



CAFTA Trade Insights

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

Trade Update

Canada-United States-Mexico Agreement Receives Royal Assent

The bill to implement the Canada-United States-Mexico Agreement (CUSMA) has received royal assent. On March 13, 2020, the Government officially passed C-4 through the Senate onward to being signed by the Governor General – the last stage before a bill becomes law. On March 12, 2020, CAFTA appeared before the Senate Committee on Foreign Affairs and International Trade on the Canada-United States-Mexico Agreement (CUSMA) and was joined by the Canadian Cattlemen's Association (CCA) and Grain Growers of Canada, both CAFTA members, encouraging the swift ratification of CUSMA and highlighting the benefits to be gained for Canada's agri-food exporters.



CAFTA Vice-President Brian Innes and Executive Director Claire Citeau appearing before the House Committee on International Trade

The bill, sponsored by Deputy Prime Minister Freeland, was introduced on January 29, 2020. Passage was quicker than anticipated in part to ensure it passed before both Houses took pause over concerns regarding efforts to combat the spread of COVID-19.

Canada was the last country to ratify the bill and following a few other ratification procedures. The successor to the North American Free Trade Agreement (NAFTA) is expected to enter into force and be implemented in June or July.

CAFTA applauded all parliamentarians for accelerating passage of CUSMA under extraordinary circumstances. CAFTA noted that the United States and Mexico are the first and fourth largest exports markets for Canadian food and agricultural products, and that ratifying the CUSMA quickly provides assurances to Canadian agri-food exporters and returns stability and certainty to North American trade which is vital for Canadian businesses that have highly integrated supply chain and customer relationships in all three markets.

As noted in CAFTA's [statement](#), we have been supporters of these negotiations since day one. We have worked closely with the government to ensure duty-free access to the U.S. market was preserved and that other negotiated outcomes benefited Canadian agri-food exporters. We have also worked with other like-minded groups to ensure ratification happened without delay. For example, the day that Bill C-4 returned to the House of Commons (following the federal election) CAFTA joined like-minded Canadian business associations such as the Business Council of Canada, Canadian Chamber of Commerce, Canadian Federation of Independent Businesses, and the Canadian Manufacturers & Exporters to call for the ratification of CUSMA

without delay. And most recently, CAFTA president Dan Darling published a widely read commentary urging lawmakers to get it done.



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Robust CAFTA Advocacy in Ottawa

Since Parliament returned from Christmas break in late January, CAFTA and members have been busy reaching out to key MPs, decision- and policy-makers and other influencers. Throughout February, CAFTA met with senior representatives from all parties to discuss issues related to CUSMA, CETA, CPTPP implementation, Canada-China relations, WTO reform and numerous other topics of importance. Key meetings included newly elected MPs who play a key role in moving legislation forward, House Leaders and other senior Opposition critics, key members of the Trade, Agriculture and Canada-China relations committees, parliamentary secretaries from key portfolios and other government representatives. With over 30 percent of all MPs newly elected, we will continue to build new relationships while strengthening existing ones across all parties in Ottawa which is especially important in this minority parliament.

WTO Agriculture Negotiations

At a late February meeting of the WTO Agriculture Committee, discussions and efforts were focused on achieving meaningful outcomes when the 12th WTO Ministerial Conference (MC12) meets in Nur-Sultan (Kazakhstan) in June. “We need more engagement from delegations to find more common ground, more common language, to start very soon shaping what an outcome on agriculture might look like” said the chair, Ambassador John Deep Ford. At the centre of the discussions was Ambassador Ford’s report entitled “Elements and processes for a possible outcome in agriculture at MC12.”

Discussion ahead of MC12 include:

- a concrete goal for capping and reducing trade-distorting domestic support;
- harmonizing support levels and reducing imbalances;
- the importance of taking into account characteristics of members' agricultural sectors, non-trade concerns and levels of development;
- the importance of taking into consideration differences in the trade-distorting potential of individual categories of domestic support;
- the importance of respecting the prescribed criteria for less trade-distorting support programmes; and
- the importance of transparency.

Members of the Cairns Group (a group of agriculture-exporting countries which includes Canada) continued to drive the discussion on domestic support with the aim of cutting trade-distorting domestic support in half by 2030. They also called for full commitment to the continuation of the Reform Process set out in Article 20 of the Agreement on Agriculture, which gives a mandate to progressively and substantially reduce trade-distorting domestic support. Other issues Cairns Group members are pushing for consideration and inclusion in the overall agriculture outcome package for MC12, include:

- Changes in applied tariffs and treatment of consignments en route
- Tariff simplification
- Transparency of tariff rate quota (TRQ) administration
- Framework and process towards market access reforms

Ambassador Ford has stated that discussions throughout March would be critical in finding a path forward in June and has asked members to come back with more concrete proposals and ideas at the next negotiation meetings which are tentatively scheduled for March 23-24 and April 23-24. CAFTA will continue to watch developments closely.



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Stronger Canada-ASEAN Ties Good for Agri-Food Exporters

As Canada continues to diversify its trading relationships, deepening our footprint in fast-growing and dynamic Asian markets has long been supported by Canadian agri-food exporters. That's why we strongly support the pursuit of deeper ties with the Association of Southeast Asian Nations (ASEAN), a regional bloc in Southeast Asia comprised of Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. With a population of 643 million and combined GDP of US\$2.8 trillion, ASEAN is projected to rank as the world's fourth largest economy by 2050.

Recently, the Asia-Pacific Foundation released a report entitled [Canada as a 21st Century Pacific Power: Toward a 'broad' diversification in Asia](#), which highlights the importance of trade with Asia-Pacific countries and ASEAN as a region of growing importance that should be a main focus as a Canadian trade priority. The Asia-Pacific Foundation echoes the call by CAFTA to use existing mechanisms like the CPTPP to diversify trade to more Asian countries including ASEAN.

CAFTA has supported growing the Canada-ASEAN trading relationship and has regularly participated in various bilateral discussions including a roundtable with senior Canadian and ASEAN officials last month in Ottawa. We are pleased that both parties concluded exploratory discussions on a possible Canada-ASEAN FTA this past September and we are excited about making greater inroads in the ASEAN market and supplying high quality and safe Canadian agri-food products.

Currently, ASEAN has FTAs in place with China, India, Japan, the Republic of Korea and a joint FTA with Australia and New Zealand. The [EU](#) is also looking at [negotiating an FTA with ASEAN](#) and has started negotiating (and concluding) agreements with ASEAN countries to serve as building blocks towards a future EU-ASEAN regional agreement. Once again, Canada must ensure we remain globally competitive and avoid being left behind. Read more about ASEAN and the potential for a Canada-ASEAN FTA [here](#).

Growing the CPTPP

In [Realizing Canada's Export Potential in an Unpredictable and Fiercely Competitive World; The Priorities of Canada's Agri-food Exporters](#), CAFTA calls for the inclusion of ASEAN members into the CPTPP. ASEAN is the sixth largest economy in the world and one of the largest drivers for growth in the Asia-Pacific region. The inclusion of ASEAN into the CPTPP would secure new, dynamic markets for agri-food exporters and reduce the risk of unforeseen market disruption.

Other recent reports [indicate](#) that Thailand's economy minister, Yasutoshi Nishimura, said Thailand would make a decision on joining the CPTPP by April. Since the entry into force of the CPTPP, the CPTPP Commission has met twice to discuss a range of topics including further implementation of the agreement and how to proceed with the addition of new members. The Commission's next meeting is tentatively scheduled to meet this summer in Mexico. CAFTA will continue to watch these developments closely.

Other News

- In the final [communiqué](#) issued at the Global Forum for Food and Agriculture (GFFA) in late January, 71 Agriculture Ministers stated the "crucial importance of the multilateral rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable trading system" as well as the "value of taking decisions through a consensus-based and member-driven process at the WTO... and

the proper functioning of its dispute settlement system.” The communiqué was presented to Aidarbek Saparov, Deputy Minister of Kazakhstan, as host of the next WTO Ministerial Conference, Alan Wolff, Deputy Director-General of the WTO, and Dr. Qu Dongyu, Director-General of the Food and Agriculture Organization (FAO) of the United Nations.

On the Hill

- Canada's Parliament has suspended itself for five weeks after passing implementation legislation for the new NAFTA and spending bills upon COVID-19 concerns. All parties agreed to a motion adjourning the House of Commons until at least April 20, 2020. That suspension can be extended and allows for a delay in releasing the federal budget, which originally was to be tabled on March 30. No new date has been set for the budget's release.
- With the return of Parliament in late January, House and Senate committees have been reconstituted and chairs and vice chairs have been named. [House of Commons committees](#) of particular importance to CAFTA include the Standing Committees on Agriculture and Agri-food (AGRI), International Trade (CIIT) and Canada-China Relations (CACN). [Key senate committees](#) include Foreign Affairs and Trade (AEFA) and Agriculture and Forestry (AGFO).
- On February 18 and 20, CAFTA appeared before the House of Commons International Trade Committee and the House Agriculture and Agri-food, respectively, to discuss the importance of CUSMA to Canadian agri-food exporters. CAFTA members that also offered committee testimony in support of Bill C-4 included the [Canadian Cattlemens' Association](#), [Canadian Sugar Institute](#), [National Cattle Feeders Association](#), and the [Canadian Canola Growers Association](#).
 - Read CAFTA's full statement to the Senate and House committees [here](#).
 - Watch CAFTA's appearance before the House Standing Committee on International Trade [here](#).

In case you missed it

[CUSMA: Let's get it done](#)

[With grim outlook for Appellate Body resolution, WTO members move quickly on interim plan](#)

[Consultations launched on possible modernization of Canada-Ukraine FTA](#)

[Global Forum for Food and Agriculture holds Berlin Agriculture Ministers' Conference](#)

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