

## **CAFTA sees Potential in Sectoral Approach as Step towards FTA with China**

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The Canadian Agri-Food Trade Alliance (CAFTA), representing Canada's \$58 billion a year agri-food export industry, is following with significant interest recent suggestions that Canada could pursue a sector-by-sector approach to improving our trade relations with China.

International Trade Minister Jim Carr and Finance Minister Bill Morneau will be in Beijing next week where they will co-chair the Canada-China Economic and Financial Strategic Dialogue. Also present at that event will be Agriculture and Agri-Food Minister Lawrence MacAulay and Treasury Board President Scott Brison.

Canada's agri-food exports to China have grown tremendously, exceeding \$7 billion in 2017 and now accounting for more than a third of total Canadian exports to that country. Clearly, agri-food is an essential sector to consider within the Canada-China trading relationship.

As CAFTA pointed out in its submission to last year's Government of Canada consultation on a potential free trade agreement with China, there is the potential for important additional growth in agri-food exports if existing barriers are addressed.

These barriers come in the form of both tariffs and non-tariff measures. Tariffs are a priority for agri-food exporters because they are much higher for agriculture products entering China than for other goods, with the average agriculture tariff being 15.1 per cent versus 8.6 per cent for industrial goods. Tariffs on Canada's key export interests are as low as 3% on feed and malt barley but are generally much greater; 9% on canola oil, 10% on malt, 20-25% on many beef and pork products and 30% on certain sugar containing products. Under existing WTO rules, it will be very difficult to address these tariffs other than by a comprehensive free trade agreement

However, while CAFTA continues to support Canada entering into FTA negotiations with China at the earliest opportunity, we would also welcome an immediate intensified focus on addressing sectoral issues – such as achieving greater predictability through adherence to international standards and norms for livestock production and meat inspection as well as for the approval of new seed technology and food testing protocols.

CAFTA continues to believe there are enormous mutual benefits for Canada and China to improve their bilateral trade relationship. Canada needs to diversify its export markets and China needs reliable high quality sources of agriculture and food products.

Canada is well positioned to increase its role as a supplier to China due to its position as a globally recognized safe and reliable provider of agri-food products.

For more on the challenges Canada's agri-food exporters face entering China, see CAFTA's 2017 study, *Chasing China*, at <http://cafta.org/wp-content/uploads/2017/02/CAFTA-Chasing-China-Study-Feb-22-2017.pdf>.

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*CAFTA is the voice of Canadian agri-food exporters, representing the 90% of farmers who depend on trade and the ranchers, producers, processors and 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. The sectors CAFTA represents support over a million jobs in urban and rural communities across Canada.*

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