

Canadian agri-food exporters advocate for free trade with China

Ottawa, ON – June 5, 2017 – The Canadian Agri-Food Trade Alliance (CAFTA) urged the federal government to pursue a free trade agreement with China to significantly boost the current \$5.6 billion in agri-food exports shipped annually to the Asian economic powerhouse. China is Canada’s second largest two-way trading partner after the U.S. and Ottawa just wrapped up public consultations about the potential for a trade agreement.

“A trade agreement with China would allow our agri-food exporters to punch through in the world’s second largest economy,” said CAFTA President Brian Innes. “It’s hard to see how we could reach \$75 billion by 2025 in exports without an agreement with China,” referring to the target for annual agri-food exports set by the federal government in Budget 2017.

While China has a strong focus on food self-sufficiency in some areas, it has become a dominant buyer in others and its increasing wealth is expected to demand more in the future. China has already shown its willingness to embrace freer trade in agri-food with countries like New Zealand and Chile, and the rewards have proven substantial. New Zealand tripled its agri-food exports after concluding an FTA with China in 2008.

China is currently in active negotiations with Japan and the Republic of Korea for a trilateral free trade agreement as well as another deal with ASEAN, the ten-nation bloc of Southeast Asian states that includes Vietnam, Malaysia and Indonesia.

CAFTA is concerned that Canada will be left behind if it doesn’t step up the pace of its negotiations.

“Increasing agri-food exports to China is crucial to creating more growth and jobs in Canada, and right now the opportunity is ripe” said Innes. “That’s why we need to get going on a robust free trade agreement to address serious barriers that are hampering growth.”

In its submission to the federal government, CAFTA sought the elimination of Chinese tariffs on agri-food products, which are nearly double those applied to other goods. It also noted how including mechanisms to address non-tariff barriers such as the inconsistent application of regulations, slow customs administration and the discriminatory application of China’s Value-Added Tax on imported goods.

In February, CAFTA released a policy paper entitled ‘[Chasing China](#)’. Some of the highlights are:

- In 2015, Canada’s agri-food and seafood exports to China represented 10 per cent of our total agri-food exports. These grew 10 per cent between 2013 and 2014 and have averaged 13 per cent annual growth over the last decade – as compared to the three per cent annual average overall growth in this category. Growth in exports to China has remained steady, and, unlike with many of Canada’s trading partners, did not drop during the global economic crisis.

- In many commodities, such as sugar, Chinese production can't keep up with demand. Tariff reductions and/or tariff quota expansion for sugar and sugar-containing products and other sensitive agricultural inputs like wheat would provide an opportunity for the Canadian industry to meet that demand.
- Regular Chinese-Canadian government communications around market supply and demand could improve predictability for Canadian exporters.
- In the case of wheat, changes in tariff quota administration potentially could increase Canada's exports of that product.
- Addressing non-tariff barriers, like inconsistent regulations and testing, and encouraging the Chinese to meet internationally recognized standards, could reduce export costs and expand trade for some sectors, especially pork and beef.
- Improving the customs administration process could greatly reduce costs and improve predictability for exporters.

Agri-food exports to China are already significant – China demands one third of Canada's canola exports and represents an important market for soybeans, pulses, wheat, barley, beef and pork. CAFTA represents members that account for over 80 per cent of Canada's agriculture and agri-food exports which in 2016 exceeded \$55 billion.

For further information, contact:

Martin Rice
A/Executive Director, CAFTA
mrice@cafta.org 613-560-0500

About CAFTA

CAFTA is the voice of Canadian agriculture and agri-food exporters. CAFTA members represent over 90 per cent of Canada's agriculture and agri-food exports, more than \$55 billion in exports annually. The economic activity created by CAFTA members supports hundreds of thousands of jobs in agriculture and food manufacturing. A significant portion of these jobs would not exist without competitive access to world markets. CAFTA members represent farmers, producers, processors and exporters from the trade dependent sectors including the beef, pork, grains, oilseeds, sugar, pulse, soy and malt sectors. www.cafta.org