

CAFTA Trade Insights

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

Trade Updates

Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

On April 24th, Mexico became the first CPTPP member to ratify the agreement, which means only five more members must ratify the deal before it enters into force. This development intensifies the push to ratify the CPTPP quickly and could cause the other countries involved to speed up their ratification processes.

In fact, Australia has already tabled the treaty in its Parliament and Japan plans to vote on its legislation before the end of June. Malaysia and Chile are both expected to implement the agreement quickly: Malaysia previously ratified the TPP and Chile already has free trade agreements (FTAs) with all CPTPP members. As for the others, they are not waiting: New Zealand, Singapore, Peru, Vietnam and Brunei are all working to implement it by the fall.

So, the race is on. The Government of Canada has yet to table the treaty and the enabling legislation in Parliament, which would formally begin Canada's process to ratify the CPTPP.

We may lose the "first mover advantage" if Canada is not among the first countries when the deal is implemented. If our competitors ratify and implement the CPTPP before Canada, they will benefit from the initial rounds of tariff cuts and we won't, putting us at a further disadvantage. Exporters know that lost market share can be incredibly hard to regain.

CAFTA and its member organizations have repeatedly reminded the government of the importance of being in the first tranche of countries to ratify the deal. There are only 27 sitting days before the Parliament adjourns and reconvenes in September.

On the Hill

- On April 19th, CAFTA Executive Director Claire Citeau appeared before two committees on Parliament Hill. The House Standing Committee on International Trade is studying a potential Canada-Mercosur FTA. The Senate Standing Committee on Agriculture and Forestry is looking into the competitiveness of the value-added food sector in global markets.

At both, she emphasized that the government priorities should be on modernizing NAFTA, ratifying and implementing the CPTPP quickly, resolving outstanding meat and grains issues related to CETA to provide real commercially viable access to the European Union (EU) and launching FTA talks with China.



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As a result of the limited potential for sales in Brazil, Argentina, Uruguay and Paraguay, she recommended that the Mercosur deal be revisited at a later date while the government concentrates efforts and resources on the higher priority files. The full Mercosur statement can be [read here](#).

She also emphasized that Canada should provide support and resources to developing and maintaining high-level trade relationships, especially in Asian countries. Read the full statement [here](#).

- Discussion of the CPTPP has been growing in the House of Commons, particularly on the topic of ratification. As one Member of Parliament said, “The early bird gets the worm,” referring to the need to ratify the CPTPP quickly in order for Canada to benefit early from a market of 500 million people.
- The House Standing Committee on International Trade agreed to undertake a review of the CPTPP on how it compares to the original Trans-Pacific Partnership. This review will take place before the bill implementing the CPTPP is referred to the Committee. The CPTPP implementation bill has not yet been introduced to parliament.

“Trade is my future”

Trade is my Future presents the stories of Canadians who depend on the export of agriculture and food for their livelihood. The campaign highlights the dedication and commitment of real farmers like Mark Verkuyl.

Mark is a third-generation pork producer in Ontario. He estimates that over half of his product is destined for overseas markets and says, “Canadian pork in general is known worldwide for its quality.”

Read more about Mark [here](#).

Check out other Canadian agriculture and food producers that rely on exports [here](#).

“TRADE IS MY FUTURE”

Mark Verkuyl farms near Woodstock, Ontario, alongside his wife, Sara, his brother Ken and his wife Cindy, and his parents, Tony and Brenda. They raise 1,100 sows from farrow to finish on 1,100 acres, and are committed to continual improvement and taking advantage of opportunities to expand their business.

One of their key opportunities is in the export market. As a pork producer, Mark has seen first-hand how Canadian pork is appreciated around the world. “We are seen around the globe as producing high-quality, safe pork,” he says.

With the demand for Canadian pork growing overseas, especially in Asia, Mark knows that a vibrant and open trade market is vitally important to the industry.

Mark says that free trade access is key for his-and the pork industry’s-future success. “I’ve really valued the opportunity to meet with a couple of different Japanese companies who buy our products,” Mark says. “The big takeaway for us has been their acknowledgement and discussion around the excellent quality of Canadian pork. We continue to strive to meet and exceed these levels of excellence, particularly in this market.”

Read Mark’s full profile at www.cafta.org/trade-is-my-future

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Mark Verkuyl
Ontario Hog Farmer

State of Trade

In addition to the WTO, Canada currently has 14 FTAs that are in force. NAFTA has been in place for 20+ years and is being renegotiated.

Canada also has a number of FTAs in force with smaller markets, one in Asia and one with the EU. The Canada-Korea FTA is the only agreement that Canada has with an Asian country and came into force in 2015. The Canada-EU FTA came into force in September 2017.

With over 50 per cent of Canadian agri-food exports going into the U.S. market, renegotiating a beneficial NAFTA is crucial. The uncertainties surrounding NAFTA also mean that Canada needs to keep pushing to obtain access to markets in Asia by ratifying the CPTPP and starting negotiations with China.

At the same time as these negotiations are continuing, the government has recently embarked on the negotiations of potential agreements with the Pacific Alliance and Mercosur as part of the government’s diversification imperative. Below are quick snapshots of these two regions.

Pacific Alliance

Canada and the Pacific Alliance began negotiations for an FTA in August 2017. The Pacific Alliance consists of Chile, Colombia, Mexico, and Peru, and Canada already has FTAs with each individual country. Canada was invited to join the Pacific Alliance as an associate member in June, 2017, along with Australia, New Zealand and Singapore. In 2017, Canada exported over \$3 billion in agri-food products to the region, almost \$2 billion of which was sent to Mexico.

Although Canada has bilateral FTAs with each of the Pacific Alliance members, there are opportunities to improve upon the existing agreements and boost agri-food exports. Such benefits may include: eliminating remaining tariffs; deepen commitments

FTAs in force		FTAs concluded / signed	Other ongoing FTA negotiations	Ongoing exploratory discussions
<ul style="list-style-type: none"> WTO Canada-US (1989) NAFTA (1994) Israel (1997) Chile (1997) Costa Rica (2002) EFTA (2009) Peru (2009) Colombia (2011) 	<ul style="list-style-type: none"> Jordan (2012) Panama (2013) Honduras (2014) Korea (2015) Ukraine (2017) CETA Canada-Europe (2017) 	<ul style="list-style-type: none"> Transpacific Partnership (TPP) (signed in 2016) Comprehensive and Progressive Agreement for Trans-Pacific Partnership (Signed in 2018) 	<ul style="list-style-type: none"> NAFTA India Japan Morocco CARICOM Costa Rica Central America 3 (El Salvador, Guatemala and Nicaragua) Dominican Republic Pacific Alliance Mercosur 	<ul style="list-style-type: none"> ASEAN China Philippines Thailand Turkey

to achieve science-based outcomes in regulatory measures; pursue common frameworks for approval of animal and plant health inputs and new breeding techniques; and common low-level presence and maximum residue limit standards and policies. The next round of talks will take place this May in Ottawa.

Mercosur

Canada and Mercosur announced the start of negotiations towards an FTA on March 9, 2018. Mercosur is a South American trade bloc consisting of Argentina, Brazil, Paraguay, and Uruguay. Canada doesn’t have



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FTAs with these countries. In 2017, Canada exported \$143 million in agri-food products to the region, \$117 of which was to Brazil. Although Canada has exported more to the region in recent years, such as \$242 million in 2013, this is still well below a half of one percent of Canada's total exports.

The agri-food industry is a major economic driver in Mercosur and is one of the largest agri-food exporting blocs in the world. Major agri-food competitors in the Mercosur region include the United States, Chile, China, EU, and the Mercosur partners themselves, especially Brazil. Mercosur exported \$1.3 billion in agri-food to Canada in 2017 and the trade surplus has grown substantially over the past 5 years. Canada's share of agri-food exports to Mercosur countries is comparatively small, Canada is the 17th- largest supplier to Brazil. CAFTA members see limited potential for increased sales to Mercosur countries. CAFTA recommends that the resources of the Government be put into the successful completion of higher priority negotiations and that a Canada-Mercosur agreement be considered again at a later date.

In other news

At the meeting of the World Trade Organization's General Council on May 08, a group of 41 Members voiced concerns over rising trade tensions and underlined their support for the WTO.

The members issued a joint statement on 8 May expressing concerns over rising trade tensions and risks of escalating protectionism and calls on governments to resolve their differences through dialogue and cooperation, including through the WTO.

Read the statement here: [Members voice concerns over rising trade tensions, underline support for WTO](#)

In case you missed it

[Canada must begin formal trade talks with China this year](#)

[CPTPP and Canadian Canola: 90% of Canadian canola is exported](#)

[Japan races to ratify TPP ahead of pressure from Trump](#)

[What we stand for, by Cam Dahl \(President of Cereals Canada\)](#)

[Is your agriculture and agri-food business facing trade barriers?](#)

[EU pushes to hasten start of Japan trade deal](#)

[Alliance For Fair Sugar Policy Calls On Congress To Modernize Outdated And Outrageous U.S. Sugar Program](#)

[Executive Director Ron Davidson appearing on BNN to comment on new China-US soybean tariffs and its impact on the Canadian soybean sector.](#)

[By removing barriers to trade in key markets, the CPTPP will grow our market access and keep Canadian canola competitive in the global market](#)

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