

Statement to the Standing House Committee on International Trade on Bill C-100, An Act to implement the Agreement between Canada, the United States of America and the United Mexican States.

June 18, 2019

- Thank you for inviting me to speak on behalf of CAFTA, voice of Canadian agri-food exporters, regarding the Canada-United States-Mexico Agreement (CUSMA).
- Our members have a very simple message: CAFTA calls for the swift ratification of CUSMA to ensure continued stability in the North American market and strongly urges Parliamentarians in both Houses to pass bill C-100 quickly.
- CAFTA represents the 90% of farmers who depend on trade and producers, manufacturers and agri-food 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 malt, sugar and processed food industries.
- Together, CAFTA members account for more than 90 per cent of Canada's agri-food exports, which in 2018 reached record levels of \$59 billion and support 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.
- Despite this strong performance, opportunities for further growth are being threatened by unprecedented uncertainty, a rise in protectionist sentiment in certain corners and the erosion of predictability in both traditional and new markets.
- Last week, CAFTA released its 2019 Federal Election Priorities entitled “Realizing Canada’s Export Potential in an Unpredictable and Fiercely Competitive World.” It is a prescription for what is required to allow Canadian agri-food exports to continue setting records as trade is under threat and increasingly linked to geopolitical and global events.
- First on the list of recommendations is to preserve and enhance access in key export markets and with that the call to ratify and bring CUSMA into force as quickly as possible.
- CAFTA attended all negotiating rounds for the new CUSMA and applauded the news last fall that Canada concluded talks. CAFTA welcomed the recent resolution of the tariff issue between the Government of Canada and the U.S. related to aluminum and steel products.
- Tariff-free trade has been an incredible success for businesses throughout North America and for agri-food exporters in particular. Over the last 25 years, Canadian food and agricultural exports to the U.S. and Mexico have nearly quadrupled under NAFTA – growing from nearly \$9 billion in 1993 to \$33 billion



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in 2018. Today, the United States and Mexico are the first and fourth largest exports markets for Canadian agri-food products, making up 55% of our total exports last year.

- CUSMA builds on the success of the NAFTA agreement. It preserves and secures the duty-free access upon which the North American agriculture and food sector has been built over the past quarter century.
- Our members – the hundreds of thousands of farmers, ranchers, food processors and agriculture exporters who rely on trade for their livelihood – are pleased the Canadian government is taking steps to ensure the Canada-US-Mexico Agreement is brought into force to ensure the stability of trade in North America.
- Our members emphasize the following outcomes as key benefits of the new CUSMA:
 - The agreement contains no new tariff or trade-restricting measures. All agricultural products that have zero tariffs under NAFTA will remain at zero tariffs under CUSMA. Maintaining predictable, duty-free access to the North American market is a major win for Canada’s agriculture and agri-food exporters which will help strengthen the supply chains that have been developed for the past generation across North America;
 - The new agreement includes meaningful progress on regulatory alignment and cooperation: in particular, I would note the establishment of the Working Group for Cooperation on Agricultural Biotechnology and the creation of a new Sanitary and Phytosanitary Committee will help ensure regulations are transparent, based on science and that trade in North America flows freely, fairly and abundantly;
 - Another key benefit for our members is the preservation of dispute resolution provisions that are vital to ensuring fair and transparent processes are in place for when disagreements arise. Preserving Chapter 19 in its entirety and much of Chapter 20 from the previous NAFTA are important wins for Canada;
 - Market access improvements for Canadian agri-food exporters include increased quotas for refined sugar and sugar containing products as well as gains for some processed oilseeds products like margarine – all welcome news for our members.
- All these advances help consolidate the gains of the original NAFTA and provide certainty in the North American market, which is essential to the success of Canadian agriculture and food manufacturers and exporters.

In closing:

- CUSMA represents a meaningful upgrade to NAFTA for our members by keeping our trade tariff free, establishing processes that help remove remaining technical barriers to trade, and maintaining vital provisions to deal with disputes.
- We look forward to working with the government to bring CUSMA into force so that our members can realize its benefits as quickly as possible.