

Exploring free trade with China encouraging sign for Canadian agri-food exports

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Ottawa, ON – September 22, 2016 – The Canadian Agri-Food Trade Alliance (CAFTA) today applauded the federal government for announcing exploratory free trade talks with China – a market that accounted for \$5.6 billion in Canadian agriculture and agri-food exports last year. China is Canada’s second largest two-way trading partner after the U.S.

“China is the world’s largest banquet and we want Canada to be the caterer,” says CAFTA President Brian Innes. “With this step forward, we are closer to taking advantage of a huge opportunity to increase trade. Canada depends on agriculture and agri-food exports to feed our own urban and rural communities and support hundreds of thousands of jobs.”

China is a massive market where consumers are hungry for safe, high-quality products.

Opportunities are enormous with China projected to be the world’s largest agri-food importer by 2020. Canadian canola is the dominant export, accounting for half of current agri-food shipments, with pulses, pork, wheat, barley, soybeans, beef, genetics and sugar and sugar containing products also in high demand in the Chinese market.

In the global market, Canada exports 40 per cent of its processed foods, half its beef, more than half its malting barley, pork and soybeans, 75 per cent of its wheat, and 90 per cent or more of its canola and pulses. Despite the large and growing demand for Canadian agri-food products in China, Canadian exporters continue to face serious barriers that are hampering growth. China’s average tariff on agricultural products is 15.1 per cent, compared with 8.6 per cent for industrial goods. China makes use of high tariffs and restrictive tariff-rate quotas on many agri-food products such as wheat, corn, rice, cereal flours, sugar and sugar-containing products.

“Increasing agri-food exports to China will be crucial to Canada’s economic future over the next 50 years,” says Innes. “Achieving that success depends on how well Canada can open doors in this market.”

Innes welcomed the government’s efforts to seek to eliminate Chinese tariffs and non-tariff barriers that stifle the competitiveness of imported goods. These barriers also reduce the

range of products that can be exported to that country and raise uncertainty for exporting businesses.

While talks will be tough, China's experiences with recent Free Trade Agreements, including those with New Zealand and Chile, suggest Beijing is willing to provide improved access to agriculture and agri-food exporters. New Zealand's exports to China have tripled since signing its free trade agreement.

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