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Statement to the Standing Senate Committee on Agriculture and Forestry

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- Thank you for inviting me today to speak on behalf of CAFTA, the Canadian Agri-Food Trade Alliance.
- CAFTA is the voice of Canadian agriculture and agri-food exporters. CAFTA is a coalition of organizations that work together to seek a more open and fair international trading environment for agriculture and agri-food. Our members represent farmers, producers, processors and exporters from the major trade dependent sectors including; beef, pork, grains, oilseed, sugar, pulse, soy and malt. CAFTA members account for over 90 per cent of Canada's agriculture and agri-food exports, about \$50 billion dollars in exports annually. The economic activity created by CAFTA members supports hundreds of thousand jobs in agriculture and food manufacturing.
- CAFTA has worked primarily on multilateral and regional trade agreements. What I would like to impress upon the committee today is the **importance of competitive access to global markets for the future viability of Canada's export-oriented agriculture and agri-food sector.**
- The world is not standing still. Why should a food processor from Manitoba get less than a processor from North Dakota? Why should a farmer in Quebec get less than a farmer in Australia? Competitive access means Canadian producers and exporters have at least the same access than those agriculture exporters from Australia, the US. Competitive access depends on trade agreements that eliminate tariffs and non-tariff barriers.
- Because Canada enjoys such favourable conditions for food production that far exceeds the needs of our own population, the Canadian agri-food sector is primarily export-focused – we export over half of everything we produce: that includes over half of our beef, 65% of our soybean, 70% of our pork, 75% of our wheat, 90% of our canola, 95% of our pulses and 40 per cent of our processed food products.
  - 90% of farmers across Canada either export their products directly or sell them domestically at prices set by international markets;
  - 1 in 2 jobs in crop production depend on exports, and 1 in 4 jobs in food manufacturing;
  - Export opportunities help us grow: over the last 10 years in Canada, agriculture and agri-food exports have grown by 77% - this means more income and growth for everyone involved in agriculture and agri-food trade.

- The World Trade Organization (WTO) continues to serve as the foundation for international trade. Even though the Doha Development Agenda is not progressing as we had hoped, the WTO remains the best forum for achieving fair, global and reciprocal gains in international trade.
  - WTO is the only avenue for addressing domestic subsidies and export competition
  - WTO sets the rules and remains the primary dispute settlement institution
- However, the global trade policy regime for agriculture remains uncertain. Agriculture has always been a very sensitive area in international trade liberalization because of its importance for national food security and rural development and its dependence on climate and nature.
- Agriculture remains one the most highly protected industries around the world: protection comes in the form of market access barriers, export subsidies, non-tariff barriers.
  - Agricultural tariffs on average worldwide are higher than tariffs on manufactured goods.
  - Agriculture accounts for a disproportionately large share of trade disputes, increasingly in respect of SPS and TBT complaints.
- Today, we are in an era of competitive trade liberalization – by which countries compete for preferential access through bilateral and regional free trade agreements.
  - There are no less than 620 regional and bilateral trade deals which have been notified to the WTO and over 400 of them are in force.
- This is probably one of the most significant developments in global trade in recent years - trade liberalization is coming at different speeds and sizes. The result is a myriad of free trade agreements that vary in scope and that are being negotiated even with countries that are not traditionally known to be free-traders (Japan).
- **For our trade-dependent agriculture and agri-food sector: being competitive in international markets is not a choice. It is a requirement.**
- Today, the competitiveness of our sector depends on the timely negotiation and implementation of preferential or equal trade access to the markets that our competitors are after.
  - Canadian agriculture has lived through this before with South Korea when a billion dollar market was cut in half virtually overnight as our competitors, namely the US, the European Union and Australia, had their tariffs eliminated or phased out and we didn't. We cannot afford to see this happen again.

Today, the priorities for Canadian agriculture and agri-food exporters are:

- First, it is paramount that Canada ratifies the **Trans-Pacific Partnership (TPP)** quickly. CAFTA strongly supports the TPP and believes it is integral to the future viability of Canada's export-based agriculture and agri-food sector.
  - The TPP region absorbs 65% of our exports, includes some of our major traditional markets (the US, Mexico, Japan, the big prize) but also includes some of our largest competitors (the US, Chile and Australia) – and several signatories already have FTAs with each other - the longer the TPP drags on, the further we fall behind.
  - Ultimately, if we are not part of the TPP and other signatories are, we will lose many of those markets.

- The best chance to implement the agreement quickly is to ratify quickly.
  - In addition, a number of countries in the important Asia Pacific area have expressed interest in joining the TPP. The TPP presents an opportunity to negotiate the terms of entry of future potential entrants as South Korea, Thailand, Taiwan, the Philippines, Indonesia and perhaps China.
- Second, we strongly encourage the completion of the respective legal and political processes related to the **Canada-Europe free trade agreement (CETA)** while simultaneously completing technical discussions so that the stated benefits of the agreement can be realized in the form of commercially viable access for all Canadian exporters.

**In closing:**

- The growth and sustainability of Canadian agri-food industry depends in large part on competitive access to global markets.
- Implementing concluded FTAs, fostering new trade agreements and expanding existing trade relationships in target markets will be critical to ensure more predictable and competitive access to the world's largest markets for Canadian agri-food exporters.