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Statement to the House of Commons Standing Committee on Finance

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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. We are a coalition of organizations that seek a more open and fair international trading environment for agriculture and agri-food. Our members represent farmers, processors and exporters from the major trade dependent sectors including; beef, pork, grains, oilseed, sugar, pulse, soy and malt sectors. Together, we account for 80% of Canada's agriculture and agri-food exports, about \$50 billion dollars in exports and an economic activity that supports hundreds of thousand jobs across the country.
- What I would like to imprint on the committee today is the **importance of competitive access to global markets for Canada's export-oriented agriculture and agri-food sector.**
- The Canadian agri-food sector is by and large export-focused, over half of everything we produce is exported: that is over half of our beef, 70% of our pork, 75% of our wheat, 90% of our canola and 40 % of our processed food products.
 - 90% of farmers depend on international markets
 - 1 in 2 jobs in crop production depend on exports, and 1 in 4 jobs in food manufacturing
- **For our trade-dependent agriculture and agri-food sector: being competitive in international markets is not a choice. It is a requirement.**
- In the current environment of trade liberalization, the competitiveness of our sector depends on the timely negotiation and implementation of trade access to the markets that our competitors are after.
 - Canadian agriculture has lived through this before with South Korea when this billion dollar market was cut in half virtually overnight as our competitors, namely the US and Australia had their tariffs eliminated and we didn't. We can't afford to see this happen again.
 - Beyond tariffs, Canada's early start to the negotiations of the Canada-Europe free trade agreement (CETA) was important in large part because the EU is now negotiating similar agreements with the US, Japan, Vietnam, Australia.

Our top 2 trade priorities are:

- **First, it is paramount that Canada ratifies the Transpacific 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, Mexico and Australia) – and some signatories already have FTAs with each other - the longer the TPP drags, the more we fall behind.
- Ultimately, if we are not part of the TPP and other signatories are, we fall behind.
 - The best chance to implement the agreement quickly is to ratify quickly.
- **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.**
 - CAFTA has expressed strong support for the CETA, as it has the potential to result in significant benefits for Canadian agri-food exporters, this assuming that negotiated outcomes provide for commercially viable access for CAFTA members. Outstanding technical issues to allow real access to the EU remain and we are also confident that the Canadian government is working hard to resolve them issues before the CETA is implemented. Our support for the implementation of CETA will be evaluated based on the extent to which the negotiated outcomes result in commercially viable market access for Canadian agri-food exporters.
 - Our recommendations for the Government of Canada to contribute to a globally competitive agriculture and agri-food sector consist of the following:
 1. The Government of Canada should allocate proper resources to the functions in charge of **negotiating free trade agreements**, specifically the team of negotiators working on the TPP, the CETA, the WTO and the next generation of future agreements.
 2. The Government of Canada should allocate proper resources to the functions in charge of **implementing free trade agreements and maintaining and restoring market access**. Typically once trade agreements are implemented, multiple non-tariff barriers arise. It is essential that adequate funding be allocated to the Market Access Secretariat (MAS) so it can continue its critical work of minimizing technical barriers to trade and restoring real access for exporters. It is must be noted that MAS depends on the Canadian Food Inspection Agency (CFIA) to deliver the technical support so proper CFIA resources would be a component of that.
 3. The Government of Canada should allocate proper resources to the **network of Canadian representatives abroad**, notably Embassies and agriculture trade commissioners. Canada's ability to build a competitive industry depends in large part on how well the country opens doors abroad, builds and leverages relationships with relevant government and industry influencers and decision makers.
 4. The Government of Canada continue to support relevant **Ministers and senior level officials in their activities to build and cultivate relationships at a high level** in foreign markets. This is critical to support trade and market development efforts for Canadian exporters, particularly in Asian countries.

In closing, our sector encourages finance policies that expand our ability to competitively market our products to the world.