

CAFTA Trade Insights

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

Trade Updates

Trans-Pacific Partnership (TPP)

The TPP-11 (the remaining 11 members of the TPP minus the United States) met in Hakone, Japan from July 11th to July 13th to discuss the way forward with the trade agreement without the United States. The State Parties agreed to not lower the level of high-standard trade rules in the original treaty, however still need to determine how the new plan will be enacted. The TPP-11 are expected to meet again in Australia in late August or early September, an encouraging sign for those anxious to not lose the very important potential benefits contained in the deal. A remaining issue to address is a clause stating that the TPP can only come into force after six countries that account for at least 85 percent of the original 12 signatories combined gross domestic product.

On July 10th CAFTA released *Push Ahead with TPP*, which stresses the need to continue with the implementation of the TPP. CAFTA President Brian Innes stated that there is “no way” that Canada can achieve \$75 billion in agri-food exports by 2025 if the TPP is not implemented. This is due in large part because it includes Japan, which is a market that demands \$4 billion of Canadian agri-food exports every year.

- Read CAFTA's release, [Push Ahead with TPP](#), on the need to continue with and implement the TPP.

NAFTA renegotiation: where are we at right now?

On July 17, the United States released its [objectives for NAFTA renegotiation](#) following its consultation period. Of the over 100 listed objectives, the top objective is to improve the U.S. trade balance and reduce the trade deficit with NAFTA countries. Canada and the United States have a largely balanced trade in agriculture and agri-food. A positive sign as part of the U.S. objectives concerning agricultural goods places the maintenance of reciprocal duty-free market access for agricultural goods as the top objective. In addition, the U.S. is seeking to promote great regulatory compatibility to reduce burdens associated with differences in regulations.

CAFTA submitted a statement on behalf of Canadian agri-food exporters for the Global Affairs Canada consultation on NAFTA renegotiation. CAFTA's statement highlighted the need to maintain the free and fair access that we currently have, which has brought about broad success for many agriculture and agri-food sectors. In addition, Canadian exporters stress that there is a need for greater regulatory coherency across borders to remove existing non-tariff barriers and reduce disruptions to trade.

- Read [CAFTA's statement](#) to the House of Commons Standing Committee on International Trade for their study on Bilateral and Trilateral Trade in North America

Canada-European Union Comprehensive Economic Trade Agreement (CETA)

Prime Minister Trudeau and European Commission President Jean-Claude Juncker announced on July 8th at the G20 summit that provisional application of CETA will come into effect on September 21st. In the joint statement, it was stated that CETA will “definitively” enter into force once all parliaments of the EU ratify

the text. To date, Latvia, Denmark, Spain, and Croatia have all voted and approved CETA. On July 15th the Canadian government published notices in the Canadian Gazette to begin a 15-day consultation period for proposed regulatory changes to fully implement CETA.

Japan-European Union Free Trade Agreement

Japan and the European Union announced on July 6th that they had reached an agreement in principle on a Japan-EU Economic Partnership Agreement. Japan represents a major agricultural and agri-food market for Canada. Negotiations for a Canada-Japan Economic Partnership Agreement were put on hold to focus on TPP negotiations, of which Japan is a member. The agreement will eliminate 85% of agricultural tariffs for Japan. As noted previously, Canada will be provisionally implementing CETA in September, but Canada does not have an agreement with Japan, which in recent decades has been Canada’s second largest agriculture and agri-food export market.

Canada Admitted as Associate Member of Pacific Alliance

Canada, along with Australia, New Zealand, and Singapore, were admitted as associate members of the Pacific Alliance on June 30th. The Pacific Alliance is comprised of Chile, Colombia, Mexico, and Peru, all of which are important agri-food trading partners and Canada has free trade agreements with. Total agriculture and agri-food exports to Pacific Alliance member states in 2016 equalled \$2.7 billion.

In a statement at the Pacific Alliance summit, Chilean President Michelle Bachelet stated that “[Associate membership] will be obtained by countries with which the Pacific Alliance as a bloc subscribe to ambitious and high-standard economic-trade agreements with the purpose of consolidating and expanding integration as an instrument of economic development.”

On Parliament Hill

House International Trade Committee Opposition Increases Pressure

The House of Commons Standing Committee on International Trade held a [brief meeting on July 21st](#) at the request of the four opposition Members of the Committee. The Members in question sought to resume the committee’s study of Priorities of Canadian stakeholders Having an Interest in Bilateral and Trilateral Trade in North America, between Canada, United States, and Mexico. In a vote for 5 to 4, the committee agreed to invite the Minister of Foreign Affairs and government officials to appear before the committee on Monday, August 14 to provide a summary of Canada’s priorities for upcoming NAFTA renegotiations.

The meeting was called for by the Conservatives and New Democrats as part of their effort to pressure the Trudeau government to outline priorities for NAFTA renegotiations that are due to begin as early as mid-August. Minister of Foreign Affairs Chrystia Freeland has stated she is willing to appear before the committee. The opposition members are also seeking International Trade Minister Francois-Philippe Champagne, Finance Minister Bill Morneau, and Canada’s chief NAFTA negotiator Steve Verheul to appear before the committee.

Latest News

“Diversifying is the smart thing to do.”

In an [interview with Macleans magazine](#), International Trade Minister Francois-Philippe Champagne stated that you must think over decades when it comes to trade. This is becoming a central theme to much of Canada’s current economic agenda. In recent months, the federal government has conducted consultations



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in regards to entering free trade agreement negotiations with the likes those in the Asia-Pacific region including the TPP, China, and MERCOSUR. CAFTA has been a vocal advocate for these agreements, stressing the need to prioritize negotiations with China or finalizing the TPP.

- Read [CAFTA's statement](#) advocating for free trade with China, which is essential to reach \$75 billion in agri-food exports by 2025.

In case you missed it

- [G20 countries reached a consensus on promoting free trade and agreeing to “fight protectionism.”](#)
- [To protect their domestic industry, Italian farmers are trying to demonize Canadian Wheat.](#)
- [Adverse conditions in the United States, Canada, and Australia is limiting the supply and driving up global costs for high protein wheat.](#)
- [China and New Zealand have held the second round of negotiations to upgrade their free trade agreement.](#)
- [The European Union and Japan have released the draft chapters to their free trade agreement.](#)

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