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Statement for the Standing Committee on International Trade
on the Canada-European Union Comprehensive Economic and Trade Agreement (CETA)

November 29, 2016

- Thank you for inviting me to speak on behalf of CAFTA, the voice of Canadian agriculture and agri-food exporters regarding the Canada-European Union Comprehensive Economic and Trade Agreement or CETA.
- CAFTA represents farmers, processors and exporters from the beef, pork, grains, oilseed, pulse, soy, malt and sugar sectors. Together, CAFTA members account for 90% of Canada's \$54 billion agriculture and agri-food exports, supporting 940,000 jobs across Canada.
- Competitive access to global markets through trade agreements is our top priority. Europe, Japan and the Asia Pacific are at the top of our priorities 'list.
- Access for Canadian agriculture and agrifood products is a core benefit for Canada in the CETA.
- CAFTA has long been a champion of the CETA and increased trade with Europe. CAFTA has attended many negotiating rounds and met regularly with the negotiators and the government to ensure that the negotiated outcomes would provide real benefits for Canada's agriculture and agri-food exporters.
- CAFTA was able to immediately, and unequivocally, voice its support of the agreement in principal on CETA announced in October 2013. We are also very pleased by the conclusion of the CETA negotiations and were present in Brussels for the signing of the historic deal.

CETA offers tremendous potential

- The CETA secures substantial access to one of the world's few multibillion-dollar export markets, and, it does so ahead of our major competitors.
- With a population of 500 million, the European Union (EU) is, by far, the largest importer of agricultural products in the world.
- In 2014, Canada shipped \$3.2 billion in agriculture and food products to the EU, led by wheat, soybeans, oilseeds, pulses, canola oil, frozen fruits and maple syrup. This is only about 5% of Canada's total agri-food exports. CETA offers tremendous potential for our members; Canada's exports really should be much higher.
- CAFTA has expressed support for the CETA as the EU market has the potential to result in significant benefits for agri-food exporters: the agreement could drive additional exports \$600 million in beef,

\$400 million in pork, \$100 million in grains and oilseeds, \$100 million in sugar containing products and a further \$300 million in processed foods, fruits and vegetables.

- Taken together, the CETA could result in \$1.5 billion in new Canadian agri-food exports to the EU. This is assuming that negotiated outcomes provide for commercially viable access.

Tariffs and Non-Tariff Barriers

- Canadian agrifood exports to the EU currently face high tariff rates, with an average of 13.9 percent.
- On the day of implementation, tariffs on almost 94 percent will be eliminated immediately. Over the course of the implementation period, virtually all tariffs, other than for beef and pork, will also be eliminated.
- But tariffs are not the only part of the access equation and for some sectors non-tariff barriers are as important as tariff reductions.
- In the CETA, Canada and the EU have committed to work together to advance a number of non-tariff issues.
- Today, it is clear that the commercially viable access that was promised for all exporters may not be fully achieved for some time and not by the time the agreement is implemented.
- CAFTA has long stated that in order to achieve meaningful access, CAFTA members needed to have both the tariff and the non-tariff barriers fully resolved before the CETA's implementation. Today, a number of issues remain outstanding, including:
 - the timely approval of biotechnology traits, the timely approval and re-evaluation of crop input products; and
 - the approval of meat processing systems.
- Throughout 2014-2016, CAFTA has strongly encouraged the completion of the respective legal and political processes related to the CETA while simultaneously completing technical discussions so that the stated benefits of the deal can be realized in the form of commercially viable access for all Canadian exporters.
- Throughout 2016, CAFTA has stated that its support for the implementation of CETA will be evaluated based on the extent to which the negotiated outcomes result in commercially viable market access for Canadian agri-food exporters.
- In August 2016, CAFTA members met with officials from Global Affairs Canada and Agriculture and Agrifood Canada and discussed the value of a **CETA Implementation Plan for Canadian Agriculture and Agrifood Exporters** as part of a path forward.

- Given the slow progress the EU is making to resolve these issues,

CAFTA Gives Conditional Support to the Implementation of the CETA with the three conditions

- CAFTA will support the implementation of CETA if the Government of Canada commits to a **well-resourced advocacy strategy and comprehensive CETA Implementation Plan for Canadian Agriculture and Agrifood Exporters to achieve real access for all exporters**. Such plan will focus on ensuring that the negotiated outcomes result in commercially viable access, **including but not limited to the grains and oilseed sector and the meat sector through the establishment in Canada of high level working groups**.
- CAFTA asks that the **Committee recommends in its report** on Bill C-30 that the Government of Canada commits to the **CETA Implementation Plan for Canadian Agriculture and Agrifood Exporters** to ensure negotiated outcomes result in commercially viable access for agriculture and agrifood sectors. It must be noted that the implementation plan will need to remain in effect until such time as the market access outcomes contained in the Agreement become commercially viable for all Canadian agriculture and agrifood exporters.
- CAFTA asks that the Government of Canada **exert every effort to resolve as many as possible of the outstanding technical barriers during the interim period** between now and the date of the CETA implementation.

In closing

- More work needs to be done. Due to the strong potential and CAFTA's history of working collaboratively with government, CAFTA supports the passage of Bill C-30 and implementing the CETA with the three conditions outlined above.
- CAFTA will be pleased to report to the Committee on a regular basis on the progress achieved for agriculture and agrifood exporters as the CETA gets implemented.