



Statement for the Standing Senate Committee on Agriculture and Forestry on the competitiveness of the value added food sector in global markets

April 19th, 2018

- Thank you for inviting me to speak on behalf of CAFTA, voice of Canadian agriculture and agri-food exporters regarding the competitiveness of the value added food sector in global markets.
- CAFTA represents the 90% of farmers who depend on trade and producers, processors and agri-food exporters who want to grow the economy through better and competitive 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. Together, CAFTA members account for over 90 per cent of Canada's agri-food exports which in 2017 exceeded \$57 billion and support over a million jobs in urban and rural communities across Canada. A significant portion of these sales and jobs would not exist without competitive access to world markets.
- Trade, free trade agreements (FTAs) and competitiveness of the sector are closely connected.
 - FTAs influence in large part the competitiveness of the sector in global markets, or the ability to sustain competition over time in export markets. Many components of market access are directly under the influence of free trade agreements: tariffs, quotas, rules of origin, compliance to SPS/TBT provisions, trade remedies, subsidies etc.
- Competitive access to global markets through FTAs is our top priority as 90 percent of Canadian farmers depend on world markets to sustain their livelihoods and we export over half of our agri-food products. The Asia-Pacific, Japan, NAFTA, Europe, and China are at the top of our priorities list.
- Our success depends on the timely negotiation and ratification of preferential access to the markets that our competitors are also after.
- **It is paramount that Canada ratifies the CPTPP quickly.**
 - CAFTA has been a strong supporter of the CPTPP and applauded the fantastic news that Canada signed the text of the deal in Chile last February.
 - The CPTPP will not only provide the sector with unprecedented access to the high-value Japanese market and rapidly growing Asian markets like Vietnam and Malaysia, it will also provide Canada with a competitive advantage over the U.S., since the U.S. is not part of the agreement.
 - The CPTPP will enter into force after at least six members ratify it. It is very likely that 7 members (Japan, Australia, New Zealand, Malaysia, Singapore, Brunei and Mexico) ratify and implement before the end of 2018.
 - Canada may lose the “first mover advantage” if it is not in the first tranche of countries ratifying the deal.

- With uncertainties surrounding NAFTA, it's essential for our globally competitive agri-food sector to have improved access to markets in the dynamic Asia Pacific region.
- The best chance to implement the agreement quickly is to ratify it quickly.
- **Given the importance of NAFTA to Canadian agri-food trade, our success also depends on Canada's ability to reach a modernized agreement that will strengthen the access and competitiveness of the nation's farm and food products.** In short, maintain what's working and modernize NAFTA where possible.
 - Specifically, the renegotiation should not allow include new tariffs, new non-tariff barriers, or any other provisions that could be used to limit trade.
 - In its submission, CAFTA has identified several areas where improvements to NAFTA could enable further growth for specific products such for canola, grains, meats, sugar and sugar-containing products among others and in areas such greater regulatory alignment and dispute settlement mechanisms.
- We offer the following additional recommendations for Canada to contribute to a globally competitive agri-food sector:
 - Canada should allocate proper resources to the functions in charge of negotiating and implementing free trade agreements, specifically NAFTA, the CPTPP, the WTO and China.
 - Pursuing an FTA with China would boost our current exports to the world's second largest economy. China has already shown its willingness to embrace freer trade in agri-food with countries like New Zealand, Australia and Chile, and the rewards have proven substantial. With China poised to become the world's largest agri-food importer by 2020, becoming a supplier of choice and securing predictable access will be critical to jobs and the economy here at home.
 - Canada should allocate proper resources to the functions in charge of implementing FTAs and restoring market access:
 - The Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) came into force last September and presents huge potential for making greater inroads in the EU market. It will take some time for some of our exporters to get real access to the EU due to the slow progress the EU is making to allow commercially viable access to the market. Outstanding issues remain on meat processing protocols, crop protection products, country of origin labelling and the timely approval of biotechnology traits. Our members are also very concerned with recent protectionist measures from Member States under the guise of country of origin labelling provisions that are not in the spirit of CETA.
 - Typically once trade agreements are implemented, multiple non-tariff barriers arise. It is essential that adequate funding be allocated to the Market Access Secretariat (MAS) so it can continue its critical work of minimizing technical barriers to trade and restoring real access for exporters.
- Canada should continue to support relevant Ministers and senior officials in building relationships at a high level in foreign markets. There also needs to be proper resources to the network of Canadian representatives abroad, notably Embassies and agriculture trade commissioners. Canada's ability to build a competitive industry depends in part on how well the country opens doors abroad. We need

more high level engagements, not less, in particular in Asian countries.

- Thank you.