

CAFTA Trade Insights

CAFTA: The Voice of Canada's Agri-Food Exporters

It's time for the world to get its act together on global trade

The heads of various international institutions and organizations all agree that “more trade, not less” is the best way to achieve a variety of goals related to public health, economic growth, even peace and security. Indeed, leaders from the UN, World Bank, IMF and OECD have all said that keeping trade free and open is the best way to solve a myriad of global challenges. In a recent speech, Alan Wolff, Deputy Director of the WTO stated bluntly that “Closing off markets would only make us more vulnerable, and less prosperous” as he called for a strong recommitment to the multilateral global trading system.

How different it is from a few short years ago when countries around the world were clamouring to put together bilateral and plurilateral trade deals that were called “gold standard” and bragged of how they were forging strong trade ties and deepening trade relationships with friends and allies who shared deep and long-standing values.

In recent years and months as the orthodoxy of free and open trade has been called into question, the status quo has been upended. And it has only been exacerbated by the COVID-19 crisis which has renewed tensions, instability and the undermining of the entire global trading system. Trade technocrats at the WTO in Geneva have witnessed and taken part in efforts to try to literally hold the global trading system together which is obviously a big worry for a trade reliant country like Canada, and especially for sectors like agri-food that are export-dependent.

So what can be done? The reality is the scepticism about the benefits of free trade did not start with COVID-19 or with one politician. The questioning of trade, the undermining or blatant disrespect for rules and the weaponization of trade has been creeping for decades. Today, free trade's future seems less certain. And while global trade obviously isn't going to cease, how free it is and by what rules remain key unknowns.

Experts agree that a well-functioning WTO is the forum through which to bridge differences and rebuild trust. Global traders need stability, predictability, transparency and a level playing field. The WTO can help provide the fair chance to compete that sectors such as agriculture and agri-food require. And while it is refreshing to hear Deputy Director Wolff urge WTO members to get serious about reform and state that “[continued drift is unacceptable](#)” it is just one component of what the global trading system needs.

What is also needed is for governments around the world to once again champion free- and rules-based trade by opposing protectionism and working to re-establish predictability and credibility in the system. This includes doing more at home to show people why free trade is good for creating and protecting jobs, keeping communities prosperous and keeping prices for goods reasonable. In short, it is time the world gets its act together and demonstrates clearly the proven benefits of free and open trade and why a robust rules-based system must be at the heart of global trade.



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CAFTA Commentary featured in the Globe and Mail

On October 4, the Globe and Mail published an opinion editorial by CAFTA Executive Director Claire Citeau entitled “[WTO crisis exacerbated by pandemic politics](#)”. The commentary discusses the need for WTO modernization and how free and open trade is the best way to ensure jobs are protected, food remains readily available and economic activity remains flourishing. The Globe and Mail platform was a strategic coup for CAFTA’s ongoing efforts to increase awareness of the issues that are important to agri-food exporters.

Trade Updates

Canada-European Union Leaders Summit

On Oct 29, 2020, the EU-Canada Leaders’ Virtual Meeting featured Prime Minister Justin Trudeau and Charles Michel, President of the European Council and Ursula von der Leyen, President of the European Commission.

While the [joint statement](#) committed to “further facilitate and promote the implementation of CETA in all areas to the benefit of both Europeans and Canadians, and as an important tool in strengthening the post-COVID economic recovery on both sides” it did not explicitly reference the challenges Canadian agri-food exporters continue to face in the EU. However, in his [remarks](#), Prime Minister Trudeau said “today, we talked about the work to be done on fully implementing the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), to ensure that all Canadians – including [farmers](#), small and medium-sized businesses, and women entrepreneurs – benefit fully from this deal.”

Later the same day, Minister Ng met with her European counterpart, Valdis Dombrovskis, and also raised issues related to agriculture exports being blocked due to the persistence of technical barriers to trade. This is the second statement in less than 6 months in which Minister Ng has highlighted the need to remove trade barriers hindering our exports in Europe. Recognition of these issues is an important step to resolving these issues. We now must work with the government to turn words into action.

CAFTA’s statement which stressed the importance of first recognizing issues a way to ensuring they are resolved can be read [here](#).

Canada-UK Trade

The Brexit saga continues as the European Union (EU) and the United Kingdom (UK) negotiate on a daily basis the terms of their separation from a trade perspective. In all this, the first priority for CAFTA members is to see Canada negotiate a meaningful trade agreement with the UK that removes tariffs and non-tariff barriers and provides commercial opportunities that enable growth for Canadian agri-food exporters. We cannot risk losing market share to our competitors, many of which are actively engaged in free trade negotiations, while others have already concluded talks with the UK government.

Specifically, as timing is of the essence agri-food exporters have made it clear that Canada needs to finalize a bilateral trade arrangement with the UK that reflects CETA’s negotiated outcomes to address market stability and lock in existing benefits. At the same time, a transitional bilateral deal must respect the spirit of CETA in ensuring technical barriers to trade are not used to block exports as is currently the case for many Canadian agri-food exporters’ efforts in the European Union through the CETA.

Importantly, as a transitional deal is reached, both sides should immediately commit to negotiating an ambitious, comprehensive and permanent bilateral pact that removes tariffs and non-tariff barriers, provides liberal rules of origin and creates a level playing that will enable commercially viable growth for agri-food.



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CAFTA Executive Director was quoted by the Hill Times on this file [“Stakeholders push feds to quickly reach transitional U.K. trade deal, as government says new pact ‘close to the finish line’”](#).

New WTO Director-General

The facilitators of the WTO’s selection process for a new Director-General have announced that the overwhelming consensus candidate is Dr. Ngozi Okonjo-Iweala of Nigeria. A General Council meeting of the WTO where a final decision was expected was postponed until further notice.

- Read more about the WTO Director-General selection process [here](#).

Sanitary and Phytosanitary 101 Session with officials

Last month, CAFTA members participated in a SPS 101 session hosted by AAFC, GAC and CFIA officials which provided an updated overview of sanitary and phytosanitary rules, focusing on the WTO SPS Agreement and linkages to FTA including a discussion on the various mechanisms and tools to address SPS issues within/outside of FTAs and the role of industry in the process. In addition to being a refresher on technical matters, it was also an opportunity to enhance collaboration with officials to support an effective, transparent rules-based, science-based environment for Canadian agri-food. The session also included an update on WTO SPS Committee work including the proposed SPS Declaration for MC12. SPS and Agriculture meetings are taking place at the WTO this week. We will include an update on the work of the WTO SPS Committee meeting in next month’s Trade Insights.

The Importance of International Trade Rules

- International trade rules are designed to help provide:
 - Predictability
 - Transparency
 - Level playing field
 - Recourse mechanisms
- The international rules-based trading system is critical to middle power countries like Canada that rely heavily on exports and imports, and play a key role in global supply chains
- The World Trade Organization (WTO) *Agreement on the Application of Sanitary and Phytosanitary Measures* (SPS Agreement) and the Sanitary and Phytosanitary Measures Chapters of Canada’s Free Trade Agreements (FTAs) are of significant relevance



On the Hill

- Work is underway for the House Standing Committees on International Trade and Agriculture and Agri-food. The Trade Committee has resumed hearings on [Canada’s International Trade after COVID-19](#) and will undertake a study of a potential Canada-United Kingdom transitional trade agreement targeted to be in place by December 31, 2020, when the application of the Comprehensive Economic and Trade Agreement (CETA) to the United Kingdom ends. CAFTA will provide its position to committee members. We will also provide input as the CITT looks at issues related to WTO modernization.
- CAFTA remains active on the ‘virtual Parliament Hill’ meeting new members of the Trade and Agriculture committees and advocating on behalf of Canada’s agri-food exporters.

CAFTA formally requests House and Senate to review opportunities to maximize benefits of trade agreements for Canada’s agri-food sector

On October 23, Canadian agri-food exporters sent a letter to the House and Senate committees on International Trade and Agriculture to request a competitiveness review of the marquee trade agreements that have come into force in recent years. Such trade agreements include the Comprehensive and Economic Trade Agreement with the European Union (CETA) and the Comprehensive and Progressive Agreement for Trans-

Pacific Partnership (CPTPP).

- Read the letter calling for the review of opportunities to maximize trade agreements [here](#).



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Other news

U.S. Election

While result of the U.S. election will take weeks to become official, many believe that while the tone will change, much of the policy will remain unchanged. The protectionist America First agenda remains politically popular in the U.S. across party lines so it remains unclear just how a Biden administration would differ from a Trump administration. From rejoining TPP to CUSMA implementation to WTO reform and fixing the Appellate Body, we will be monitoring all of these issues closely. One thing is for sure: Canada must continue to pursue a trade diversification strategy and intensify its pursuit of new opportunities in global markets.

WTO Deputy Director-General Wolff: We need to update the agricultural rule book

Following a summer break, the WTO recently held its first episode of the WTO Trade Dialogues on Food. In opening remarks, Deputy Director-General Alan Wolff stressed the need to update the rule book on agri-food. This is welcome news as there remains much unfinished business at the WTO with respect to trade in agriculture. And agri-food exporters need the WTO to be at the centre of making long-overdue reforms in a variety of areas including trade distorting subsidies, market access issues and rules firmly rooted in science. Read Ambassador Wolff's remarks [here](#).

FAO and WTO say trade needed for resilient agri-food supply chains

The latest edition of *The State of Agriculture and Commodity Markets* [report](#), focuses on major global trends in agri-food markets and trade to identify how to reap economic, environmental and social gains and spur overall development. The report also looks at policy responses to address the impacts of the COVID-19 pandemic on food value chains, both nationally and globally.

Following this report, the WTO released [COVID-19 and Agriculture: A Story of Resilience](#), which highlights that despite the sharp decline in trade worldwide, trade in agri-food has remained relatively strong. Notably, the report demonstrates that international trade in food and agricultural commodities is absolutely central to the future of agriculture. The report notes that while there is no supply-related reason for a food crisis to arise amid the pandemic, its resiliency is dependent on the hard work of agri-food producers, manufacturers, exporters, and those which span the agri-food supply chain.

WTO Deputy Director-General calls for more cooperation

Deputy Director-General Yi Xiaozhun addressed a virtual meeting of minister in the lead up to the annual OECD meeting to stress the need to increase cooperation on trade to bolster economic recovery.

- Read more about DDG Yi's call [here](#).

In case you missed it

[COVID uncertainty remains in global markets](#)

[International trade must become part of our culture](#)

[Japan to support the United Kingdom joining the Trans-Pacific Partnership](#)

[92 Percent of Trump's China Tariff Proceeds Has Gone to Bail Out Angry Farmers](#)

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