

## **CAFTA Trade Insights**

*CAFTA is the voice of Canada's agri-food exporters*

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### **It's Hurry up and Wait on Global Trade**

While 2020 has been a challenging year for global trade, and indeed virtually every sector, business and individual around the world, there appears to be light at the end of the tunnel with vaccine rollout planning underway. However, it won't be business as usual for quite some time and the need to remain vigilant will be especially important in the weeks and months ahead. For agri-food exporters there is good news and bad news.

For example, the WTO has reported that trade is [rebounding](#) and beginning to hold steady, yet significant barriers remain in place around the world and new ones are introduced including where Canada has free trade agreements. On the U.K. front, bill C18 the implementing legislation for the interim trade agreement between Canada and the now-independent U.K. was tabled 2 days before members of Parliament adjourned until the end of January. The timeliness of implementing a continuity trade deal continues to be raised in the Senate as it seating for another week. In the meantime, Canada and the UK are looking at options to ensure that businesses do not experience disruption as Canada's trade deal with the European Union ceases to apply to the UK as of December 31, end of day.

We should expect the 'stop and go' and 'stop and slow' pace to continue into 2021. The good news is that the COVID-19 crisis has shown just how vital free and open trade and resilient supply chains fuel the economy and matter to modern life in every corner of the globe. This will be an important message for agri-food exporters to be repeating at every chance moving in the New Year.

### **Trade Updates**

#### **Canada-UK Interim Trade Agreement**

On Nov 24, Canada and the U.K. [announced](#) a transition continuity trade agreement which has been developed to preserve stability and certainty for exporters after the Brexit transition period expires at the end of 2020.

CAFTA [responded](#) to news of an interim trade continuity arrangement between Canada and the U.K. commending the predictability it provides to some exporters while urging both sides to return to the table to negotiate a permanent agreement as soon as possible. CAFTA commentary was sought out by numerous media outlets including Radio Canada and the Western Producer. CAFTA president Dan Darling also spoke to [CTV](#).

On Dec 9, International Trade Minister Mary Ng introduced bill C-18, the implementing legislation for the [interim Canada-U.K. Trade Continuity Agreement](#). On Dec 10, CAFTA joined 4 like-minded organizations — the Business Council of Canada, the Canadian Federation of Independent Business, the Canadian Chamber of Commerce and Canadian Manufacturers & Exporters — [calling on Parliamentarians to work to avoid trade disruptions](#) between Canada and the U.K. and swiftly review the interim trade deal.

The UK is an important, high-value market for agri-food exporters. Over the past five years, a quarter of total agri-food exports to Europe have gone to the UK. While the interim trade deal with the U.K. is a welcome stop gap measure, Canadian agri-food exporters continue to advocate for a permanent and ambitious trade deal.



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## The negative consequences of Bill C-216

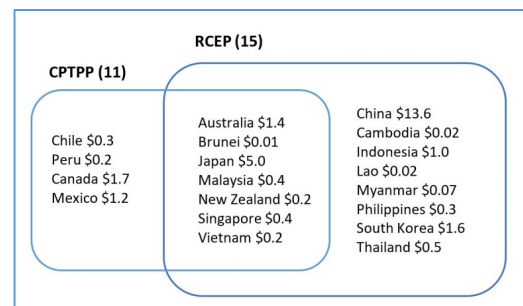
On Nov 27, CAFTA President Dan Darling sent a [letter to Canada’s party leaders](#) to stress the serious negative consequences of passing [Bill C-216: an act to make it illegal to include supply management in ongoing and future negotiations](#).

In the letter, Darling urges party leaders to oppose the bill, arguing it would tie the hands of Canada’s negotiators and set a dangerous precedent for other sectors and trading partners to seek their own exclusions in trade negotiations. The letter generated a story in the [Globe & Mail](#) that highlighted the letter’s key points. As it is a Private Member’s Bill introduced by the Bloc Quebecois it will not be given the same priority as official government legislation, however, we will continue to track this proposed legislation closely and make our position known to MPs from all parties as well as other government policy- and decision-makers.

## Regional Comprehensive Economic Partnership (RCEP)

On Nov 15, leaders and Ministers from 15 RCEP economies announced the full conclusion of negotiations for RCEP and signed the agreement at a Summit after eight years of talks. Home to almost a third of the world’s population, RCEP is made up of 10 Southeast Asian countries, as well as South Korea, China, Japan, Australia and New Zealand. Trade observers have noted the RCEP isn't as comprehensive other FTAs such as the CPTPP. Nevertheless, we’ll continue to track implementation closely, especially as it may have potential impact on trade liberalization in the region and the continued implementation of the CPTPP pact.

As for the wider Asia-Pacific region, CAFTA will also continue to advocate for the launch of an FTA with the ASEAN as the best way to start intensifying diversification efforts. Read more about the importance of ASEAN for Canadian agri-food trade [here](#).



Source [www.brookings.edu/blog/order-from-chaos/2020/11/16/rcep-a-new-trade-agreement-that-will-shape-global-economics-and-politics/](http://www.brookings.edu/blog/order-from-chaos/2020/11/16/rcep-a-new-trade-agreement-that-will-shape-global-economics-and-politics/)

## On Parliament Hill

- November was a busy month as CAFTA members met with Senators and Members of Parliament to discuss powering the agri-food trade engine to drive Canada’s recovery and “preventing fires instead on fighting fires” when it comes to addressing rampant non-tariff barriers.
- CAFTA Executive Director Claire Citeau [appeared](#) before the House of Commons Standing committee on International Trade as part of their study on a potential transitional trade agreement between Canada and the UK.
- Minister Ng also appeared before the committee on the same topic and [was asked about the market access issues in Europe for agri-food exporters](#). She reiterated that the government is actively working to resolve those challenges saying “we’re going to work with the E.U. on the tools and solutions for our Canadian producers.”

## News from the WTO

- Agri-food trade was front and centre at the recent [Virtual WTO Agriculture Symposium on Agricultural Trade and Food System Transformation](#) kicking off the last month of 2020. The symposium brought together a large number of policymakers, economists, diplomats, and experts from around to world to discuss a range of issues affecting agri-food trade. [WTO Deputy Director General Wolff opened the symposium with remarks](#) declaring there was a “pressing need for a breakthrough” on reforming global



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farm trade rules, particularly noting the need to address farm subsidies in a multilateral setting. Wolff emphatically declared that “the world should no longer have to rely on political pleas and declarations issued at times of crisis to keep food markets open.”

CAFTA Executive Director Claire Citeau was a speaker at the event and spoke on the Agricultural Trade, Lessons Learned from COVID-19 panel. Among the key points made on behalf of CAFTA were that the COVID-19 crisis has shown that the world needs more trade not less, and that better dialogue, transparency, nimbleness, bold approaches and genuine commitment to resolving the challenges we face is needed. A key quote from the speech was that we need to shorten the “distance between Geneva and the farms, ranches, food manufacturing facilities and the broader public who are impacted.” Read Executive Director Claire Citeau’s remarks [here](#) or watch the full Agricultural Trade, Lessons Learned from COVID-19 panel [here](#).

- Minister Ng recently hosted a virtual ministerial meeting of the [Ottawa Group on WTO Reform](#). In addition to continuing the charge on broader WTO reform and health initiatives amid COVID-19, the group addressed the need for transparency for agri-food in the wake of COVID, with a specific view to address global food security challenges. It is good to see ministerial trade discussions happening frequently – signaling the intensity of work required and the attention dedicated to reinforcing rules-based trade. Further progress on notifications and making permanent improvements on transparency are expected moving forward.

During the meeting, DDG Wolff provided [remarks](#) on what was described as an optimistic, yet realistic view of the steps ahead for WTO reform and the Ottawa Group.

- The WTO [Agriculture Committee and SPS Committees](#) recently marked 25 years since they were first created. Noteworthy updates include:
  - Members of the [Agriculture Committee](#) welcomed the new initiative by the committee’s chair to get agriculture negotiations back on track with a facilitator-led process. Prior to the November meeting, 11 facilitators were assigned one of seven\* key topics in which to establish better dialogue with members with a view to set a clear focus for talks under each negotiating topic (\*domestic support, market access, export competition, export restrictions, cotton, public stockholding and special safeguard mechanisms). Amongst the facilitators is Canadian Mr. Greg Macdonald tasked to focus on domestic support. The facilitators noted that all members highlighted the need to address trade-distorting domestic support but held different views on what new disciplines on domestic support should look like. Some elements considered as key to successfully moving the negotiations forward to the 12th Ministerial Conference (MC12) include the need to [build trust among members](#) and the need for flexibility in members’ positions.
  - At the meeting, Canada tabled an updated analytical tool on domestic subsidies titled [Canada’s domestic support database](#), which aims to enable Members to undertake their own analyses of the different categories of domestic support across all WTO Members .
  - At the meeting Singapore also elaborated on its proposal for a General Council decision that would exempt from export restrictions any food purchased by the World Food Programme for humanitarian purposes.



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- The [SPS Committee](#) sees a high number of trade concerns. Overall discussion focused on a wide variety of topics and included actions related to COVID-19 that affect trade, restrictions and approval procedures for imports of animal and plant products, pest risk assessments (PRAs), pesticide policies/ maximum residue levels (MRLs), EU's Farm to Fork strategy, EU's restrictions on chocolate and cocoa products and the alleged lack of progress on pending applications for authorization of beef imports in South Korea among others.  
Members also discussed certificate requirements for food derived from genetically engineered plants and the impact on third parties of Phase 1 of the Economic and Trade Agreement between the United States and China. During the meeting, Canada and the United States among others raised concerns regarding China's measures which affect the trade in agri-food. Canada also raised concerns regarding India's import restrictions for pulses.  
Further information can also be found in the publicly available [SPS Information Management System](#).

### Other CAFTA Activities

- CAFTA was invited by Carleton University's Centre for European Studies and University of Ottawa's CN-Paul M. Tellier Chair on Business and Public Policy to participate in a business roundtable webinar on "COVID-19's Impact on Canada-Europe Business. CAFTA Executive Director Claire Citeau [discussed](#) the resilience of agri-food supply chains amid COVID and the EU's unwillingness to remove outstanding obstacles in the CETA. Claire also spoke about the need to build on close/long lasting/important relationships between Canada and the EU (as seen through the close collaboration on WTO matters) to forge a path forward. Canada has also [named a new Ambassador of Canada to the EU](#), one who understands business – so there continues to be hope that our issues can finally be advanced.
- CAFTA was also invited to speak at a roundtable hosted by EDC and Canada's Chamber of Commerce on the strengths and weaknesses of trade and spoke at the [NFAHW Council Forum 2020](#) on the Unintended Consequences and Lessons Learned from a trade perspective along with CAFTA members (Canadian Pork Council and the Canadian Cattlemen's Association).
- CAFTA Claire Citeau participated in a meeting hosted by the Business Council of Canada on the *WTO Dispute Settlement: Business Perspectives and the Path Forward* – attended by over 70 like-minded representatives from North America but also South America and Europe. CAFTA continues to speak about the importance of the lessons learned from NAFTA (not to take trade for granted) and the clear role industry and government must jointly play in highlighting the benefits of trade together as well as ensuring there is ongoing dialogue between governments and exporters.

### In case you missed it

[Biden says will not kill Phase 1 trade deal with China immediately](#)

[Joe Biden says trade agreements are not a priority, in blow to Boris Johnson's hopes of a post-Brexit deal](#)

[RCEP nations to sign Asian trade megadeal, with clause for India](#)

[Sprint final pour l'accord commercial entre le Canada et le Royaume-Uni](#)

[Trade opportunity with U.K. not one to be squandered](#)

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