



CAFTA Trade Insights

CAFTA is the voice of Canada's agri-food exporters

CAFTA Board of Directors meets with Minister Garneau

On April 16, CAFTA met with the Honorable Marc Garneau, Canada's Minister of Foreign Affairs. CAFTA directors and the Minister had a productive discussion on CAFTA's priorities, challenges related to the pandemic and the important role agri-food trade plays in driving economic activity and growth in urban and rural communities across Canada in support of post-pandemic recovery.

The meeting focused on the importance of robust relationships with key trading partners and the effective functioning of multilateral institutions such as the WTO on which international cooperation rests.



Looking ahead on global trade

As vaccine rollout progresses in Canada and around the world, policy- and decision-makers are increasingly turning their attention toward post-pandemic recovery. The WTO is forecasting uneven trade growth across regions for the rest of this year with much of the world seeing only modest export gains while Asia is set to remain solidly a net exporting region. According to [new estimates from the WTO](#), the volume of world merchandise trade is expected to increase by 8.0% in 2021 after having fallen 5.3% in 2020, continuing its rebound from the pandemic-induced collapse that bottomed out in the second quarter of last year.

However, strong growth is expected to be short-lived as current forecasts predict global trade growth will be cut in half to 4% in 2022. These figures show that global trade will remain below pre-pandemic levels for the foreseeable future making it more necessary for policymakers to make the right choices today. WTO Director General Ngozi Okonjo-Iweala is saying the same thing, stressing that *“Keeping international markets open will be essential for economies to recover from this crisis and a rapid, global and equitable vaccine roll-out is a prerequisite for the strong and sustained recovery we all need.”*

For the rest of 2021, ensuring Canadian policymakers, and those of our key trading partners make the right choices will be one of the most important tasks ahead for agri-food exporters and supporters of free trade in general.



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Other files we're tracking in international trade

G7 activities

An initiative known as [G7 Trade Track](#), is being pioneered by the UK as part of its 2021 G7 Presidency agenda. The *Trade Track* is being described as an opportunity for the UK to work with G7 partners to shape a bold agenda for global recovery. Key themes are similar to the “build back better” sentiment and include charting a greener, more prosperous, fair and resilient path forward. The four priority areas are: WTO reform, trade and health, digital trade and trade and climate policy.

Given the importance of the UK as a trading partner and supporter of WTO modernization efforts, CAFTA will pay close attention to this initiative. Trade is expected to be part of the G7 agenda through 2021 and it will be important that Canada and other G7 countries stand tall on the world stage in support of the key role free and open trade can play in driving post-pandemic recovery.

G20 Agriculture Meeting

At the end of April, the Deputy Ministers of Agriculture from the G20 met ahead of the ministerial meeting which is scheduled to meet in Italy in mid-September. Key issues being discussed include sustainability, greater inclusion in economic recovery and of course, international trade. We will continue to track these issues closely to ensure that new initiatives advance trade liberalization for agriculture.

Notable CAFTA Engagement and Events

Annual Meeting of Export Development Canada

CAFTA's Executive Director recently participated in the Annual Meeting of [Export Development Canada's](#) Industry Stakeholder Panel which convenes leaders of national business and industry groups to discuss ideas related to Canada's activities in global markets. During the session, CAFTA's trade priorities were outlined with a particular emphasis on the need to maximize the benefits of Canada's FTA's by creating the chief of trade implementation at Global Affairs Canada.

CAFTA moderates dialogues with CAPI and Farm Foundation on Trade & Climate Change

CAFTA moderated a recent debate on issues related to trade and climate change, sustainability, carbon border adjustments, and other related policies in the context of a global trading environment. While CAFTA does not have an official view on these issues, the event provided an opportunity to learn about what each of Canada's trading partners are doing in the field and in particular possible future implications for agri-food exporters in the U.S., Europe and Canada.

CAFTA President highlights Agri-Food Sector to TheFutureEconomy.ca

In a segment entitled “[Enforcing Fair Trade Deals for the Agriculture Industry](#)” CAFTA president Dan Darling provided an overview of how Canada's agri-food industry is one of the key drivers of job creation and economic growth across Canada. The segment also provided information on Canada's key trading relationships around the world and featured a notable quote that we will continue to repeat in the weeks ahead: “**My biggest fear with COVID-19 is that it will be used as a non-tariff barrier.**” TheFutureEconomy.ca is an online publication growing in influence that is look at a variety of issues related to challenges and opportunities in leading sectors the Canadian economy.



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Trade Updates

UK / CPTPP

CAFTA recently submitted its preliminary views on the future negotiations with the United Kingdom (UK) and possible accession of the UK to the Comprehensive and Progressive agreement for Trans-Pacific Partnership (CPTPP) Agreement. In the submission, it was made clear that the ongoing challenges with CETA must be resolved as part of a comprehensive negotiation with the UK. Similarly, we stated that the UK must adhere to high standards secured in the CPTPP pact.

You can read CAFTA's Gazette submission [here](#).

Follow-up on CETA Joint Committee Meetings

Following the CETA Joint Committee Ministerial held in late March, CAFTA and other like-minded groups sent a [letter](#) to the Hon. Mary Ng, Canada's Trade Minister and European Commission Executive Vice-President Valdis Dombrovskis, urging progress on fully implementing CETA and resolving the outstanding issues that remain. Given the importance of the EU market for agri-food exporters, resolving these issues will remain one of our top priorities.

Pacific Alliance

We continue to support Canada's efforts to grow our export footprint in Latin America. A recent tweet by @CanadaTrade noted that 73% of Canada's trade with Latin America and the Caribbean is with [#PacificAlliance](#) countries. And while Canada has bilateral deals with the four Pacific Alliance countries (Colombia, Mexico, Peru and Chile), we continue to urge for the conclusion of a Pacific Alliance pact to secure more liberal rules of origin as well as level the playing field in other key areas.

WTO and the road to MC-12

Many [members continue to work hard](#) in the hope ambitious outcomes can be achieved at MC-12. Key issues to resolve include fisheries subsidies, agriculture domestic subsidies and ongoing worries that protectionism exacerbated during the pandemic will become the norm. Many members are stating openly that failure to secure meaningful deliverables at MC-12 will further erode the WTO's credibility. With respect to the need to restore key functionality to core dispute settlement mechanisms, the paralysis of the Appellate Body in particular, the Director-General expressed hope that by MC12 members "can reach a shared understanding on the types of reforms needed". An intense schedule is expected over the next few weeks to keep a path toward ambitious outcomes on track. We will continue to track these efforts closely.

WTO Agriculture Negotiations

As COVID-19 continues to [take attention away](#) from other trade issues, the chair of WTO agriculture negotiations, Ambassador Gloria Abraham Peralta (Costa Rica), told members at the end of April that draft negotiating text needs to be circulated before the summer recess if ambitious outcomes are to be achieved at MC-12. CAFTA is working with policymakers to secure commitments to reforms in key areas including transparency, domestic subsidies and market access while also pushing for an SPS declaration.

Ambassador Peralta has stated members need to be prepared for tough talks in sensitive areas such as trade-distorting domestic support ahead of MC-12. The next meetings are scheduled for the end of May and the second half of June.



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Cairns group countries also continue to push for reforming domestic subsidies. George Mina, Australia's ambassador to the WTO has been vocal in recent months on social media. One of his most recent tweets stated that *"Domestic support entitlements in agriculture could reach \$2 trillion by 2030 if left unchecked."*

On Parliament Hill

Federal Budget

The federal budget was released on April 19, the first in over two years. Finance Minister Chrystia Freeland is betting that Canadians want the federal government to spend big to spur recovery. And while international trade wasn't a predominant focus of the budget, some of agriculture appears now eligible for funding under the Strategic Innovation Fund (SIF) a program that will invest \$2.2 billion over the next seven years to help businesses grow, attract investment and succeed in global markets.

Ralph Goodale appointed Canada's High Commissioner to the UK

Ralph Goodale, the long-serving Liberal MP from Saskatchewan who was defeated in election 2019 is now Canada's top diplomat in the UK. Having held various senior ministerial roles in his long political career – including as Minister of Agriculture – many expects that he will prove to be a useful ally as Canada looks to negotiate a permanent trade pact with the UK.

Other news

USDA Aligns Definition of "Ag Products" to Global Trade Standard

Trade enthusiasts in the U.S. will get a new definition for "agricultural products".

USDA will adopt the WTO's internationally recognized definition of "agricultural products" as its standard definition for the purposes of reporting U.S. agricultural trade data. USDA's current definition of agriculture is similar to the WTO definition, but not quite the same, which can cause confusion. Eliminating the differences between the two entities' definitions is expected to make talking about and negotiating trade significantly easier. More on this here:

<https://www.fb.org/market-intel/usda-aligns-definition-of-ag-products-to-global-trade-standard>

In case you missed it

[Japan approves world's biggest free-trade deal after China's call to boost Asian economy](#)

[Challenges ahead for the UK to join CPTPP](#)

[FMM urges govt to expedite ratification process for RCEP and CPTPP to aid recovery](#)

[U.K. applies to join the CPTPP: Implications for Canada?](#)

[Feds consult on future of U.K. trade, CPTPP](#)

[Australia-UK Deal done next week?](#)

[Thailand Considering Joining CPTPP](#)

[Another 3 months of studies, followed by CPTPP decision](#)

[Enforcing Fair Trade Deals for the Agriculture Industry](#)

[WTO launches call for proposals for 2021 Public Forum](#)

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