

CAFTA Trade Insights

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

Trade Updates

CAFTA at Fifth Round of NAFTA Negotiations

NAFTA negotiations resumed this month after a longer break between negotiating rounds, held November 17th – 21st in Mexico City. On the second day of negotiations, the office of the US Trade Representative released updated negotiating objectives to conform to its current demands as is required by United States law. The updated objectives can be read [here](#).

The fifth round of NAFTA negotiations was held in Mexico City, and CAFTA attended. The main message on behalf of CAFTA members was to modernize the deal where possible while focusing on maintaining access to the North American market. The deal has been a great boon for Canadian and North American agriculture. There is an opportunity to build on existing wins and make trade throughout the continent more competitive for agri-food exporters.

While in Mexico, CAFTA met with negotiators, US and Mexican industry counterparts and the provincial Ministers of Agriculture of Ontario and Quebec.

Following up on the tense atmosphere of the fourth round of talks, the fifth round has been described overall as “calmer.” Broadly, negotiators tackled technical discussions, slowly made some progress in a few areas but remained far from reaching a breakthrough on the most contentious issues.

The [Trilateral Statement](#) at the conclusion of the rounds highlighted that progress was made across multiple chapters, but wide gaps remain overall.



From L to R: Catherine Scovil (Canadian Canola Growers Association), John Masswohl (Canadian Cattlemen's Association), Sandra Marsden (Canadian Sugar Institute), Martin Rice (CAFTA), Laurent Lessard (Quebec Minister of Agriculture), Jeff Leal (Ontario Minister of Agriculture, Food & Rural Affairs), Jim Smolik (Cargill), Del Rollo (Arterra Wines Canada), Gary Stordy (Canadian Pork Council), Alan Schlachter (Canadian Meat Council), Raymond Bachand (Quebec negotiator).

The sixth round of talks are set to take place January 23 to 28, 2018, in Montreal. This will be an opportunity to highlight the importance of agriculture and food manufacturing and exporting in Quebec. The province accounts for 23.7 per cent of all Canadian food and beverage processing, employs almost 66,000 people, and contributes \$7.3 billion to Canada’s GDP. More than twenty per cent of all food processing jobs in Canada are in Quebec.

Last week, the USDA updated agriculture forecast noted that in fiscal year 2017, U.S. agricultural exports totaled \$140.5 billion, representing the third-highest level on record. In response to these numbers, Secretary of Agriculture Sonny Perdue noted that, “Much of this expected success can be attributed to robust sales to our East Asian and North American trading partners. China is again shaping up to be our top market, while Canada and Mexico remain our second- and third-largest markets, respectively. We’re expecting exports to grow in the coming year to all of our top three markets.”

However, concerns over the renegotiation of the NAFTA persist in the U.S. agricultural sector. The industry is worried that the Trump administration is positioning itself to withdraw from the trade deal and continues to advocate of the importance of NAFTA.

Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

The Asia-Pacific Economic Cooperation Leaders’ Summit took place in Vietnam last month. CAFTA’s Special Envoy was on the ground representing Canadian agriculture and agri-food exporters. CAFTA has been a strong supporter of the former TPP and continues to press for a renewed TPP in large part because of the importance and value of the Japanese market for Canadian agriculture and food exporters. A renewed TPP will boost exports of Canadian agriculture and food products and help restore Canada’s competitive position in Japanese.

Late on November 10th, the 11 countries of the former TPP agreed to core principles of an agreement now called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). International Trade Minister François-Philippe Champagne stated that Canada is [“pleased that progress is being made towards a possible agreement, but there is still some work to be done.”](#)

CAFTA welcomed the progress on a framework for a new Comprehensive and Progressive Trans-Pacific Partnership on the margins of the APEC meeting in Vietnam. “We’re pleased that the new framework keeps the gains of the former TPP agreement intact – particularly the market access provisions,” CAFTA President Brian Innes said.

- In the lead up to the Summit, CAFTA warned the federal government not to make changes to the market access provisions. [Read CAFTA’s full statement here.](#)
- Read CAFTA’s [full statement on the progress made towards a new Trans-Pacific Partnership, which urges Canada to push ahead.](#)

Possible Canada-China Free Trade Agreement?

On November 10th, Canada [released its public consultations report](#) on a possible Canada-China FTA. CAFTA was among those that participated in this consultation period and has long been a proponent of an FTA with China. In February, CAFTA released its comprehensive study “Chasing China”, which highlights that while Canada has benefited from China’s growing demand for agriculture and food products, significant trade barriers remain. China is Canada’s second biggest agri-food export market, which surpassed \$6 billion in 2016.

- Read CAFTA’s [Chasing China: A Policy Paper on Expanding Canada’s Agriculture and Agri-Food to China](#)

Late in November it was announced that Prime Minister Trudeau would be traveling China to [strengthen bilateral and commercial ties with China](#). Earlier this week, Prime Minister Trudeau met with Premier Li Keqiang in Beijing to discuss improved trade relations. CAFTA sees Canada’s high-level engagement with China as helpful for the farmers, processors and agri-food exporters who are focused on growth. “Canada needs to be more engaged with China, not less, says CAFTA President Brian Innes. “Our success in China depends in large part on how well Canada opens doors in this market.”

- Canadian agri-food exporters welcome efforts to build trade with China [here](#).

On the Hill

CAFTA has been on the hill meeting with Members of Parliament to advocate for Canadian agriculture and agri-food exporters. Topics of discussion have included NAFTA negotiations, the importance of the TPP-11 to Canadian agriculture and agri-food exporters, and the potential for an FTA with China.

There are a number of new members on House of Commons Standing Committees. The Committee on Agriculture and Agri-Food welcomed John Barlow (Foothills, CPC), new Vice-Chair Luc Berthold (Mégantic — L'Érable, CPC), Sylvie Boucher (Beauport — Côte-de-Beaupré — Île d'Orléans — Charlevoix, CPC), and Eva Nassif (Vimy, Liberal). The International Trade Committee welcomed Dean Allison (Niagara West, CPC), Colin Carrie (Oshawa, CPC), and Earl Dreeshen (Red Deer — Mountain View, CPC).

This month the House Standing Committee on Agriculture and Agri-food also presented their report on [Non-Tariff Trade Barriers to the Sale of Agricultural Products in Relation to Free Trade Agreements](#). The report recognizes that although trade agreements reduce duties, there are often other barriers which impede access to markets. CAFTA was among those that appeared before the committee to provide comments for the study.

- Read CAFTA’s statement to the House Agriculture and Agri-Food Committee [here](#).

On November 7th, the Senate adopted a motion to reset the membership of committees to reflect the proportion of senators by party or parliamentary group. The steering committee members for each committee are available [here](#). Once new committee members are announced, they will be on the Committees website [here](#).



CAFTA ACCA

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

Other News

Canada-China Trade

On November 22nd, China's Ministry of Finance announced a temporary tariff reduction on 187 agriculture, agri-food, and seafood products. China hopes to encourage domestic spending with the reductions. These reductions are temporary and it is not yet known how long they will last. Agriculture and Agri-Food Canada is currently working to provide a translated list.

Canadian Trade Mission to India

The media reported that Canada and India continued to engage in trade negotiations for a potential FTA while Canada's International Trade, Innovation, and Transport Ministers led a trade mission to India in November. This is amid ongoing tensions over India's 50 per cent duty increase on peas as India is a major export market for Canadian pulses. Minister of International Trade François-Philippe Champagne stated that the tariff was "raised at every opportunity" while on the trade mission.

WTO Deputy Director-General Alan William Wolff speech on "The Value of the WTO"

WTO Deputy Director-General Alan Wolff, whose areas of responsibility includes the Agriculture and Commodities Division, gave a speech at the Center for Strategic and International Studies on "[The Value of the WTO: What It Is, What It Can Be.](#)" In his remarks, Wolff stressed that the WTO serves as a "safety net" for countries. Further, in the case where bilateral or regional arrangements can potentially collapse, the WTO provides essential stability and a foundation on which all regional and bilateral agreements are built.

In case you missed it

[MC11-WTO Agriculture Briefing](#)

[India, Canada's largest market for pulses, places 50% duty on pea imports.](#)

[China increases corn imports as domestic prices rise](#)

[Big stakes and big risks in Trans-Pacific trade talks](#)

[Canadian support for the TPP has nearly doubled since January 2016](#)

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