

Statement to the Standing House Committee on International Trade on Bill C-4 An Act to implement the Agreement between Canada, the United States of America and the United Mexican States.

February 18, 2020

- Thank you for inviting us 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-4 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 2019 reached over of \$60 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 incredible success, we're facing unprecedented uncertainty. Predictability has been eroded by governments putting in place tariffs and other measures that blatantly contradict trade rules. It's happened here in North America, as well as abroad.
- Last Spring, CAFTA released a prescription for what's required from trade agreements in this new reality. Realizing Canada's Export Potential in an Unpredictable and Fiercely Competitive World outlines what is required for Canadian agri-food exports to continue setting records.
- Our first recommendation is to preserve and enhance access to key export markets – and that is what ratifying and bringing CUSMA into force as quickly as possible will do.
- We understand the nationalist noise swirling around. We saw it first hand when we attended all negotiating rounds for the new CUSMA. It's why we applauded when Canada concluded talks last fall. It's why CAFTA welcomed the end of aluminum and steel tariffs.
- We appreciate the value of tariff free markets, because for agri-food, tariff-free trade has been incredible for our North American agri-food industry.
- 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 \$34 billion in 2019. 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.



- We support the CUSMA because it builds on the success of the NAFTA agreement. It preserves the duty-free access our North American agriculture and food sector has been built on 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 CUSMA is brought into force.
- 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.