



CAFTA Trade Insights

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

Ottawa Roars Back to Life Post-Election

Following the October 21 election, which resulted in a Liberal minority government, things remained relatively quiet in the nation's capital as transition got underway, and MPs began to get officially sworn in. Things got moving once again on November 20 as Prime Minister Trudeau announced his new cabinet, quickly followed by a Speech from the Throne and the full resumption of Parliament. Key assignments of direct interest to CAFTA members include a mix of new and familiar faces:

- **Chrystia Freeland** becomes Deputy Prime Minister and Minister of Intergovernmental Affairs. CAFTA worked closely with Minister Freeland on several important initiatives, including CUSMA and CETA. Minister Freeland maintains lead on Canada-US issues, among others, and CAFTA congratulates the Minister on her latest assignment.
- **François-Philippe Champagne** becomes Minister of Foreign Affairs. Before his new position, Minister Champagne served as Minister of Infrastructure and Communities and Minister of International Trade. CAFTA worked closed with Minister Champagne during his tenure as Minister of International Trade on files such as the CPTPP, CETA, and WTO Reforms. CAFTA looks forward to working with Minister Champagne once again.
- **Mary Ng** becomes Minister for Small Business, Export Promotion and International Trade. CAFTA looks forward to working with her on promoting the importance of trade and free trade agreements for Canadian agri-food exporters and strengthening the rules-based international trading system.
- **Marie-Claude Bibeau** remains the Minister of Agriculture and Agri-food. CAFTA congratulates Minister Bibeau on returning to this vital portfolio and we look forward to working with her to continue to remove barriers to trade and expand Canada's access to lucrative agri-food markets around the world.
- In the House of Commons, **Pablo Rodriguez** becomes Leader of the Government in the House of Commons with **Kevin Lamoureux** as Parliamentary Secretary to the Leader of the Government in the House of Commons. **Kirsty Duncan** will serve as Deputy Leader of the Government in the



Minister of Small Business, Export Promotion and international Trade Mary Ng

House of Commons. **Mark Holland** will serve as Chief Government Whip, and **Ginette Petitpas Taylor** will serve as Deputy Government Whip.



- Across the aisle, more will become clear in the days ahead now that Andrew Scheer has announced he will be resigning as Conservative Leader. Whether the recently announced shadow cabinet will also change remains to be seen. As developments unfold, we will be watching closely.

CAFTA Call with New Minister of International Trade Mary Ng

On November 21, the day after Prime Minister Trudeau announced his cabinet, CAFTA Executive Director Claire Citeau spoke with Mary Ng, the newly appointed Minister of Small Business, Export Promotion and International Trade. Minister Ng and Ms. Citeau spoke about the need to continue to gain and improve access to global markets as well as the importance of rules-based trade.

Ms. Citeau used the opportunity to present CAFTA as the voice of Canada's agri-food exporters and to discuss the priorities CAFTA put forward in its recent policy document. We look forward to working with Minister Ng to continue to generate benefits for Canadian agri-food exporters.

Speech from the Throne

On December 5, the Speech from the Throne officially kicked off the 43rd Parliament. As part of the government's plan to "strengthen the middle class" the speech noted that trade is of pivotal importance and stated that the government is committed to removing additional barriers to international trade for farmers as well as "moving forward" with CUSMA. Read the Speech from the Throne [here](#).

Trade Updates

Canada-United States-Mexico Agreement (CUSMA)

On December 10, 2019, Canada, the United States and Mexico agreed to update certain elements of the NAFTA successor agreement which many believe now clears the way for ratification and implementation in the United States and Canada. Global Affairs Canada released a summary of the negotiated changes: [Summary of outcomes](#). Most of the changes are in the areas of state-to-state dispute settlement, labour and environmental protections, intellectual property and automotive rules of origin.

Thankfully, the changes do not appear to affect agri-food market access, rules of origin or side letters.

We will be watching ratification processes in the U.S. and Canada closely and we will keep CAFTA members updated on expected next steps. CAFTA's statement urging swift ratification of the CUSMA can be read [here](#).



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Canada-Pacific Alliance Free Trade Agreement

The Pacific Alliance is a regional organization that consists of Colombia, Chile, Mexico, and Peru. As part of joining the Pacific Alliance as an associate member, Canada began negotiations with members in October 2017. The 8th round of negotiations was held in Lima, Peru in November.

While negotiations have been slow due to elections in Mexico and Colombia last year, Pacific Alliance members have committed to concluding talks with all associate members by the end of 2019. We'll continue to track developments closely.

Updates and News from the WTO

WTO Appellate Body

For the first time in its history, the World Trade Organization is without a fully functioning mechanism to settle disputes among its membership, leaving WTO members, lawmakers and business groups wondering what's next.

The WTO's Appellate Body is down to just one member after the terms of two others expired on December 11. The Appellate Body, the highest court in the WTO dispute settlement system, functions as the de- facto court of appeals. The system is comprised of seven members and requires at least three members to hear an appeal. The U.S. has blocked replacements of departing members for several years. The dispute settlement system assists members in resolving trade issues before they escalate to the level of a formal dispute is the lifeblood of the WTO and underpins the credibility of the institution. Canada has been negotiating bilateral agreements with other WTO members for an interim appeal system until a permanent solution is found.

Blocking the appointment of Appellate Body members threatens not only the Appellate Body itself but also the entire WTO dispute settlement system. This system plays a critical role in ensuring the rights of Canadian exporters are protected. CAFTA and other like-minded Canadian business groups sounded the alarm over this issue recently. You can read the joint statement [here](#).

WTO Agriculture Negotiations

At a meeting of the Agriculture Committee in Special Session on 25-26 November, WTO members displayed renewed energy, submitting a total of eight proposals. Ambassador John Deep Ford, the chair of the Special Session, hailed the progress made and said the meeting constitutes a "turning point" for the agriculture negotiations as they enter a decisive and intensified phase in the run-up to the 12th Ministerial Conference next June. Topics reviewed include subsidies and other domestic supports, the differing treatment of developing and developed countries and other trade-distorting issues. We'll continue to track these issues closely ahead of the June 2020 Ministerial Conference.



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In Other News

CAFTA at Canada 2020 National Forum on Agri-Food

CAFTA Executive Director Claire Citeau was invited to speak at the recent Canada 2020 “National Forum on Agri-Food: Competing in a New World Order” event. As part of the panel entitled “What we need to do abroad,” Ms. Citeau spoke of the efforts needed to restore predictability and enforce trade rules to ensure a productive environment for Canadian agri-food exporters. Also discussed were concerns over ongoing trade tensions that disrupt supply chains and create uncertainty. You can read the full remarks by Executive Director Claire Citeau [here](#).

China-New Zealand FTA

It was recently announced that New Zealand and China have agreed on a deal to upgrade their existing free trade agreement which was signed in 2008. Important gains for New Zealand reportedly include new rules which reduce compliance costs for exporters.

Regional Comprehensive Economic Partnership (RCEP)

[Bloomberg reports](#) that the 15 remaining members of the RCEP plan to sign the agreement in 2020. The RCEP is an Asia-Pacific free trade agreement between ASEAN, China, Japan, Australia, New Zealand, South Korea, and others, which would create one of the biggest free trade agreements in the region in terms of both GDP and geographic size.

United States-Japan Trade Agreement

The trade agreement between the United States and Japan is set to enter into force on **January 1, 2020**. The agreement will apply to specific agricultural and industrial goods.

Further Reading

[Top Canadian trade negotiator heads to Shanghai for talks as farmers feel pinch of China dispute](#)

[Canada urges U.S. to save WTO from chaos](#)

[Brussels' trade focus is switching to enforcement](#)

[The US-Japan Trade Deal could undermine the WTO](#)

[Grassley: No deal on USMCA this week means no ratification this year](#)

[The US-Japan Trade Deal Could Undermine the WTO](#)

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