

Statement to the Standing Committee on Agriculture and Agri-Food on the Canadian response to the COVID-19 pandemic.

May 8, 2020

Mr. Chair, members of the committee. Thank-you for the opportunity to present to you today. My name is Claire Citeau and I am the Executive Director of the Canadian Agri-food Trade Alliance or CAFTA.

As you know, CAFTA is the voice of Canadian agriculture and agri-food exporters, representing the 90% of farmers who depend on trade and the ranchers, producers, processors and agri-food exporters who want to grow the economy through better 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.

These sectors represent 90 per cent of Canada's agri-food exports and support over a million jobs in urban and rural communities across Canada.

A few short months ago, just as the pandemic shutdown was beginning, I spoke at an event where I said we were worried that Canadians took free trade for granted.

Today, I am here to say it's more important than ever that we NOT take trade for granted.

1. Canadian agri-food exporters feeding Canada and the world

I will give you a brief overview of where CAFTA and our membership stand:

With most of the world on lockdown, it has become crystal clear just how foundational agri-food trade is for our economy and way of life.

From feeding people here and abroad to the critical role global agri-food supply chains play in supporting jobs, the term "essential service" doesn't even begin to describe how vital farmers, food manufacturers and others are to a world in crisis.

Canada's export-oriented agri-food sector feeds our families and families around the world.

Canada has become an agri-food powerhouse precisely because we have specialized in making products that the world wants and needs.

In all this, CAFTA remains focused on advancing trade liberalization and ensuring the voice of our exporters is heard.

That's why we're pleased to be speaking with committee members today.

For our members, it is a mixed bag...

Grain farmers continue to operate as normal which means facing headwinds of rising non-tariff barriers with market access issues in key markets. Demand is strong for some grains, although the impact of massive US subsidies for corn, soybean add to the anguish over a long list of issues. For example, pulse demand is high and prices are up. Normal also means that our canola exports are still blocked by China, and pulses and durum wheat continue to face trade barriers in key markets such as Italy, Peru, Vietnam.

There are increased costs and absenteeism in food manufacturing and questions about the future of the restaurant industry.

It's a hard time for hog farmers, cattle producers with backlogs of livestock growing.

For all, there is anxiety, uncertainty and challenges in unprecedented ways whether its canola, malt, soybeans, feed, and even sugar which food processors rely on.

Despite the crisis, those in the agri-food supply chain are a resilient bunch.

But, we're concerned about one thing above all:

The fear that this crisis will bring about new trade barriers and other forms of protectionism, and that rules and trade commitments that have been made will be undermined and not followed.

I worry about the talk of self-sufficiency in food and nationalism and fear it will lead to a new form of protectionism in the name of "precaution".

I want to acknowledge the leadership Canada is playing to keep agri-food trade open.

First, we're very grateful that the **Canada-U.S. border** has remained open for trade.

We have no more important partner than the U.S.

Agri-food is especially reliant on inputs, ingredients and labor from the U.S. Our integrated supply chains remaining functional is one of the reasons grocery stores stay full.

The implementation of **CUSMA** will help ensure a continued strong foundation for trade with the US and we are eager to see this agreement enter into force as quickly as possible.

2. On Safeguarding rules-based trade

In recent weeks, we've also been grateful for the leadership role the federal government is playing to keep global agri-food supply chains open.

We have welcomed commitments to keep trade lines open and opposing export restrictions to help maintain resilience, and avoid disruption of production and distribution of food.

We know that supply shortfalls are best addressed through unfettered flow of products and increased production.

In these dire times, more trade is needed, not less.

CAFTA is pleased the federal government has been at the forefront of efforts to safeguard the WTO and the rules-based trading system.

The news about the interim appeal mechanism is also very positive and returns some certainty to the global trading system. We are hopeful that the Appellate Body will soon be restored.

The rules-based trading system with a functioning WTO at its core will be important to help recover.

3. On Agri-food trade as an economic recovery driver

When the threat of the pandemic subsides, our entire industry stands ready to work with the Canadian government to demonstrate that free trade needs to play a central role in helping economies return to full speed.

In fact, embracing unfettered trade in agri-food should be central in the plan to reboot Canada's economy.

People around the world need to eat. **Agri-food trade gives us one of the best engines for growth.**

Trade will be vital, but only if we limit protectionism and bolster international cooperation.

In all of the chaos, Canada has a unique opportunity to find bold new ways forward for international trade and agri-food trade.

The federal government is well positioned to take us there and help reach the goal of \$75 billion in exports by 2025 as identified in the Barton report by the Council on Economic Growth.

Canada's government should also champion regulatory modernization. The economic roundtables singled out the need to update domestic regulations and bring them in line with other jurisdictions.

Recommendations need to be enacted. Much of what is needed is contingent upon other nations doing things to assist our export trade.

Trade in finished goods, and cost efficient regulatory processes in Canada help all links of our value chain be competitive. At a minimum, Canadian rules can evolve rapidly to support our competitiveness.

As recovery plans get developed, we want to share our ideas and work with you on actions that will give exporters confidence on a path forward.

4. Maximizing and enforcing rules based trade: CETA

For us to take flight, we need our existing FTAs to work. For example, **CETA** holds so much promise for agri-food exporters yet continues to fall short.

The EU is not abiding by commitments to remove technical barriers shutting out our exports.

At the end of this summer, it will be 3 years since the deal came into force and our exports are flat when they should be much higher. On the other hand, EU agri-food exports to Canada continue their double digit increase. It is time to find solutions.

Such work includes achieving mutual recognition of meat processing systems, developing protocols to verify livestock production practices, addressing misaligned regulation of crop protection products, more predictable and timely review of seed technologies, ensuring country of origin labeling requirements are not applied in a trade restrictive manner and addressing illegal EU sugar subsidies that make our exports uneconomic.

Italy provides an example of where Canada needs to be more assertive in defending our trading interests – quiet conversations have not resolved the issue. It's important that Canada challenges these measures so that Italy protectionist measures do not spill-over into other countries and products.

Adding insult to injury, EU officials stress that Canadian exporters need to meet the “high standards of the EU” when we are the 5th largest agri-food exporter in the world for good reason.

We've asked the Canadian government to take up these issues with EU political leaders in order to secure commitments and timelines to remove and address the barriers that persist.

The world is moving towards the enforcement of rules. Canada too should step up its response and push for enforcement. India, a major market for pulses, has not followed internationally agreed upon protocol and is not living up to their WTO commitments. Peru and Vietnam are major markets with unwarranted SPS measures that are creating significant risks and uncertainty for wheat exports.

Canada needs to be proactive and nimble in its response to the growing use of non-tariff barriers being used to block agriculture exports.

I'll conclude by simply saying the best way to support free trade is to continue to pursue new and deeper trading relationships around the world.

If we do that, our export-oriented agri-food sector can help anchor Canada's economic recovery by powering ahead in global markets.

Before the crisis, our sector was growing faster than all others of the economy. A strong agri-food trade sector means a strong economy and a strong Canada.

Free trade has always been a key part of Canada's growth and it will remain even more important ahead.

We look forward to working with all Parliamentarians to advance our shared goals that are rooted in free trade, support for the rules-based global trading system and the belief that Canada can compete and win in the world.

Just as keeping trade open is feeding people today, embracing it tomorrow will be essential for economic recovery when life returns to normal.

Thank you for your time. Merci beaucoup. I look forward to your questions.