



September 20, 2024

Strategic Trade Policy Unit
Global Affairs Canada
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Re: Public consultations on potential new measures to advance and defend Canada's economic security interests

CAFTA

The Canadian Agri-Food Trade Alliance (CAFTA) is a coalition of national organizations advocating for a freer and fairer international trade environment for the agriculture and agri-food sector.

CAFTA's members include farmers, ranchers, processors, producers, and exporters from major trade sectors such as beef, pork, grains, oilseeds, sugar, pulses, and soy.

Economic Security

At a time of global economic uncertainty, Canada's economic security is enhanced by reinforcing and strengthening the sectors and industries where we already excel. The agri-food exporting sector is a key example for Canada.

A fair and open international trade environment for agri-food is in Canada's economic interest. Agri-food is responsible for 1 in 9 jobs in Canada, and the majority are in export-based agri-food. In 2022, Canada exported \$92.8 billion in agriculture and food products, including raw agricultural materials, fish and seafood, and processed foods. More than half of our agricultural production is exported or processed to be exported.

Agri-food exporters are aware of the current risk environment that has led the government to consider specific measures to defend our economic security interests. However, we are concerned that the approach being considered is too focussed on the mitigation of risk in some sectors, while

putting at risk the prosperity our country enjoys from selling our goods in the global rules-based trading system. The ability to export under this system is itself a key element of Canada's economic security. We can undermine our economic security in the name of strengthening it if we weaken the rules-based system.

Canada is the world's fifth largest agri-food exporter. We are one of the few countries in the world producing enough food for ourselves, while at the same time feeding others around the world. Canada also has a strong track record of not using food as a political weapon or banning agricultural exports.

Canada's agri-food exporters understand that we are facing an increasingly complex environment that forces difficult decisions. When doing so, we must not lose sight of our core national interests.

International Rules-Based Trading System

As a trading nation, Canada's economic success depends on our ability to sell our products to other countries. The international rules-based system is a key element of our success, and it is in Canada's national interest to strengthen this system. We should take great care not to undermine it, even when faced with seemingly intractable problems.

The WTO plays a vital role in global agri-food trade by establishing a framework for trade policies and regulations. The WTO helps to ensure that trade flows as smoothly, predictably, and freely as possible, which is essential for the agri-food sector. By setting international standards and rules, the WTO helps reduce trade barriers such as tariffs, quotas, and subsidies that can distort markets. Ninety to ninety-five percent of Canada's agri-food trade is underpinned by WTO principles, directly or indirectly.

The rules-based system has never been perfect. Disputes nonetheless arise, and the most-powerful countries in particular have taken actions outside the system when they have determined this to be in their national interest. It can be difficult for Canada to resist responding in a similar fashion when responding to harmful economic practices.

CAFTA believes that it is essential to underline the danger to Canada of engaging in measures that weaken the rules-based system that we rely on, rather than strengthening it. Our country can ensure that our measures are WTO-compliant, or that they are structured in such a way as to take WTO compliance seriously, even when testing the limits.

When possible, we must seek to manage economic threats through multilateral engagement. Canada is not a global power, and our voice is magnified when we build coalitions around issues with like-minded countries. These countries may generally have developed market economies, but it is also possible to find common ground with key emerging nations, depending on the issue.

In essence, it should be a central Canadian objective to work with other countries to bring offending countries back to "playing by the rules." This requires continued efforts to revitalize the WTO so it can play its role more effectively. The Ottawa Group has played an incipient role in this regard, and Canada should redouble efforts to make this an effective grouping.

Canada relies largely on the global leadership of the United States and its commitment to the rules-based system. Our reliance has been tested in recent years, and probably will continue to be

in the future. It is in our national interest to make maximal efforts to convince the US of the importance of the system. We should be working with like-minded American friends and allies, including the EU, Japan, South Korea, Australia, etc., in multilateral forums like the G7, the OECD and the G20.

Diversification

Diversification of markets is another method of managing our political risk. Opening new markets means allowing us to move product elsewhere when existing markets close suddenly. CAFTA encourages the government to move quickly to a successful conclusion of the ongoing negotiations with Indonesia and ASEAN, which are key emerging markets for Canadian products with tremendous potential for growth. We also encourage the government to work in the context of existing agreements like the CPTPP and CETA to reach their potential in the elimination of non-tariff barriers that are impediments to freer and fairer trade.

Continued investment in Canada's trade diplomacy capacity is a key factor that contributes to our success globally. The opening of the Indo-Pacific Agriculture and Agri-Food Office in Manila was strongly supported by CAFTA as a strategic investment. The Office provides Canada with technical strength on the ground, giving these representatives the time necessary to build up personal relationships with local regulatory authorities in relationship-based cultures. We are confident this will help us avoid non-tariff barriers that can be caused by a lack of understanding of different regulatory systems.

Supply Chain Infrastructure Investments

The success of Canada's ability to trade its agri-food products is directly linked to our national supply chains, which have been failing us in recent years. Work stoppages continue to cause annual disruptions, while antiquated infrastructure struggles to meet the demands of today's agri-food supply chain. While Canada is globally recognized as a provider of high-quality agri-food products, we are increasingly viewed as an unrealisable trading partner because of supply chain delays.

The government must prioritize visionary investments in our national supply chain to introduce redundancy, upgrade aging infrastructure, and reduce bottlenecks. For example, the Second Narrows Bridge in Vancouver is the only bridge that connects the south and north shores of the port, and its traffic competes with vessels below. Constructing an additional bridge will reduce congestion and create redundancy when the bridge requires maintenance. Another example is berth capacity, where there are often not enough berths to meet demand. While the investment in the Robert Banks Terminal 2 project will help with some congestion challenges by adding capacity, additional investments like these are needed to protect our economic security. We recommend the government conduct in-depth consultations with stakeholders to create a long-term supply chain infrastructure strategy.

We respectfully request the government consider the elements we have set forth when considering ways to enhance our country's economic security.

Michael Harvey

Executive Director