.
- On June 5, 2018, Mexico published in its [Official Gazette](#) a list of retaliatory tariffs that will be applied to certain goods originating from the U.S. as a response to U.S. tariffs on steel and aluminum imports originating from Mexico (Spanish language only).

In case you missed it

[NAFTA negotiations: Canada rejects US push for bilateral trade deal](#)

[Japan and Australia vow to put TPP into effect soon](#)

[Japan, Mexico vow to cooperate for TPP's early entry into force](#)

[EU Launches FTA negotiation with New Zealand and Australia](#)

[After talks, China makes vague pledge to buy more U.S. products](#)

[EU Official Sees Trade Deal With Mercosur Toward Year-End](#)

[Japan urges more of Latin American to join TPP](#)

[US seeks to more than double ag exports to China](#)

[Colombia is first to formally notify of its interest in joining the CPTPP](#)

[New Zealand says TPP 11 should take effect in 2018 and calls for adding members](#)

[Colombia looking to join new TPP](#)

Contact us: www.cafta.org or info@cafta.org

Follow us: [@CAFTA_ACCA](https://twitter.com/CAFTA_ACCA) 