

CAFTA News – Spring 2015

June 25th, 2015

Lobby Update

CAFTA continues to monitor actively and contribute to Canada's major trade files, listed below, with great interest.

CAFTA also continues to advocate for the interests of our members by meeting with relevant representatives of Parliament, Ministers, staffers, and members of House committees on international trade, agriculture, finance, and foreign affairs. Main topic: the Trans-Pacific Partnership.

The Trans-Pacific Partnership

All signs point to a Trans-Pacific Partnership (TPP) agreement around the corner. This 12-nation trade negotiation is a priority for Canadian agriculture exporters, as the TPP region absorbs 65 per cent of Canada's agri-food exports annually. After a two-week long negotiating round in Guam in late May, negotiators for the 12 countries of the TPP are waiting for the United States Congress passage of Trade Promotion Authority (TPA), before making the final push to reach a deal.

CAFTA's executive director, Claire Citeau, was in Guam to reiterate that Canadian agri-food exporters are holding firm in seeking a high level of ambition for market access. CAFTA also took the opportunity to join representatives of farmers and ranchers in other agricultural exporting TPP countries, including: the Australian National Farmers' Federation, the American Farm Bureau Federation, and the Federated Farmers of New Zealand, to reiterate a call for "meaningful, plurilateral and comprehensive market access extended equally to all participating countries." If TPP countries agree to this, it would send a signal to other countries, such as Korea and The Philippines, that are lining up to join the TPP –once implemented.

Back in Canada, CAFTA and its members continue to advocate to the government to remain part of the TPP talks, during meetings with members of Parliament, Ministers, Ag and Trade Critics, Chairs of the agriculture and trade committees. These meetings provide an opportunity to lay out the risks in the event of a "delayed" entry into the TPP: the costs would be much higher and the benefits much less. Regardless of when a deal happens; Canada must be in it from the start.

On June 11, 2015, CAFTA sent out letters to the Prime Minister's Office, and the Premiers of each province stating the member's interest in the continuation Canada's participation in the TPP.

Beginning early in May, CAFTA and its members published over a dozen statements and op-eds in media outlets across Canada to communicate the critical importance of TPP for their respective sectors, agriculture, and the broader economy. All of these publications are posted on CAFTA's twitter account: @CAFTA_ACCA and consistently emphasize that if Canada is not part of this substantial agreement, the impact would be felt beyond the Canadian agriculture industry and extend to our entire export-driven economy. Indeed, for Canada, the TPP does not simply represent access to a market of 800 million people and 40 per cent of the world's economy. It also offers the added benefit of preserving our integrated North American market and improving access to rapidly growing Asian-Pacific markets such as Vietnam, Malaysia, Singapore and Japan—the crown jewel of the TPP region.

The timing for a deal now depends on the U.S. Congress and full passage of TPA, which should pave the way for the TPP and see dominos to start to fall. If the major players and exporters in the TPP substantially agree, the agriculture portion of the trade agreement could be worked out fairly quickly.

Europe

Once implemented, the Canada-European Union Comprehensive Economic Trade Agreement (CETA) is expected to drive an additional \$1.5 billion in exports to the European Union (EU) each year.

This agreement is now on the path to ratification with legal scrub and translation currently underway. The legal scrub is moving along with a plan to be done by late early fall 2015. Once that is complete, the text will go for translation in 23 languages, which will take an estimated seven months. Once finalized, the treaty will go to the European Council where it will require unanimous support. It will then be sent to the European Parliament for ratification in 2016. In Canada, the ratification vote for the CETA is not anticipated before late 2015 or early 2016.

In the EU, the CETA may be considered a mixed-competency agreement that would require ratification in each member State parliament. However, if that is the case, once ratified in the European Parliament it can be provisionally implemented, covering 90-plus per cent of the text. Ratification in national parliaments may take up to another year.

However, broad issues – originating with the Transatlantic Trade and Investment Partnership (TTIP) have spilled over to the CETA. Notably Investor State Dispute Settlement (ISDS) has triggered an intensive public debate, including in the European Parliament and in some member states. This is true in Germany, Austria, and France where the debate is, in large part, fuelled by an underlying anti-U.S. sentiment and anti-EU sentiment.

In a recent tweet, Bern Lange, the Chair of the International Trade Committee in the European Parliament announced: “CETA agreement to be completed by the end of the year, significant improvements needed, mid-2016 the European Parliament vote.” A lot of work remains before this can happen. There are also a lot of new EU commissioners, new ministers and elected officials at the EU and member states level. CAFTA and CAFTA members are now looking at relationship-building and advocacy efforts in coordination with relevant Canada-EU stakeholders.

Japan

Canada’s bilateral talks with Japan continue in parallel to the TPP negotiations but have reportedly been put on hold recently. For some, this is concerning. For others, it is a signal that the TPP talks are seeing much more progress than the Canada-Japan bilateral discussions. With a population of 127.5 million and a gross domestic product of \$4.2 trillion, Japan is the world’s third-largest economy and a priority market for Canada’s agriculture sector. Canadian annual exports to Japan reached \$4.1 billion in 2013 and Canada is Japan’s third-largest supplier of agri-food and seafood products. Japan imports 60 per cent of its food and, with Canada able to supply products that meet many of their traditional dietary needs, the relationship has been, for the most part, very positive. A report released by the Canadian government in March 2012, stated that trade with Japan could increase Canada’s GDP by US\$3.8 billion.

China

An upcoming agriculture mission to China has generated much interest about reviving trade talks and the business community is eager to take a more proactive role in shaping the relationship. China has become the third-largest destination for agricultural products worldwide and is expected to become the world’s largest agricultural importer by 2020. China will be crucial to Canada’s economic future over the next 50 years. China is, and will remain, Canada’s second-largest national two-way trade partner after the U.S. China is also

Canada's second-largest export market, absorbing \$5.6 billion worth of agriculture and agri-food products in 2013.

Last November, Australia concluded its free trade negotiations with China, prompting Canadian business groups to call on the federal government to do the same and expand their already full-plate of ongoing trade talks. In June, China and South Korea signed a free trade agreement, the largest bilateral deal for China in terms of trade volume. China's experience in recent FTAs (New Zealand, Australia, and Chile) suggests that they may be prepared to address tariffs and other trade barriers in some sectors (malt, barley, pulses, beef, and pork). If the consensus were that broaching a free trade agreement with China is feasible, it would require a large number of significant and highly sensitive issues be addressed. Many of Canada's agri-food export interests are China's most sensitive and present significant boundaries to expanding trade.

About CAFTA:

The Canadian Agri-Food Trade Alliance (CAFTA) is a coalition of national and regional organizations that support a more open and fair international trading environment for agriculture and agri-food.

CAFTA's membership represents the entire agriculture value chain, and includes:

- Canadian Canola Growers Association
- National Cattle Feeders' Association
- Barley Council of Canada
- Canadian Cattlemen's Association
- Canadian Pork Council
- Canadian Sugar Institute
- Canola Council of Canada
- Canadian Meat Council
- Alberta Cattle Feeders' Association
- Cereals Canada
- Grain Growers of Canada

- Malting Industry Association of Canada

For Benefits of Membership and Information, please contact:

Claire Citeau, Executive Director, 613-560-0500, cciteau@cafta.org