

TRADE INSIGHTS

CAFTA IS THE **VOICE OF CANADA'S** AGRI-FOOD EXPORTERS



Canadian Agri-Food Trade Alliance | Alliance canadienne du commerce agroalimentaire



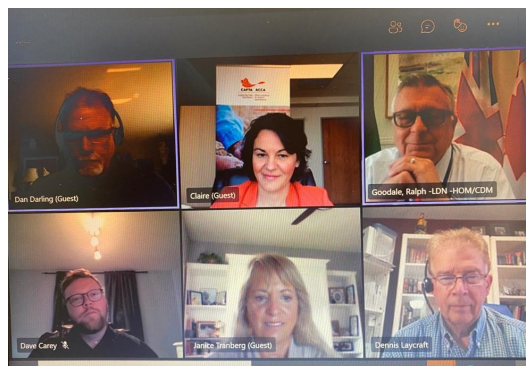
A Summer of **Unknowns** on Global Trade

As the world continues to reopen, thanks to growing levels of vaccination, issues related to jobs, economic growth and overall post-pandemic recovery will become the dominant focus of public policymakers. Some refer to these next steps as “building back better” which includes ensuring recovery is inclusive and sustainable in addition to growth being robust. In the latter half of 2021, it will be important for supporters of free trade and the wider rules-based global trading system to stand up and be heard by domestic and international policy- and decision-makers. We know that more, not less trade will help fuel recovery and that free and open trade in sectors such as agri-food helped feed the world during the pandemic. The best way to build back better will be to embrace trade liberalization and the role it can play in every corner of the world.

CAFTA meets with Ralph Goodale, Canada's High Commissioner to the United Kingdom

In July, CAFTA directors had a very constructive discussion with Canada's High Commissioner to the United Kingdom, Ralph Goodale

on the path forward for a permanent bilateral trade agreement and delivering commercially viable opportunities for exporters. The board appreciates having a champion for Canadian agri-food in this important region.



Noteworthy **Reports** on Agriculture

OECD Policy Analysis on Global Agriculture:

An OECD report released in late June finds that across the globe, government policies are “low on innovation, (and) high in distortions.” The report states that most government policies are failing to achieve their core objectives of improving food security, creating jobs and growth and achieving better environmental outcomes. The full report can be read [here](#).

House of Commons Trade Committee issues WTO Reform Report

The Standing Committee on International Trade (CITT) has issued a comprehensive [report](#) that supports WTO modernization efforts and make specific recommendations on how the global trading system can better support Canadian exporters. The report address issues of particular importance to Canada's agriculture and agri-food sector including domestic subsidies, strengthening dispute resolution functions, and addressing the persistence of non-tariff barriers. CAFTA and CAFTA member comments were featured in a [news story](#) in the Western Producer.

RECENT NOTABLE EVENTS

Canada-EU Summit at G-7 Meetings

In mid-June, Prime Minister Justin Trudeau participated in the Canada-European Union Leaders' Summit, alongside the President of the European Council Charles Michael, and the President of the European Commission, Ursula von der Leyen.

In the [Joint Statement](#) issued, both Canada and the EU agreed to work together on building a global recovery that "creates jobs and opportunities for our people, and grows the middle class.

The statement also reaffirmed the commitment to continuing to implement CETA to ensure it benefits both sides. As part of efforts to continue to improve trade on both sides of the Atlantic, the leaders advanced an Authorized Economic Operator Mutual Recognition Agreement that will aim to simplify border procedures and speed up trade flows.

It's time for Trudeau to put on his agri-jacket at the G7 and EU summits

Opinion: The government has an opportunity to deliver the strong message that the agri-food trade sector represents a real, quantifiable post-pandemic recovery option

Dan Darling, Special to Financial Post
Jun 11, 2021 • June 11, 2021 • 3 minute read • [16 Comments](#)

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Canada's agriculture and agri-food exports are on an upwards trajectory, fueling growth and economic activity across rural and urban communities, Dan Darling writes. PHOTO BY AZIN GHAFARI/POSTMEDIA/FILE

Leaders also announced the launch of an action plan to help promote sustainability, environmental stewardship, and climate action in agriculture. We will continue to track these developments and how they will impact CAFTA members.

In the lead-up to this Summit, CAFTA urged both sides to resolve the technical barriers to trade that continue to prevent the market access Canadian agri-food exporters were promised through CETA.

CAFTA President Dan Darling wrote a [commentary](#) that was published in the Financial Post urging Prime Minister Trudeau to stand up for the agri-food sector, recognize its value to economic recovery and to press the EU on the outstanding issues that remain. These issues were and continue to be raised at the highest levels, including at the summit itself by Prime Minister Trudeau.

Until these issues are resolved, this will continue to be one of CAFTA's main advocacy priorities in Ottawa.

And we will continue to work with the Prime Minister, Minister Ng and Ambassador Campbell through remaining challenges and ensure that EU lawmakers fulfill their obligations so that the CETA delivers on its promises for Canadian agri-food exporters

Trade Experts Host Event Featuring Dr. Ngozi Okonjo-Iweala

On June 30th, CAFTA's Executive Director Claire Citeau, and colleague Nadia Theodore, Senior Vice President, Maple Leaf Foods, organized a Zoom Webinar Event that featured industry leaders from around the globe for a dialogue on some of the issues that will influence future discussions at the WTO. Following brief introductory remarks by HE Stephen de Boer, Canada's Ambassador to the WTO, Part 1 of the event was a Q&A discussion with Dr. Ngozi Okonjo-Iweala, Director General of the World Trade Organization (WTO). Part 2 of the event featured three, 20-minute panel discussions that included leading trade, business, and industry experts from around the world.

You can watch the full event at the following [link](#). A follow-up report is being shared with Dr. Ngozi Okonjo-Iweala and a link to it will be posted online shortly.

Following the event, the Western Producer wrote about about how "[Trading nations hope for reinvigorated WTO](#)" and [Inside Us Trade](#) noted the WTO's Director General emphasis in her remarks on the "particular importance of an agricultural outcome at MC12".

TRADE BRIDGES BRINGING THE WTO TO YOU

Special Guest

Dr. Ngozi Okonjo-Iweala
Director General, WTO

Join industry leaders from around the globe for a dialogue on some of the issues that will influence future discussions at the WTO.

Join us on June 30 at
10 AM – 12 PM EDT (Ottawa) /
4 PM - 6PM CEST (Geneva)



REGISTER: [HTTPS://ZOOM.US/WEBINAR/REGISTER/WN_QO27VN9_SJA7UXLQLO84UW](https://zoom.us/webinar/register/WN_QO27VN9_SJA7UXLQLO84UW)

TRADE UPDATES

Official Process for UK Accession to CPTPP Launched and Peru ratifies

In early June, the official process for the potential admission of the United Kingdom into the Comprehensive Progressive Trans-Pacific Partnership (CPTPP) was launched making the UK the first major economy to express interest in joining the pact.

CAFTA [applauded](#) the news stating “Canadian agri-food exporters have long welcomed the idea that the CPTPP pact would continue to grow provided new members agree to the high level of ambition this agreement has achieved.”

CAFTA will provide inputs into the bilateral aspect of the accession process and will continue to track developments closely.

In other CPTPP news, Peru [ratified the pact](#) in mid-July becoming the 8th current member to fully approve it. That leaves only Brunei, Chile and Malaysia to fully ratify, and all are expected to do so. We'll continue to track these approvals processes.

Canada Launches Trade Negotiations with Indonesia

In late June, Canada finally launched trade talks with Indonesia, Canada's largest agriculture and agri-food export market in Southeast Asia. CAFTA issued a [supportive statement](#) stating that “our members have long supported strengthening and deepening Canada's presence in dynamic and fast-growing Asia-Pacific markets. Trade negotiations with Indonesia can serve as a positive steppingstone toward a Canada-ASEAN agreement which we believe should be Canada's top trade priority in Southeast Asia.”

With 35% of the region's GDP, Indonesia is a regional powerhouse that agri-food exporters are hoping can push the Canada-ASEAN talks forward.

Canada's agri-food sector looks forward to working closely with the federal government to ensure Canada's export interests are secured in these negotiations.

WTO AND RELATED UPDATES

WTO Agriculture Committee meetings

In mid-June, the WTO Agriculture Committee met for two days of meetings as it oversees the continued implementation of the Agriculture Agreement. Its key responsibility is to monitor how WTO members are complying with their commitments. The committee meets 3-4 times per year and is currently chaired by Ms. Maria ESCANDOR (Philippines).

In the lead-up to MC-12, hopes are high for a breakthrough in ambitious outcomes across a variety of fronts. We will continue to watch developments closely. More information on the Agriculture Committee can be found [here](#).

Chair of WTO Agriculture Negotiations Presents Possible MC-12 Package

In an informal meeting held in late June, Ambassador Gloria Abraham Peralta (Costa Rica), the Chair of the agriculture negotiations, issued a report that outlined the framework of a possible new agriculture package that could be finalized at the 12th Ministerial Conference (MC12) in late November. The framework aims to achieve ambitious outcomes in key areas including domestic subsidies, transparency, market access updates on SPS policies and other issues long supported by CAFTA. Border measures and domestic subsidies continue to be highlighted as issues that need to be resolved in the weeks and months ahead leading to the MC-12 Conference in November. Pro-reform members are warning that failure to address these issues will harm recovery efforts and set back wider WTO modernization objectives.

In recent comments, Dr. Ngozi Okonjo-Iweala stated bluntly that failure to produce an outcome on agriculture at the 12th ministerial, set to begin in late November, would be “very disappointing.” Countries in the Cairns Group -- which includes agriculture-focused countries such as Australia, Canada New Zealand, Brazil and Chile, among others -- strongly support “very positive moves” on agriculture, the director-general said. However, she lamented that the U.S., the EU, and other “rich countries,” “not very ambitious” in this area. Okonjo-Iweala said she hopes to see progress on food security but noted that “many members” tie that issue to domestic support -- an area in which the U.S. and the EU, among others, are reportedly “less ambitious.” Domestic subsidies, according to the director-general, have reached \$1 trillion worldwide and could reach \$2 trillion by 2030 “if we don’t do something.” Such subsidies distort markets and “mar competition,” she said.

The WTO just released a draft negotiating text on agriculture which we will review in our next edition.

Cairns Group Meeting

In late June, the Cairns Group Ministers met virtually to discuss the urgent need to meaningfully reform global agricultural trade at the WTO in the lead-up to MC-12. The Group make clear that MC-12 “must deliver an ambitious, concrete and equitable outcome in agriculture.” Read the full Cairns Group statement [here](#).

David Bisbee, a U.S. representative to the WTO said the Americans believe the issue of domestic support remains a key obstacle because “Members do not agree on the types of support to cut or who should cut.” He stated further that a draft framework from the Cairns Group that “calls for disciplining all forms of trade-distorting domestic support and for all Members to make proportionate cuts” is a “step in the right direction.”

ON PARLIAMENT HILL

Parliament summer recess

On June 23, the House of Commons officially rose for the summer recess after passing the sweeping budget bill (C-30) which extended various COVID-19 supports to businesses and individuals. The Senate remained sitting a few extra days to ensure the budget received the required Royal Assent.

Bill C-216

A private member's bill introduced by Louis Plamondon of the Bloc Québécois that would make supply management concessions illegal in future trade negotiations was not voted on at second reading prior to the summer recess which means for now it is stalled after being studied by the International Trade Committee. CAFTA has long been an opponent of the bill. President Dan Darling had previously told parliamentarians that legislating the exclusion of products from a negotiation would irritate trading relationships, and the bill would tie the hands of negotiators. "Put simply, this would be detrimental to our ability to generate growth and support about a million jobs across Canada," he said in a 2020 letter on the subject.

While Parliament is scheduled to reconvene in late September, a late-summer election is widely expected which would see Parliament officially dissolved as the writs are drawn up for #elxn44. This would mean that private members legislation such as Bill C-216 would die on the order paper. We will continue to track the fever pitch of election speculation in the weeks ahead.

IN CASE YOU MISSED IT

- [Canada's State of Trade 2021 Released](#)
- [Food supply success in pandemic belies wasteful farm policies - OECD](#)
- [New Zealand's Prime Minister Jacinda Ardern courts US to return to CPTPP](#)
- [CETA is working perfectly — for European farmers](#)

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