

The Honourable Mary Ng
The Honourable Chrystia Freeland
The Honourable Francois-Philippe Champagne
The Honourable Marie-Claude Bibeau

September 21, 2020

Re: It's time for Team Canada to finish the job with the EU and finally secure the promise of CETA

Dear Ministers Ng, Freeland, Champagne and Bibeau:

As September 21 officially marks three years since the coming-into-force of the Canada-EU Comprehensive Economic and Trade Agreement (CETA), agri-food exporters remain gravely concerned that the EU is not respecting the spirit of the commitments it made when negotiations concluded.

The need to resolve these issues couldn't be more urgent, especially as the federal government remains focused on combating the spread of COVID-19 while protecting the economy. As a trading nation, our road to recovery cannot be successfully navigated unless we unblock our major trade routes. There is no greater example of this urgency than the failure of CETA to provide the real and commercially viable market access Canada was promised.

In 2017 when the agreement was implemented, the Canadian agri-food sector was promised transformational access to the EU, a high value market of 500 million people. The removal of tariff and non-tariff barriers alike was to increase Canada's exports by nearly \$1.5 billion annually. CETA had also included commitments to work together to advance a number of non-tariff issues related to technical barriers to trade, sanitary and phytosanitary measures, regulatory cooperation, origin procedures, biotechnology, trade distorting subsidies among others.

However, CETA has now been in force for three years and it has failed to deliver on its promises for Canada's agri-food exporters. This outcome results from the EU Commission and EU member states continuing to maintain a wide range of barriers, imposing new barriers or failing to reduce those that were to be lowered or eliminated altogether through CETA. Our agri-food exports to the EU should be much higher. These trade inequities are having a direct impact on Canadian farmers and food manufacturers. Specifically,

- For beef and pork producers, constraints include the EU not recognizing the effectiveness of meat processing;
- For canola, farmers' sustainability practices have yet to be recognized despite 4 years of diligent work and substantive engagement with EU officials;
- For grain growers, the call for predictable and science-based import tolerance processes for crop protection products remains largely unanswered;
- For food manufacturers, production and trade distorting subsidies on sugar in the EU make our exports of sugar-containing products among other processed foods uneconomic;

- As for Italy's country of origin labelling (COOL) for pasta which discriminates against Canadian wheat exports, it is unquestionably offside from both the EU's CETA commitments *and* EU law and presents the danger to spill over to other products and regions.

The end-result since CETA's implementation has been an overall deterioration of Canada's agri-food trade balance with the EU. There is a significant danger that if left unchallenged, these trade barriers will be replicated on other commodities and in other jurisdictions, both inside and outside of the EU. Not enforcing the deal and strongly advancing Canada's export trade interests is an invitation for other countries to not respect their own trade commitments with Canada.

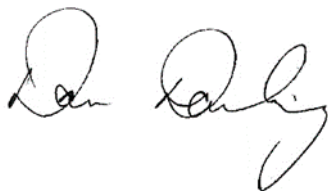
This does not bode well in a world with creeping protectionism and flagrant disrespect for trade rules. We appreciate that you all have repeatedly raised these issues with your EU counterparts since your government came to power. However, for the agri-food sector to truly help power Canada's economic recovery, we believe a strong and assertive response from Canada is needed now, especially since new EU food and agriculture policies such as the Farm to Fork strategy could exacerbate existing barriers and potentially create new ones which would harm Canadian exporters further. We cannot afford to let the EU stand in the way of Canada's economic recovery.

That's why we believe the federal government should immediately deploy the Team Canada approach, mobilizing concerted efforts to defend Canadian trade interests and resolve the lack of respect the EU is showing to abide by the spirit of the CETA. This approach has achieved remarkable results by successfully concluding the CUSMA and twice removing U.S. tariffs on Canadian goods, not to mention successfully resolving issues that had threatened CETA itself a few short years ago.

We believe the Team Canada approach will help convey the message to the EU that it must respect the spirit of CETA, a pact that was to stand as the gold standard of 21st century trade. Furthermore, this agreement was held up as an example that ambitious win-win outcomes could be negotiated that would generate mutual, two-way benefits. Now more than ever, we need Canada and the EU to show the world that free and open trade is vital for global recovery and that protectionism will be poisonous to these efforts. The time has come for Canada to be forceful in seeking a resolution to issues that continue to undermine Canada's access to the EU as envisaged under the CETA.

We thank you again for your support for our sector and we look forward to working with you to ensure that Canada's export-oriented economy is able to take advantage of the access to global markets that will be crucial to ensuring we emerge from the COVID-19 pandemic stronger than ever.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Darling". The signature is fluid and cursive, with the first name "Dan" and the last name "Darling" clearly distinguishable.

Dan Darling, CAFTA President