



Canadian Agri-Food
Trade Alliance | Alliance canadienne
du commerce
agroalimentaire

August 2017

CAFTA Trade Insights

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

Trade Updates

NAFTA renegotiation: where are we at right now?

NAFTA renegotiations began this month in Washington D.C, the first round occurring from August 16th to the 20th. Two days prior Canada's Foreign Minister Chrystia Freeland outlined Canada's objectives in a [speech at the University of Ottawa](#) and an [appearance before the House of Commons International Trade Committee](#). Minister Freeland spoke of using the progressive provisions of the Canada-European Union Comprehensive Economic and Trade Agreement as an example of what Canada wants to see in a modernized NAFTA. In particular, Minister Freeland mentioned strong labour standards, environmental protections, a chapter on gender rights, a chapter on indigenous people, and reforming the investor-state dispute settlement process. In addition to the progressive agenda, Canada will also be targetting local-content provisions for government contracts; "cutting the red-tape" and making cross-border movement easier; and maintaining traditional protections and provisions, including the dispute resolution system.

Among the United States' negotiation objectives is the removal of Chapter 19 on dispute settlement. [A senior official told the Globe and Mail that Canada is willing to walk away from negotiations if the US insists on its removal](#). In her speech at the University of Ottawa, Foreign Affairs Minister Freeland seemed to allude to this position but [fell short of admitting outright that Canada would walk away when asked by the media](#). In the speech, Minister Freeland specifically singles out the process as being in Canada's national interest in referencing the 1987 negotiations when Canada's chief negotiator was withdrawn over the same issue.

CAFTA and Canadian agri-food exporters stress that NAFTA must contain effective dispute resolution provisions. In particular, this includes retention of Chapter 19 on Review and Dispute Settlement in Antidumping and Countervailing Duty Matters, which has been important for each NAFTA partner. Canada has used it to appeal U.S. and Mexican determinations 50 times, Mexico has used it on 55 occasions, and the United States has made 39 appeals under this NAFTA dispute settlement chapter. For this reason, CAFTA is encouraged by Canada's strong stance on the need to retain current mechanisms.

At the end of the five-day round of negotiations, the three countries released a [joint statement](#) that reiterates their support for a comprehensive modernization effort. In addition, the statement continues to stress a commitment to continuing negotiations at a "rapid pace." The second round of talks will take place from September 1st to 5th in Mexico, followed by the third round in Canada in late September. All three parties will continue to consult with domestic stakeholders as negotiations continue. Information regarding Canada's continued efforts and consultations can be found [here](#).

Trans-Pacific Partnership (TPP)

The TPP-11 countries met this month in Australia from August 28th to August 30th. The focus of these talks was to follow up on July's meeting in Japan and to discuss how to move forward with implementation of the agreement without the United States. In a [group interview on August 9th](#), Japan's Minister of Economic Revitalization Toshimitsu Motegi stated that any revisions to the TPP will be kept at the "minimum necessary." Some countries have indicated interest in amending some provisions due to the withdrawal of

the United States from the agreement, including changes to [labour rights and intellectual property](#). In addition, there are some indications that some proposed revisions [include changes to tariffs](#). As the TPP-11 concludes its discussions, CAFTA strongly urges Canada to stress the need to implement the TPP without changing the negotiated outcomes on market access.

Minister of International Trade François-Philippe Champagne, on behalf of the Government of Canada, [responded](#) to the House of Commons Standing Committee on International Trade's report [Trans-Pacific Partnership Agreement: Benefits and Challenges for Canadians](#). Of particular interest to CAFTA and its members is the government's response concerning Canada's Trade and Investment Agenda. In this section, it is emphasized that Canada is pursuing ways to facilitate free, progressive and open trading in the Asia-Pacific, specifically noting exploratory discussions with China, its joint feasibility study with the Association of Southeast Asian Nations, and that the Government is seeking to resume negotiations with Japan towards a Canada-Japan Economic Partnership Agreement.

Canada-Pacific Alliance free trade agreement consultations open

Last month Canada was admitted as an associate member of the Pacific Alliance along with Australia, New Zealand, and Singapore. [With associate membership comes the obligation of negotiations to enter into a free trade agreement with Pacific Alliance members](#) (Chile, Colombia, Mexico, and Peru). Canada has a free trade agreement with all individual members of the Pacific Alliance, which accounts for \$2.7 billion in agri-food trade in 2016. Written submissions about the negotiations must be received by Global Affairs Canada by September 10th.

Canada and India set to resume Comprehensive Economic Partnership Agreement (CEPA) Negotiations

After a two-year hiatus, [India and Canada resumed formal negotiations for CEPA on August 21st](#). This is the first time the two countries have sat down to discuss the agreement since the 2015 federal election. Canada exported \$1.1 billion of agri-food goods to India in 2016, making it our 5th largest agri-food trading partner.

- Read CAFTA's 2015 [Briefing Note](#), which highlights that CEPA could lead to a 42% growth in agri-food exports.

Latest News

CAFTA calls on Canada to Implement Trans-Pacific Partnership (TPP)

This month CAFTA sent an open-letter to the Minister of International Trade François-Philippe Champagne urging that Canada implement the TPP, and without changing the negotiated outcomes on market access. To remain competitive, Canada must look to the Pacific region where free trade agreements will produce the largest gains. In particular, Canada must the Pacific is the key to achieving Canada's target of \$75 billion in agri-food exports by 2025.

- Read CAFTA's [open-letter to Minister Champagne](#) about the need for Canada to implement the TPP without delay.

[Japan triggers emergency import safeguards on frozen beef](#)

In response to rapidly rising beef imports, Japan has increased its tariff on frozen beef from 38% to 50%, which affects all countries it does not have a free trade agreement with, which includes Canada and the United States. In a particular blow to the United States, Japan's Minister of Agriculture, Forestry, and Fisheries stated that "[he is not planning to conclude a bilateral free trade agreement with the United States.](#)" Minister Saito instead stressed that the TPP is the strategy for Japan, of which CAFTA believes is also

the strategy for Canada.

- Read CAFTA's statement [*Push Ahead with the TPP 11*](#) on the importance of Japan and the TPP for the future of Canada's agriculture.

United States eyes a Post-Brexit Free Trade Agreement with the United Kingdom

In the wake of pulling out of the TPP and amid preparations for NAFTA negotiations that begin this month, there have been [discussions between the US and UK about pursuing a post-Brexit trade agreement](#). President Donald Trump has given particular support to bilateral trade agreements, even pledging to do a deal quickly with the UK. Despite support by both countries, the UK cannot begin to formally negotiate a deal until it leaves the EU in 2019.

Canada-European Union Comprehensive Economic and Trade Agreement (CETA)

Provisional application of CETA is set to begin on September 21st. On the first day of provisional application, 98% of EU tariff lines on Canadian goods will be duty-free. Minister Champagne has been touring Canada as part of an effort to promote the coming application with stops in Toronto, Atlantic Canada, and Quebec. CETA could bring in as much as \$1.5 billion from increased exports.

In case you missed it

[The Canada-Ukraine Free Trade Agreement entered into force August 1st.](#)

[The agriculture deans of 55 public universities sent a letter to US officials in support of NAFTA.](#)

[The IMF expects Canada to lead in economic growth among G7 countries in 2017.](#)

[Canada's two largest railways call for spending to increase rail capacity for grain shipments.](#)

[Peru expects a free trade agreement with Australia as early as 2018](#)

[Former CAFTA President Alanna Koch has entered the race to replace Saskatchewan Premier Brad Wall](#)

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