CAFTA ACCA
Alliance Canadienne du Commerce Agroalimentaire
Canadian Agri-Food Trade Alliance

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CANADA-INDIA COMPREHENSIVE ECONOMIC PARTNERSHIP

Canada and India launched Comprehensive Economic Partnership Agreement (CEPA) negotiations in November 2010. The CEPA is a wide-ranging economic and trade agreement covering trade in goods and services and addressing non-tariff barriers.

India could be a significant market for Canadian agri-food exporters.

In 2014, Canada shiped over $738 million in agriculture and food products to India — making it an important market for Canadian agri-food exporters.

A joint scoping report released in September 2010 estimated that Canadian agri-food exports to India could grow by a further 42% with a successful free trade deal. This growth could transform India into one of Canada's top 5 agri-food export markets.

The CEPA must expand the range of products Canada exports to India.

Although India is currently Canada's seventh-largest agri-food export market, more than 95% of shipments are peas and lentils. The CEPA must expand the range of products that Canada ships to that country.

While several Canadian agri-food sectors, including pork and canola, have identified India as a market of interest, trade in these and most other products is minimal to non-existent, due to trade barriers. Import tariffs are high across most agri-food products and most sectors face non-tariff barriers, including religious and cultural restrictions on certain products (e.g., beef), and strict and often-shifting sanitary and phytosanitary requirements. These barriers restrict trade or greatly increase the cost of exporting to India.

Market access requires tariff elimination.

Canadian agri-food exporters to India face significant tariffs — exceeding 30% on pork, prepared food and beverages, and some vegetable fats and oils. To expand trade, the CEPA must eliminate tariffs on all agri-food products; eliminate the differential tariff structure that currently exists among oilseed products, which distorts the market and discriminates against certain imports; and lift the religious prohibition on importing beef from cattle.

The CEPA must addess non-tariff barriers.

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The most pressing obstacle to exporting agri-food products to India is non-tariff barriers. It is not uncommon for India to make changes to import requirements with little or no advance notice to exporters. When this occurs, shipments can be held up in-transit, which greatly increases the costs associated with shipping and leads to unnecessary uncertainty for exporters. As well, India often imposes requirements that are simply impossible or too costly for exporters to comply with. For example:

- India has no protocol for issuing veterinary certificates, which are generally required in the trade of livestock, genetic material, meat, dairy products and feed, to demonstrate that the imported product meets the animal health standards and regulations of the importing country.
- Sanitary and phytosanitary (SPS) measures completely block the export of canola seeds to India — by imposing conditions that are either impossible to achieve or so costly that they make seed exports to India economically unfeasible.
- Although it does not have any prohibitions against the use of biotechnology, India has yet to approve any genetically modified organism (GMO) food crops. If agricultural trade with India is to be developed, India must introduce a clear and predictable approvals process for transgenic canola events. This should include the joint development of regulatory frameworks permitting low-level presence of GMOs that have already been approved by the competent regulatory authority of another country.

To be successful, the CEPA must ensure the meaningful and lasting resolution of key non-tariff barriers that currently disrupt trade. The agreement must also create effective mechanisms to manage future non-tariff barriers.

CAFTA is a coalition of national and regional organizations that support an open and transparent international trading environment for our agri-food sectors. Our members include Canada's major agri-food exporters including the beef, pork, grain, oilseed, sugar, and malt sectors, where we represent producers, processors and exporters. Together, these sectors produce almost 80 per cent of Canada's agriculture and agri-food exports, conduct about $50 billion in business annually and directly employ close to 500,000 Canadians.