

CAFTA Trade Insights

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

CAFTA spring wrap-up

CAFTA held its first-ever end-of-session press conference June 21 as Parliament concluded its last sitting week before the summer recess. This was an opportunity to reflect on trade developments over the past year, the progress accomplished and where much work remains. While the summer may be a recess for parliamentarians, farmers and Canadians who rely on agri-food exports will be busy this summer talking with their MPs about the importance of trade and the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) in particular.



From L to R: René Roy, Brian Innes, Kim Sytsma, Jeff Nielsen and Markus Hearle.

Joining CAFTA president Brian Innes was Kim Sytsma, an Ontario beef farmer and member of the [Canadian Cattlemen's Association](#); Jeff Nielsen, an Alberta grain farmer and president of the [Grain Growers of Canada](#); René Roy, a Quebec pork producer and [Canadian Pork Council](#) member; and, Markus Haerle, an Ontario crop farmer and [Grain Farmers of Ontario](#) member. They all spoke about the uncertainty in Canada with respect ongoing trade tensions, hope of free trade talks with China (our second-largest importer of agri-food products), the CPTPP ratification and many questions surrounding the re-negotiation of NAFTA.

All of these issues on international trade necessitates the need to intensify efforts to bring down barriers and push export diversification. As pork producer René Roy noted, 70 per cent of pork production is exported to more than 100 countries, with the U.S. and Japan being multi billion-dollar markets. Reaching the target of \$75 billion in agri-food exports by 2025 requires the ratification of the CPTPP.

CAFTA President, Brian Innes explained that Canada must lessen its reliance in the U.S. in order to sidestep trade uncertainty. "Our members all rely on access to international markets for their world-class products," he said at the press conference. "That's why we are very concerned by the unprecedented trade uncertainty that threatens Canadian jobs and long-term prosperity."

Trade closer to home is still very much a critical issue through Canadian grain and NAFTA. Millions of tonnes of Canadian grains, such as barley, corn, oats, soybean and wheat, require an open border with the U.S. to have this market function, noted Haerle.

"Much of Ontario's corn is processed in Ontario. The NAFTA agreement provides Canada's food manufacturers with the ability to source corn at any time of the year so that they can produce their goods

24/7,” he said. “Any disruption of this will adversely impact Canadian farmers, and to be clear, there will also be an impact on the production of food for families all across the country.”



The press conference made it clear that there is much work to be done throughout the course of the summer months. Local MPs must remain engaged on these critical trade files to guarantee a productive fall sitting. Export markets are the key to Canada’s success in both domestic and international settings. The NAFTA and CPTPP agreements are essential for growing our export markets and giving our producers and agri-food exporters profitability for years to come. Beyond grassroots engagement from its membership, CAFTA also calls on parliamentarians to advance the following trade priorities:

- Work swiftly to ratify and bring the CPTPP into force. CAFTA hoped this would have been done before the summer break, so time is of the essence on this trade priority.
- Continue to constructively engage at the NAFTA negotiating table to ensure Canadian agri-food exports maintain existing access to the U.S. market and to modernize the deal where possible.
- Continue to deepen the Canada-China trade relationship and launch FTA negotiations with China.
- Lift non-tariff barriers to allow real, commercially viable access to the EU for our agri-food exporters.
 - Read CAFTA’s full statement [here](#).

Trade updates

Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

Canada made a significant step moving towards the ratification of the agreement. On June 14, the Minister of International Trade introduced [Bill C-79](#): An Act to implement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership between Canada, Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. Following the tabling, motions on [June 14](#) and [June 20](#) were put forward to immediately adopt the bill and ratify the CPTPP. Unanimous consent was not reached either time.

With the bill now introduced and past first reading in the House, it must now go through a second reading, be referred to committee, followed by the report stage, third reading. The same process will happen in the Senate before the bill finally receives Royal Assent and becomes law.

Mexico was the first to ratify the agreement in April ahead of expectations. Mexico notified New Zealand the depository of the treaty that it completed all domestic procedures to implement the CPTPP. Early July, Japan followed suit and formally notified New Zealand that it ratified the CPTPP.

Australia is reported to have held its final public hearing on the agreement, nearly completed its committee stage and indicated a push for expedited ratification. New Zealand, Brunei, Chile, Peru, Singapore and Vietnam are all working to ratify by the fall of 2018.

Media reports that CPTPP negotiators will meet again soon to discuss the process for adding new countries after it goes into effect. Countries that have expressed interest to join the pact include: Colombia, South Korea, Thailand, the Philippines, Indonesia, the UK, Taiwan and perhaps most recently the U.S. CAFTA emphasizes that Canada would be in a much stronger position to negotiate the entry of future potential CPTPP members as part of the original six that ushered the deal into force.

Canada-Mercosur Free Trade Agreement

Canada-Mercosur FTA negotiations continued in June following the beginning of negotiations in Ottawa in March. The second round of negotiations took place June 11 to 15 in Brasilia, Brazil.

In 2017, bilateral trade reached \$8.9 billion, of this, Canada exported \$143 million in agri-food products.



Pacific Alliance

The Pacific Alliance (Chile, Colombia, Mexico, and Peru) and associate members (Australia, Canada, New Zealand, and Singapore) reportedly held its fourth round of negotiations in Ottawa in May. Reports indicate that the Pacific Alliance is seeking to finalize negotiations by the end of the year. In 2017, Canada exported over \$3 billion in agri-food products to Pacific Alliance members, almost \$2 billion of which was to Mexico.

On the Hill

Parliament formally concluded its spring session and will resume sitting September 17. The past few weeks have been quite busy for CAFTA members meeting with MPs and Senators and working hard to ensure that Canada's agri-food interests are at the forefront of conversation as politicians and bureaucrats recessed. The House International Trade Committee is not expected to meet until the House resumes in September [unless requested by four of its members](#).

- Minister of Foreign Affairs Chrystia Freeland appeared before the House Standing Committee on International Trade to brief the committee on the Canada–U.S. trade relationship. Freeland emphasized the benefits of NAFTA, functioning as an advantage for Canada, the U.S. and Mexico.
- Canada and the U.S. enjoy a balanced and mutually beneficial relationship. The U.S. has a surplus in trade in goods including the incredible success of the agri-food sector. Since 1988, Canada's agri-food exports to the U.S. grew more than five-fold and imports from the U.S. grew more than six-fold.
- As negotiations continue, CAFTA is hopeful negotiators can rise above the current climate to find a way forward and modernize the deal to ensure NAFTA continues to benefit Canadian agri-food
 - Read CAFTA's briefing note on NAFTA [here](#).
- On June 11, a [motion](#) in the House of Commons received unanimous support which included recognizing the importance of the mutually beneficial trade relationship between Canada and the U.S. Of particular note in the [motion](#) is the affirmation of the House's support for Canadian farmers.
- The House Standing Committee on International Trade released its 11th report: [Expanding Trade and Investment with Selected Asia-Pacific Countries: Report on a Fact-Finding Mission to Singapore, Malaysia and Thailand](#). The report notes that during the meetings, the CPTPP was described as transformative and countries outside the agreement, including Thailand, are likely to want to join.
- Minister of International Trade François-Philippe Champagne toured Quebec to promote regional economic development through trade. He highlighted opportunities offered by the CPTPP and CETA. Important to note are the opportunities these FTAs bring to Quebec's agri-food industry, which

exported \$8.2 billion in 2016 and supports more than 40,000 jobs.



CAFTA ACCA

Canadian Agri-Food Trade Alliance | Alliance canadienne du commerce agroalimentaire

Other trade news

An informal World Trade Organization (WTO) ministerial meeting was held on May 31 in the margins of the Organisation for Economic Co-operation and Development in Paris. Among the ministers attending the meeting was Canada's Minister of International Trade François-Philippe Champagne, who stressed that the WTO is vital for free trade and spoke about the need to strengthen such international institutions.

Amid the meeting, WTO Director-General Roberto Azevêdo stressed the need for members to raise their voices and defend the global trading system. Multiple ministers the world underscored the need reform the body's negotiating function and process to drive real outcomes in response to the realities of global trade.

- Read the chair's full statement [here](#).

In case you missed it

[No summer break for farmers' trade message to MPs](#)

[TPP negotiators to gather next month to discuss expansion](#)

[EU Japan sign bilateral trade agreement](#)

[EU and Vietnam finalize trade and investment discussions](#)

[Australia – EU Free Trade Agreement negotiations have begun](#)

[Free trade negotiations between New Zealand and European Union launched](#)

[China opens market access for French beef](#)

[China drops animal feed tariffs from Asian countries as U.S. dispute escalates](#)

[EU set to push for WTO reform to ease global trade tensions](#)

[South Korea resumes wheat trade with Canada](#)

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