



CAFTA ACCA

Canadian Agri-Food
Trade Alliance

Alliance canadienne
du commerce
agroalimentaire

Members of Parliament of the Standing Committee on International Trade
Members of Parliament of the Standing Committee on Agriculture and Agri-Food
House of Commons
Ottawa, Ontario K1A 0A6

Senators on the Standing Committee on Foreign Affairs and International Trade
Senators on the Standing Committee on Agriculture and Forestry
Senate of Canada
Ottawa, Ontario K1A 0A4

October 23, 2020

RE: Requesting a review of opportunities to maximize benefits of trade agreements implemented in recent years for Canada's agri-food

Dear Members of Parliament and Senators:

Export Development Canada economists recently stated that Canada's agri-food export sector is one of the most "able sectors" to be driving economic growth and recovery. We must all work together to ensure trade is being optimized and its potential is maximized in the post-Covid world, for the benefit of Canadians.

That is why as the voice of Canadian agri-food trade, representing the 90 per cent of farmers, producers, food processors and agri-food exporters who rely on global markets for their livelihoods, we are writing to formally request that Parliament undertake a competitiveness review of the marquee trade agreements that have come into force in recent years. Just as other Acts of Parliament are periodically reviewed, we believe a closer examination of Canada's trade and agreements implemented in recent years would help ensure that the secured outcomes are living up to what was negotiated. This is especially necessary for the agri-food sector if it is to be a key anchor for future growth and prosperity.

As a trading nation, our road to recovery cannot be successfully navigated unless we unblock our major trade routes and reaffirm commitments to rules-based trade. In these unprecedented times, it is paramount to keep opportunities open and avoid any unnecessary disruption to trade, especially when it comes to strengthening food security through resilient agri-food supply chains. More importantly, a careful review of trade agreements will also help identify key areas where our trading partners may not be fully honouring commitments made within these agreements.

Specifically, we are calling on Parliament to conduct a benchmark, competitiveness study of the implementation of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Comprehensive Progressive Trans-Pacific Partnership (CPTPP). Noteworthy:

- **CETA:** despite being in force for over three years, CETA has failed to deliver on expected gains in agri-food. This outcome results from the EU Commission and EU member states continuing to maintain a wide range of barriers and subsidies, imposing new barriers or failing to reduce those that were to be lowered or eliminated altogether through CETA. These trade inequities are directly impacting Canadian exports of durum, canola, beef and pork as well as sugar and sugar-containing products and processed foods and do not provide the meaningful access for commodities and value added promised under CETA. This makes expected export growth to the EU elusive for Canadian farmers, agri-food manufacturers and exporters.

Canadian agri-food exports should be much higher. Meanwhile, European agri-food exports continue their double-digit growth into the Canadian market as our tariffs, duties, quotas and other restrictions are either eliminated or being phased out.

- **CPTPP:** despite being a CPTPP member, Vietnam is on the growing list of countries employing non-tariff barriers that effectively block grain trade, reduce opportunities for diversification and create volatility in the global marketplace. For Canadian bulk grain vessels, trade is now commercially unfeasible due to overly-burdensome restrictions on weed seeds that were introduced by Vietnam at the same time as their entry to the CPTPP in 2019. As such, exports have stopped rather than increased as would be expected with improved tariff preferences gained under CPTPP.

Similarly, as supply chains have become highly integrated, the implementation of the Canada-United States-Mexico Agreement (CUSMA) is vitally important to help normalize trade with North America for commodities but also for value-added products. It will be important to examine how best to ensure North American supply chains remain competitive, including ways to maximize the benefits of the CUSMA for Canada's sugar and sugar-containing products sector, a key driver of Canadian food processing investment and food exports containing sugar to the US. The free and fair flow of goods with our top trading partner is integral not only to the success of the North American agri-food but also to the entire Canadian economy.

In addition, the Canada-Korea Free Trade Agreement (CKFTA) is perhaps the best illustration of the need to maintain a competitive edge in global markets. The CKFTA is helping the sector regain competitive access to South Korea, a lucrative market of 50 million consumers that was lost almost overnight because Canada's competitors had access that we did not. Yet 5 years in, despite growth in certain areas, more needs to be done to grow Canada's export footprint in this important market notably on technical issues affecting Canadian beef exports.

The pandemic has exacerbated trade tensions, with instability and uncertainty becoming increasingly prevalent in the global trading system. In the current environment, we must focus our efforts to address trade barriers and fight back a tide of protectionism creeping under the cover of nationalism that will harm and slow global recovery. Against this backdrop, the need to maintain and enhance access in key markets has never been greater.

One way to ensure we are best supporting our economy is to do all we can to make our existing free trade agreements work better and truly secure the benefits they are intended to generate. That is why we urge Parliamentarians to review the implementation of the above free trade agreements for Canada's export-oriented agri-food to help address what needs to be done to strengthen agri-food supply chains and grow Canada's export footprint in these markets.

As a trade dependent economy, we believe that embracing unfettered trade in agri-food should be central in the plan to reboot Canada's economy. Free trade has always been a key part of Canada's growth and it will remain even more important in the times ahead. A strong agri-food trade sector in Canada means a strong economy and a strong Canada.

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.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Darling', written in a cursive style.

Dan Darling, CAFTA President