



Statement to the Standing Committee on International Trade on a Potential Agreement between Canada and the Pacific Alliance

Feb 8, 2018

- I am pleased to be here today on behalf of the Canadian Agri-Food Trade Alliance, and to speak on the subject of a potential agreement between Canada and the Pacific Alliance.
- CAFTA is the voice of Canadian agrifood exporters. Representing the 90% of farmers who depend on trade and ranchers, producers, processors and agrifood exporters who want to grow the economy through better and competitive access to international markets. This includes the beef, pork, meat, grains, cereals, pulses, soybeans, canola as well as the sugar, malt, and processed food industries. Together, CAFTA members account for over 90 per cent of Canada's agri-food exports which in 2016 exceeded \$55 billion and supports over a million jobs in urban and rural communities across Canada.
- A significant portion of these sales and jobs would not exist without competitive access to world markets. CAFTA is an enthusiastic supporter of negotiating new trade agreement which create growth opportunities for Canada's agri-food exporters.
- Trade is one of our main economic drivers as 60% of the value of the sector is generated through exports. Over half of everything we produce is exported, that is over half of our beef, 65% of our soybean, 70% of our pork, 75% of our wheat, 90% of our canola, 95% of our pulses, and 40% of our processed food products. Over the last 10 years in Canada, Canadian agriculture and agrifood exports have grown by 103%, from \$27 billion to over \$61 billion – boosting farm cash receipts by 61% over the same period.
- Canada's agrifood sector has been highlighted for its significant contributions to the Canadian economy, recognized by the Advisory Council on Economic Growth as a key sector for growth due in part to the sector's focus on exports. This is further represented by the ambitious goal to grow Canada's agri-food exports to \$75 billion annually by 2025.
- Canadian agri-food exporters generate a GDP of \$ 95.5 billion for agriculture and food manufacturing. Food and beverage manufacturing alone is the largest manufacturing employer in Canada (60% of it is concentrated in Ontario and Quebec) with close to a quarter of a million jobs, more than the automotive and aerospace sectors combined

Today, our priorities are:

- **First, it is paramount that Canada ratifies the CPTPP quickly and we urge the government to implement it without delay.**
 - CAFTA has been a strong supporter of the CPTP and applauded the fantastic news that Canada concluded the negotiations of the CPTPP.
 - The CPTPP will not only provide the sector with unprecedented access to the high-value Japanese market and rapidly growing Asian markets like Vietnam and Malaysia, it will also provide Canada with a competitive advantage over the U.S., since the U.S. is not part of the agreement.
 - The CPTPP will enter into force after at least six members ratify it. It is very likely that 7 members (Japan, Australia, New Zealand, Malaysia, Singapore, Brunei and Mexico) ratify and implement before the end of June, if not sooner.
 - Canada may lose the “first mover advantage” if it is not in the first tranche of countries ratifying the deal.
 - With uncertainties surrounding NAFTA, it’s essential for our globally competitive agriculture and agri-food sector to have improved access to markets in the dynamic Asia Pacific region.
 - The best chance to implement the agreement quickly is to ratify quickly.

- **Second, due to the importance of NAFTA to Canadian agriculture and agri-food trade, CAFTA urges the government to continue working to reach a modernized agreement that will strengthen the access and competitiveness of the nation’s farm and food products.** In short, maintain what’s working and modernize the deal where possible.
 - Specifically, the renegotiation should not allow include new tariffs, new non-tariff barriers, or any other provisions that could be used to limit trade.
 - In its submission, CAFTA has identified several areas where improvements to NAFTA could enable further growth for specific products such for canola, grains, meats, sugar and sugar-containing products among others and in areas such greater regulatory alignment and dispute settlement mechanisms.

On the Pacific Alliance:

- In 2016, Canada exported \$2.76 billion in agriculture and agri-food products to the four Pacific Alliance members (Chile, Colombia, Mexico, and Peru).

- Roughly two-thirds of that total is accounted for by Mexico, a NAFTA partner. In addition, Canada also has free trade agreements with the other Pacific Alliance Members – Chile, Colombia, and Peru.

- Despite bilateral FTAs existing between Canada and each of the Pacific Alliance members, there are opportunities to improve upon the existing agreements and boost agriculture and agri-food exports.

- While CAFTA supports an agreement between Canada and the Pacific Alliance in principle, it is essential that negotiations with the Pacific Alliance do not compromise Canada’s ability to complete other agreements such as NAFTA and ratify others such as CPTPP which our members

view as being significantly higher priorities.

- If this condition can be met, CAFTA sees multiple potential benefits which can be brought by a free trade agreement with the Pacific Alliance:
 - Eliminating remaining tariffs, an example being that for canola oil entering Colombia.
 - Deepen the commitments in the existing FTAs with Pacific Alliance members to achieve science-based outcomes in regulatory measures to protect human, plant, and animal health and safety.
 - This includes pursuing common frameworks for approval of animal and plant health inputs and new breeding techniques.
 - An FTA should also include common low-level presence and maximum residue limit standards and policies.

- An agreement with the Pacific Alliance would also continue Canada's historically beneficial participation in plurilateral negotiations from which results can exceed those available from attempting to complete bilateral agreements as well as establishing a platform for expansion to other nations. This is one of the reasons for CAFTA's staunch support for Canada's participation in the CPTPP.

- Thank you.