

CAFTA Trade Insights

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

43rd General Election

Canada's 43rd general election was held October 21. CAFTA congratulates all federal parties and the teams of volunteers and staff on the election campaign. While the Liberal Party of Canada led by Justin Trudeau won the most seats, they lost their parliamentary majority, dropping from 177 seats at the dissolution of the 42nd Parliament to 157 seats on election day. In the absence of a formal coalition, the government may have to secure support on a case-by-case basis from at least one other party to maintain power. This means the Liberals may have to rely on the Bloc Quebecois, the Conservatives, or the NDP for support in the House of Commons.

Prime Minister Trudeau has stated the new cabinet will be sworn in on November 20, and it is not yet clear when Parliament will resume, or when a Speech from the Throne will be delivered.

The Library of Parliament has prepared a background paper to address some of the most commonly asked questions about the transition to the 43rd Parliament, which can be read [here](#).

What a Minority Government Means for CAFTA

Following #elxn43, nearly 100 MPs were newly elected. Additionally, many re-elected MPs will be working in a minority parliament for the first time. Therefore, the 43rd Parliament may be both cooperative and contentious at times as parties will have to find common ground to pass legislation and other matters of confidence. Across all sectors and for organizations of all sizes, opportunity is available to be seized and building relationships across party lines with newly elected MPs, staff and other policy- and decision-makers and influencers will be key.

As a reminder, the Liberal Party platform stated its goal to make Canada the world's second-largest exporter of agricultural products by 2025. In particular, the platform notes exporting to new markets as critical to this goal. The Conservative Party of Canada platform noted the uncertainty Canadian agri-food exporters face in the current global trading environment and the need to diversify Canada's exports markets in order to reduce dependence on the U.S. market.

On October 8, in the lead-up to election day, CAFTA sent an open letter to the leaders of Canada's major federal political parties noting disappointment at the lack of serious discussion during the campaign about how to secure Canada's long-term economic success by continuing to grow exports.

CAFTA does not take a position on any one party. CAFTA looks forward to working with the government and all parties and parliamentarians in support of open and rules-based trade for Canadian agri-food exporters.

Read CAFTA's open letter to the leaders of Canada's federal political parties [here](#).

Read more about the priorities of Canadian agri-food exporters in [Realizing Canada's Export Potential in an Unpredictable and Fiercely Competitive World](#)

Canada-United States-Mexico Agreement (CUSMA)

While NAFTA's successor agreement was updated and signed by all three countries over a year ago, the road to ratification continues to be uncertain.

Ratification by the U.S. continues to be slowed down by the unofficial deadline of getting the agreement passed this fall before politics ahead of the 2020 federal election consumes D.C. A working group of nine Democrats assigned by House speaker Nancy Pelosi (D-CA) to address USMCA issues with the Trump administration has accelerated the pace of USMCA discussions in recent weeks as the two sides continue to iron out differences on the deal's labor, environmental, pharmaceutical and enforceability provisions. Both Democrats and Republicans say meaningful progress is being made.

However, Senate Finance Committee Chairman Chuck Grassley (R-IA) said recently he was "very worried for the first time" about the pact's passage, adding that "time is running out" and "a USMCA vote was "increasingly unlikely" this year.

USMCA must be approved according to the rules set by Trade Promotion Authority, the law covering submitting trade deals to Congress. The deal must be submitted to Congress on a day that both the Senate and the House are in session. The House goes back in session on Nov. 11, creating a two-week window in which USMCA could pass before the Senate recesses for Thanksgiving. The House and the Senate are also both scheduled to be in session for the first two weeks of December. This means it's down to two, two-week periods in November and December to get the pact ratified this fall.

Technically, Congress could still pass USMCA next year since that would still be the 116th Congress, and TPA would remain in place. However, since 2020 is an election year, most observers believe the best chance for the deal to get done is this fall before full-blown election fever takes over. We'll continue to watch developments closely.

As part of our federal election priorities, CAFTA has called on the federal government here in Canada to pass CUSMA as quickly as possible.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

The CPTPP Commission and associated Committees held its second meeting in New Zealand from October 7 to 9. The Auckland meetings brought into operation the main institutional mechanisms of the Agreement and set the course for the CPTPP's forward work programme over the coming year.

In Auckland, twelve of the 18 Committees established under the CPTPP met, including those covering trade in goods, technical barriers to trade, rules of origin, sanitary and phytosanitary measures, small and medium sized enterprises (SMEs), state owned enterprises (SOEs) and environment and labour.

Discussions of the Commission and Committees focused on monitoring and ensuring the full and proper implementation of the Agreement, including a discussion with signatories who are working towards ratification of the Agreement.



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The major outcome of the 2nd commission meeting is the adoption of a decision establishing Roster of Panel Chairs to deal with State to State Dispute Settlements as provided for under Article 28.1.

A summary report of the commission's meeting is available [here](#).

The CPTPP remains integral for Canadian agri-food exporters in the face of persistent attacks on the international rules-based trade regime. Early data show strong gains for Canadian agri-food exports thanks to the CPTPP, particularly to Japan.

The next meeting of the CPTPP Commission will be held in Mexico in mid-2020.

The joint statement by the CPTPP Commission can be read [here](#).

As part of CAFTA's trade priorities outlined in our federal election platform, we are urging the Canadian government to encourage other countries to agree to the CPTPP's high standards by joining the pact. This includes the accession of the ASEAN members who are not yet members of the CPTPP

News from the WTO

- The WTO's Agriculture Committee held a Special Session from October 29 to 31 to discuss new submissions and the way forward for agriculture reforms. Some of the issues discussed included the review of trade rate quotas, transparency, and more. The Committee on Agriculture meets three to four times a year to oversee the implementation of the WTO Agreement on Agriculture and to review Members' compliance with their commitments. The aim of the committee is to promote transparency in the process and provide a common forum to share information to advance negotiations.

The WTO remains integral to not only the international trade in agri-food products, but also pivotal in the maintenance of the international rules-based trade regime. The WTO's goal is to "help producers of goods and services, exporters and importers conduct their business." The [Agreement on Agriculture](#) sets out the rules by which the international trade in agriculture is governed.

- Learn more about the WTO and its role in the rules-based trade of agriculture in CAFTA's Primer on Agriculture and the WTO [here](#).
- Earlier in the month, the WTO unveiled its Glossary on Agriculture. The page compiles useful terminology in a single, easy location to help better understand agriculture negotiations at the WTO.
 - Brush up on your terminology at the [Glossary on Agriculture here](#).
- Coinciding with the Glossary on Agriculture, the International Trade Centre with the WTO and World Customs Organization have released the Rules of Origin Facilitator. According to a survey by the International Trade Centre, rules of origin are a frequent non-tariff barrier faced by small businesses. The Rules of Origin Facilitator is meant to help small and medium enterprises navigate tariffs, trade agreements, and rules of origins.
 - Explore the [Rules of Origin Facilitator here](#).

We have called on the Canadian government and all parliamentarians to support the WTO as crucial to the global trading system and support modernization and other reform efforts.



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In Other News

Brexit

On October 21, United Kingdom Prime Minister Boris Johnson tabled a new agreement to withdraw the UK from the European Union. Although approved on the first and second reading, it was subsequently defeated by parliamentarians opposed to the tight timeline to consider the withdrawal terms. Following this defeat, another extension was requested by the United Kingdom and approved by the European Union which extends the deadline for Brexit to January 31, 2020.

Until the United Kingdom leaves the European Union, Canadian and United Kingdom trade remains under the auspices of CETA.

In anticipation of a successful Brexit, CAFTA has recommended that Canada engage in formal discussions toward an ambitious and comprehensive FTA with the UK as soon as possible.

United States-Japan Trade Agreement

On September 25, the United States and Japan announced the conclusion of discussions for an agreement on the reduction of tariffs on goods including agricultural products. The agreement reportedly provides the United States with preferential access matching that of the CPTPP. Canada has had this preferential access since the entry into force of the CPTPP this past year. Some of the benefits that the agreement appears to give to United States agri-food exporters include tariff reductions on fresh and frozen beef and pork with immediate or staged elimination of tariffs across a large range of other agri-food products.

- Read more about the agriculture-related provisions of the United States-Japan Trade Agreement [here](#).

Further Reading

[Business leaders warn of glaring campaign omission: lack of economic game plans](#)

[Deputy-Director-General Wolff: I am fundamentally optimistic about future of multilateral trading system](#)

[Getting closer to a deal on USMCA](#)

[Italy's return to market pushes durum exports](#)

[New Japanese trade minister hopes for RCEP agreement by the end of the year](#)

[Ottawa 'poised to act' should US reach deal on NAFTA ratification, Freeland says](#)

[US-China tensions spur progress on giant Asia trade pact](#)

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