

Chasing China: Going After The World's Largest Agri-Food Market

Ottawa, ON – February 22, 2017 – The Canadian Agri-Food Trade Alliance (CAFTA) today released a report entitled “Chasing China – Expanding Canada’s Agri-Food Exports to China”, which outlines the potential for expanding trade in a market that accounted for \$5.6 billion in Canadian agri-food and agri-food exports last year. China is Canada’s second largest two-way trading partner after the U.S. “China has a taste for what Canadian agri-food can offer – now’s the time to turn that taste into Canadian growth,” said CAFTA President Brian Innes. “We’re barely scratching the surface. We should seize the opportunity to satisfying the dragon’s growing appetite from Canada.”

China is a massive market with an emerging middle class demanding safe, high-quality products. It is projected to be the world’s largest agrifood importer by 2021. Canada has a globally competitive agri-food sector with significant opportunity for growth, as described by the recent report of the Advisory Council on Economic Growth to Finance Minister Bill Morneau. Overall, Canada exports half its beef, more than half its malting barley, pork and soybeans, 75 per cent of its wheat, 90 per cent or more of its canola and pulses and over 40 per cent of its processed foods.

The report describes the growing opportunity in China for Canada’s agri-food exports, and how this opportunity could be met if tariffs and non-tariff barriers were eliminated. Currently, agri-food exports to China are already significant – China demands one third of Canada’s canola exports and represents an important market for soybeans, pulses, wheat, barley, beef and pork. But there’s opportunity for more.

“Increasing agri-food exports to China will be crucial to Canada’s economic future over the next 50 years,” said Innes. “Achieving that success depends on how well Canada can open doors in this market.”

Despite the large and growing demand for Canadian agri-food products in China, the report points out that Canadian exporters continue to face serious barriers that

are hampering growth. For example, tariffs and non-tariff barriers reduce the range of products that can be exported and raise uncertainty for exporting businesses. While overcoming the barriers will be tough for many agri-food commodities and value-added food products Chinese production can't keep up with demand and there are opportunities to improve trade.

Addressing non-tariff barriers, such as inconsistent regulations and testing, could reduce export costs and expand trade for some sectors such as pork and beef. Predictable and science-based rules are important for all agri-food sectors. Regular government to government communications around policies and regulations affecting trade would also improve predictability for Canadian agriculture and agri-food exporters.

Tariff elimination and tariff quota expansion for wheat, barley, pulses, soybean, canola as well as sugar and sugar-containing products would provide opportunity for the Canadian industry. In some cases, Canada faces a significant trade imbalance with China, particularly in value-added prepared foods and is at a competitive disadvantage compared to other countries such as Australia who have signed free trade agreements. A free trade agreement that eliminated tariffs would put Canada on a level playing field and enable Canadian exports to meet Chinese demand.

The report "[Chasing China – Expanding Canada's Agri-Food Exports to China](#)" can be accessed at cafta.org.

CAFTA is a coalition of national and regional organizations that support a more open and fair international trading environment for Canada's agriculture and agri-food. CAFTA's members include farmers, producers, processors, and exporters from the major trade-dependent sectors, including beef, pork, grains, oilseed, sugar, and malt. Together, CAFTA members account for 90% of Canada's agriculture and agri-food exports, about \$54 billion in exports and an economic activity that supports 940,000 jobs across Canada.

For further information, contact:

Claire Citeau

Executive Director, CAFTA

cciteau@cafta.org, 613-560-0500