



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

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Sent by email to: trade-policy-review-2020@ec.europa.eu

Directorate-General for Trade
European Commission
Brussels, Belgium

The Canadian Agri-Food Trade Alliance (CAFTA) welcomes the opportunity to participate in the Directorate-General for Trade's consultation on the future of European Union (EU) trade policy.

CAFTA is a coalition of national agri-food associations that work together to support a more open and fair international trading environment for agri-food. CAFTA is the voice of Canadian agriculture and agri-food exporters, representing the 90% of farmers who depend on trade and the ranchers, producers, processors and agri-food exporters who want to grow the economy through better access to international markets. This includes the beef, pork, meat, grains, cereals, pulses, soybeans, canola as well as the sugar, malt, and processed food industries. These sectors support about a million jobs in urban and rural communities across Canada.

We write to express our serious concern over the lack of commitment the European Union (EU) is demonstrating to adhere to the spirit of the Comprehensive Economic and Trade Agreement (CETA).

CAFTA and its members have been long-standing supporters of the CETA based on the market access the negotiated outcomes were to provide for agri-food exporters.

This landmark trade agreement was hailed as a gold-standard pact that would set the tone for 21st century global trade. Access for Canadian agri-food products was a core benefit for Canada in the CETA. The CETA promised to be especially transformative for Canada's world-class agriculture and agri-food sector. The liberalization of trade was to increase Canada's exports to the EU by nearly \$2 billion annually. The pact also included commitments to resolve issues related to technical barriers to trade, sanitary and phytosanitary provisions and other non-tariff barriers.

However, CETA has now been in force for three years and it has failed to deliver on its promises for Canadian farmers, producers and food manufacturers. This is because of a wide range of technical barriers and trade distorting measures that were to be lowered or eliminated altogether through CETA continue to block access to the EU market for Canadian products.

The reluctance from the EU Commission and EU member states to abide by the spirit of the CETA and remove these barriers has been disappointing and surprising given the EU's own focus on ensuring its trade agreements are put into practice and enforced properly. The persistence of many barriers that were to be reduced or eliminated are directly impacting Canadian exports and the potential for growth for durum, canola, grains, beef and pork as well as sugar containing and processed food products. Our exports to the EU should be much higher. Specifically:

- Canola farmers' sustainability practices have yet to be recognized despite 4 years of diligent work and substantive engagement with DG Energy;
- The grain industry continues to ask for predictable and science-based import tolerance processes for crop protection products;

- Constraints for beef and pork include the EU not recognizing the effectiveness of meat processing;
- Italy's country of origin labelling (COOL) for pasta blatantly contradict trade rules and is unquestionably offside from both the EU's CETA commitments and EU law itself.
- Production and trade distorting EU subsidies make our exports of high sugar-containing products, sugar confectionery and chocolate preparations among other processed foods uneconomic.

The EU's failure to address these issues within CETA poses great reputational risk for its status as an institution that not only champions free and rules-based trade, but also as a counterparty that honours and abides by the spirit of outcomes it has negotiated. Now more than ever, the EU needs to show its relevance in the global economy by championing the core issues that will help ensure recovery from one of the gravest economic threats the world has ever known effectively takes root.

The past few years have shown us just how harmful it is when trade agreements and rules are ignored or disavowed. Global trade and trade rules are severely undermined when trading partners do not implement agreements as negotiated. We encourage governments to recognize how tariffs, non-tariff barriers and unpredictability handicap exporters.

On behalf of the Government of Canada, ministers for trade and agriculture have raised these issues with their EU counterparts, and both sides have recognized the need to resolve these outstanding issues so that CETA can become the template for how trade in the 21st century should be conducted.

Additionally, this spring as the EU 'Farm to Fork Strategy' was unveiled under the umbrella of the European Green Deal, it included 2030 targets such as a mandatory front-of-pack labeling, origin for certain products and targets to cut the use of pesticides, fertilizers, antimicrobials among others. While we share the broad objectives underpinning these initiatives, we must work together to ensure implementing these policies do not further exacerbate existing barriers or create new ones that are not grounded in science and internationally agreed upon protocols and do not diverge from international guidelines.

We look forward to continuing to work with you in support of rules-based and win-win trade that advances the prosperity of farmers, workers, businesses and families in Canada and throughout the EU. The best way to ensure we secure a strong, post-pandemic recovery is to keep predictable duty-free trade flowing.