

CAFTA Trade Insights

CAFTA: The Voice of Canada's Agriculture and Agri-Food Exporters

CAFTA Back on the Hill

Amid a busy month of NAFTA negotiations, events at Parliament, and a committee appearance, CAFTA also held its annual general meeting. As the board of directors met for the meeting, they also took this time to meet with the Minister of Agriculture and Agri-Food, Lawrence MacAulay. CAFTA members discussed the importance of exports and free trade agreements with the minister. In particular, discussions highlighted the importance of the North American Free Trade Agreement (NAFTA), TPP-11, and a free trade agreement with the People's Republic of China.

As the third round of NAFTA negotiations commenced in Ottawa, CAFTA remained active in conveying the importance of NAFTA to Canadian agriculture and agri-food exporters. CAFTA's efforts included participating in a NAFTA agriculture roundtable with the Minister of Agriculture and Agri-Food Lawrence MacAulay, Parliamentary Secretary to the Minister of Foreign Affairs (Canada-U.S. Relations) Andrew Leslie. In addition, CAFTA co-hosted a reception in Ottawa with the US Chamber of Commerce that provided an opportunity to network with stakeholders from Canada, the United States and Mexico. NAFTA has been an incredible success and the US remains Canada's top export market, totalling over \$31 billion in domestic agri-food exports in 2016. CAFTA supports efforts to maintain the free and fair access that we currently have and support efforts to increase regulatory coherency between NAFTA countries.



Minister MacAulay (Front, Center) and (L to R): Claire Citeau (CAFTA), Gary Stordy (Canadian Pork Council), Fiona Cook (Grain Growers of Canada), Bryan Walton (National Cattlefeeder's Association), Cam Dahl (Cereals Canada), Sandra Marsden (Canadian Sugar Institute), Ron Davidson (Canadian Meat Council), Catherine Scovil (Canadian Canola Growers Association), Michael Graydon (Food & Consumer Products of Canada)

CAFTA Appears before House of Commons Committee on Agriculture and Agri-Food for Study on Food Policy for Canada

On September 28th, CAFTA provided comments for the House of Commons Committee on Agriculture and Agri-Food's study on a Food Policy for Canada. CAFTA's statement focused on the role that exporting and free trade agreements play in Canada's agriculture and agri-food sectors.

- Read [CAFTA's statement to the committee](#), which stresses that competitive access is a necessity for the maintenance of Canada's agriculture and agri-food sector.



CAFTA ACCA

Canadian Agri-Food
Trade Alliance

Alliance canadienne
du commerce
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CAFTA Welcomes its Newest Member: Food & Consumer Products of Canada

Food & Consumer Products of Canada (FCPC) joins CAFTA this month as part of the strong, growing voice of Canadian agriculture and agri-food exporters. FCPC was founded in 1959 and is the largest voice of the Canadian food, beverage and consumer products industry. Their voice includes both small and large corporations that manufacture and distribute food in Canada, which contributes \$28.9 billion to Canada's GDP. Learn more about FCPC at their website [here](#).

FCPC

**Food & Consumer
Products of Canada**

PACC

**Produits alimentaires et de
consommation du Canada**



Trade Updates

Provisional Application Begins for Canada-European Union Comprehensive Economic and Trade Agreement (CETA)

Provisional application of CETA began on September 21st, which represents ten years of work to achieve greater access to Europe for Canadian consumers and exporters. The EU is Canada's fourth largest export market for agriculture and agri-food products worth \$3.5 billion in 2016. CETA serves as a landmark moment for the agri-food sectors, which presents the potential to increase exports by an additional \$1.5 billion a year.

CAFTA was among those present at the Port of Montreal event with industry groups marking the provisional application of CETA. CAFTA President Brian Innes stated "At a time when some countries are looking inward, it's critical that Canada continues to pursue free trade agreements like CETA." While issues remain in gaining full, commercially viable access to the EU for some Canadian agricultural products, CAFTA remains hopeful for the quick and fair resolution of the remaining issues.



Canada's Chief Negotiator for CETA, Steve Verheul (Center) and L to R: Brian Innes (Canola Council of Canada), Sandra Marsden (Canadian Sugar Institute), Catharine Scovil (Canadian Canola Growers Association), Claire Citeau (CAFTA), Martin Rice (CAFTA)

- Read CAFTA's [statement](#) on the provisional application of CETA.

NAFTA Renegotiation: where are we at right now?

The second round of NAFTA renegotiation talks were held early this month in Mexico City, Mexico. On the final day of the round, US Trade Representative Robert Lighthizer stated that the three countries had found "[mutual agreement on many important issues.](#)" While there has been little discussion about the specific

areas in which progress has been made, the media has reported that this has included [energy, telecommunications and investment, improving conditions for small-and-medium enterprises, and streamlining customs procedures](#). However, despite the progress made, there remains agreement has not been found on many of the most contentious issues.

A day before the second round of talks, [Mexico’s Economy Minister Ildefonso Guajardo stated](#) that if the United States was to withdraw from NAFTA, the agreement would remain in place for Canada and Mexico. Further, Guajardo stated that “Neither Canada nor Mexico will announce their departure (from NAFTA) because we want to keep being regulated by NAFTA.”

Continuing with the quick pace of negotiations, the three countries again met for a third round of talks in Ottawa, Canada from September 23rd to 27th. The media widely reported on [Canada’s Chief Negotiator Steve Verheul’s statements](#) that the United States has yet to make specific demands on auto part rules-of-origin, dairy, or Chapter 19 dispute settlement, despite being priority areas for the US. Verheul also expressed some hesitation about achieving an agreement by the end of the year, a deadline Mexico and the US hopes to achieve, and suggested that a resolution by Spring is more feasible. US Trade Representative Lighthizer [said that the United States will “hopefully” present a draft](#) on some contentious issues, including dispute settlement, by the next round of talks.

Following the conclusion of their talks, a [trilateral statement](#) was released that highlighted that the chapter on small and medium enterprises was substantively completed, and made substantial progress on the competition chapter. In addition, their statement notes “meaningful advancements” in areas including good regulatory practices and customs and trade facilitations, areas of particular interest to CAFTA. Negotiators will next meet in Washington D.C. from October 11th to 15th.

Trans-Pacific Partnership (TPP)

The TPP-11 again met this month in Japan to continue their work on to resolve the way forward with the agreement in the absence of the United States. [Japan’s chief negotiator in the TPP talks stated that significant progress has been made between the participants, but further work remained](#). Japan and Australia have stressed the need to not discuss amendments in order to further the negotiations. Reports have indicated that negotiators are again [set to meet once more in October prior to the APEC summit in November](#) in hopes of making additional progress before the summit.

As negotiations continue, CAFTA strongly supports the implementation of the TPP without changing negotiated outcomes on market access. Canada’s lack of favourable access to Japan and other TPP-11 states continues to give an advantage to Canada’s competition and hurts Canada’s agriculture and agri-food sector. Canadian agri-food exports to the TPP-11 states amounted to almost \$7 billion in 2016, nearly \$4 billion of which was to Japan alone. To reach \$75 billion in agri-food exports by 2025, a free trade agreement with Japan is a necessity.

- On September 30th, the Government of Canada launched a round of public consultations on a free trade agreement with Asia-Pacific states, particularly with the remaining members of what was the TPP. Additional information about his new round of consultations can be found [here](#).
- Read [CAFTA’s open-letter to Minister Champagne](#), Minister of International Trade, on the need for Canada to declare its support and implement the TPP without delay.



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Canada and the Association of South East Asian Nations (ASEAN) launch Exploratory Discussions for Potential FTA

Canada and ASEAN announced early this month that they have come to an agreement to [begin exploratory talks for a potential free trade agreement](#). ASEAN is a regional organization composed of Cambodia, Brunei Darussalam, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. Of these countries, Brunei, Malaysia, Singapore, and Vietnam are also parties to the TPP. While total merchandise trade with ASEAN was valued at \$21.6 billion in 2016, approximately \$1.34 billion of this was from agriculture and agri-food trade.

Latest News

CETA to Form Basis for Future Bilateral Free Trade Agreement between Canada and United Kingdom

Canadian Prime Minister Trudeau and United Kingdom Prime Minister May announced that the two countries were working towards a free trade agreement to take effect after Britain leaves the European Union. In the joint news conference held on September 18th, Trudeau stated that CETA will provide a very good basis for any future FTA with Britain. Prime Minister May [reiterated and supported these comments](#), going on to state that, "...It makes sense to take [CETA] – which the UK is part of, it's part of the European Union – with Canada, and say that that is the basis at that point at which we leave for a bilateral relationship with the U.K. and Canada."

In case you missed it

[The US Chamber of Commerce issued a statement strongly opposing the US withdrawal from its FTA with South Korea.](#)

[Can US President Donald Trump unilaterally withdraw the US from NAFTA? The answer is complicated.](#)

[The WTO has revised their economic forecast to include a sharp acceleration of global trade growth, particularly driven by Asia and North America.](#)

[The US has filed a second WTO complaint against Canada, arguing that British Columbia measures discriminate against imported wine.](#)

[Canadian exemption on pulse fumigation fee has expired, increasing inspection fees for exporters by approximately \\$15 per tonne.](#)

[Countervailing duties against Argentina and Indonesia biodiesel from the US Commerce Department may increase demand for Canadian canola oil.](#)

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