



April 2022

## **CAFTA Trade Insights**

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

### **2022 Federal Budget & Trade and Agri-Food**

On April 17, Deputy Prime Minister and Finance Minister Chrystia Freeland tabled the [2022 Federal Budget](#) in Parliament which the government promoted as being focused on pandemic economic recovery, making housing more affordable and greening the economy. While global supply chains have been pushed to the brink during the COVID19 pandemic, the Russian invasion of Ukraine has placed an increased importance on global food security. While international trade is not prominently featured, economic growth is an important focus of budget 2022 and recognizes the need for resilient supply chains. In a volatile context of geopolitical issues and uncertain trade patterns, a few relevant items to note include:

- New investments to “support supply chain projects through the National Trade Corridors Fund, which will help ease the movement of goods across Canada’s transportation networks” (p. 69).
- \$4.7 million to the Canada Border Services Agency to “create a Trade Remedy Counselling Unit that will assist companies, with a focus on small and medium-sized enterprises” (p. 79).
- \$35 million over five years to Global Affairs Canada for the CanExport program “to help Canadian businesses secure their intellectual property in foreign markets” (p.75).

With respect to supporting recovery and growth in affected sectors, the budget states that changes in global trade and other disruptions can have *“significant consequences for Canadian businesses and the Canadian families that depend on them... This is particularly the case for sectors that depend on predictable market and border conditions, like agriculture and tourism. The federal government has a role to play in minimizing the impacts of these challenges on businesses and industries when they arise, and to help them recover and grow afterwards.”* (p. 81). CAFTA and its members will continue to ensure government policy- and decision-makers recognize the vital role our sector plays in creating jobs and opportunities for Canadians by expanding and succeeding in markets around the world.

### **Trade and Advocacy Dialogue**

On April 12, CAFTA hosted agri-food industry leaders, officials from Global Affairs Canada (GAC) and Agriculture and Agri-Food Canada (AAFC) at the National Arts Centre. The purpose of the event was to increase the dialogue between industry and government in the context of agri-food trade and featured presentations and panel sessions from industry and government. Additionally, guests were able to ask questions and engage in meaningful dialogue throughout the event. Sponsors included the Canadian

Cattlemen's Association, Pulse Canada, the Canola Growers Association of Canada and the Grain Growers of Canada.



**CAFTA** Canadian Agri-Food Trade Alliance  **ACCA** Alliance canadienne du commerce agroalimentaire

invites you to a

**Agri-Food Trade and Advocacy Dialogue**

**April 12, 2022**

Hybrid event at the Canada room, **National Arts Center® (Ottawa)** & via zoom.

RSVP: [info@cafta.org](mailto:info@cafta.org)

**Draft Agenda**

Welcome. Agenda. Introductions.

**Navigating today's multilateral trade system**

1. Advancing Canada's trade agenda: State of Play. Presentation by Bruce Christie, ADM SAC
2. Leveraging FTAs in a protectionist context. What does success look like? Discussion with Daniel Ramage (Cereals Canada), Doug Forsyth (GAC), Moderator Carla Director (HICP)

**Advancing Canada's agri-food export interests**

3. Highlights of report on "Best Practices in Addressing Agri-Food NTBs in Indo-Pacific" followed by discussion on Advocating for rules-based trade & Industry-Government collaboration with Chris Davison (Canola Council of Canada), Aaron Fowler (AAFC), Moderator Sandra Marsden (CS)

**Safeguarding rules-based trade for agri-food – Kathleen Donohue, ADM AAFC**

4. Delivering market access for agri-food exports. Presentation by, Michelle Cooper, AAFC

*Lunch buffet.*

5. Canada's Influence in international fora and key markets. Discussion with Fawn Jackson (Canadian Cattlemen's Association), Marie-Noëlle Desrochers (AAFC), Moderator Emile Bergeron (CropLife Canada)

**Key take-aways, recap and closing remarks by CAFTA**

*The main event will take place in the Canada room. The lunch buffet will be served in a separate area. Please indicate any dietary restrictions when you RSVP: [info@cafta.org](mailto:info@cafta.org). The NAC is a federal building and maintains a mask requirement in public spaces and hallways.*



## War in Ukraine: Continued Impacts on Global Agri-Food Markets

The United Nations' Food and Agriculture Organization (FAO) announced earlier in April that [global food prices have reached "a new all time-high"](#). The conflict in Ukraine has driven up the cost of wheat, maize, vegetable oils and fertilizer. UN Secretary-General, Antonio Guterres, urged all countries to [keep markets open](#) and to resist unjustified and unnecessary export restrictions. According to the World Food Program, increasing food prices could exacerbate [global food insecurity](#). Nearly 283 million people in 81 countries currently face acute food insecurity or are at high risk and 45 million more are on the brink of famine.

The WTO Secretariat has also examined the impact of the crisis in Ukraine on global trade. The Secretariat projects [the crisis could lower global GDP growth](#) by 0.7-1.3%, while global trade growth could be cut almost in half. The WTO Secretariat also identified a long-term risk: the disintegration of the global economy into separate blocs. Such development would bring income losses, reduce GDP in the long run, restrict competition and stifle innovation. Therefore, they urged countries to keep markets open to ensure that economic opportunities remain available to all countries.

## FTA Updates

### Restart of Canada-India FTA Talks

After years of inaction, Canada and India have [resumed trade talks](#). The announcement was [covered by various media](#). CAFTA welcomed the talks and will be actively tracking and advancing member interests as they progress. You can read CAFTA's latest statement about the resumption of these talks [here](#).

### **Canada and UK Complete Round 1 Negotiations**

In early April, Canada and the UK completed round 1 of talks to negotiate a [permanent post-Brexit trade pact](#). While a transitional agreement is currently in force, CAFTA members are urging negotiators to ensure the new deal is ambitious and avoids repeating the mistakes of CETA which has allowed non-tariff barriers to persist for years. Read more about CAFTA's position [here](#).

### **Canada-ASEAN Talks Get Underway**

In late 2021, the highly anticipated and long-awaited free trade talks between Canada and ASEAN were launched. CAFTA has long stated this should be Canada's top priority the Asia-Pacific region and we look forward to being active participants as these critical negotiations progress. You can read more about CAFTA's position [here](#).

## **Other Trade Updates**

### **USTR Releases Strategic Plan for 2022-2026**

Earlier this month, the Office of the United States Trade Representative (USTR) released its [strategic plan](#) which emphasized its mission "placing workers at the center of trade policy". The plan also mentions the implementation of WTO reform in terms of rules and procedures. The USTR Ambassador, Katherine Tai, [testified](#) to the House Ways and Means Committee at the end of March. Ambassador Tai mentioned the importance of the Indo-Pacific Economic Framework and highlighted its importance for global agricultural trade.

### **The European Council agrees on the Carbon Border Adjustment Mechanism (CBAM)**

On March 15, the European Council [agreed](#) on a general approach to CBAM with the objective to avoid carbon leakage and encourage partner countries to establish carbon pricing policies to fight climate change. The regulation will target the imports of carbon-intensive products such as cement, aluminum, fertilizers, electric energy production, iron, and steel. You can read the European Council's press release [here](#).

### **IMF: Global Trade Needs More Supply Diversity, Not Less**

The International Monetary Fund released the 2022 World Economic Outlook earlier this month. The report found that "dismantling global value chains is not the answer—more diversification, not less, improves resilience." The study showed that higher trade diversification reduces volatility, especially when multiple countries are hit by supply shocks. Read the full report [here](#).

## **WTO and related updates**

### **WTO DG Warns Against Protectionism**

The WTO's Director General (DG), Okonjo-Iweala recently [warned](#) "this is not the time to retreat inward as trade can help WTO members adjust to, and overcome, the shocks of events such as the COVID-19 pandemic and the crisis in Ukraine". The DG stressed the importance of multilateralism, global solidarity, and cooperation and that international cooperation on trade will be needed to minimize the impact of supply crunches for key commodities where prices are already high by historical standards and to keep markets functioning smoothly.

## **Agriculture at MC12**

WTO Deputy Director-General Ellard recently stated [agriculture](#) will be one of four main topics for MC12, alongside the pandemic response, fisheries subsidies, and WTO reform. The chair of the agriculture negotiating group, Ambassador Gloria Abraham Peralta of Costa Rica, [remarked](#) that public stockholding and domestic support remain key sticking points. Other topics such as transparency, market access, export restrictions, and export competition, will also be discussed to reach an overall balanced outcome on agriculture. The group is also planning a food security conference that will take place at the end of April.

## **The General Council Reaches an Agreement on The Administration of Agricultural Import Quotas**

The [decision](#) by the General Council marks the end of a series of long discussions on the 2013 Understanding on Tariff Rate Quota Administration, also known as the Bali TRQ Decision, adopted at the WTO's 9th Ministerial Conference in Bali, Indonesia. The outcome will help cut red tape for farm goods at borders and incentivize consensus on other issues coming up for the twelfth ministerial conference (MC12) in early June. You can read more about the decision [here](#).

## **On the Hill**

CAFTA remains active on Parliament Hill engaging with both elected and public service officials. The recent focus has been on meeting new MPs, as well as touching base with agri-food champions from across Canada.

## **Minister Joly, visits Indonesia and Vietnam as part of the Canadian Indo-Pacific Strategy**

During the visit, Minister Joly reaffirmed the valuable cooperation and growing partnership between Canada and ASEAN, including the negotiations toward an ASEAN-Canada Free Trade Agreement. The Canadian Indo-Pacific Strategy underscores ASEAN's significance, contributing to deepening diplomatic, economic and defence partnerships and promoting sustainable development objectives in the region. You can read Global Affairs press release [here](#).

## **Trade Committee Study on Canada's Indo-Pacific Trade**

The House of Commons' Standing Committee on International Trade (CIIT) has begun its [study of trade opportunities for Canadian businesses in the Indo-Pacific](#), with a focus on emerging economies including Vietnam, Indonesia and other ASEAN members as well as India and Taiwan. As part of this study, the committee will review the Objectives of Negotiations tabled recently in the House of Commons on a potential Canada-Indonesia Agreement and on a potential Canada-ASEAN Agreement. The negotiating objectives can be found here: [Indonesia](#) and [ASEAN](#)

## **In case you missed it:**

[Joint statement on EU trade agreements: European industry stakeholders](#)

[Now is Canada's chance to become the world's agri-food powerhouse.](#)

[Canada commits CAD 200,000 to support developing-country exports of safe, quality food](#)

[The USTR releases its 2022 National Trade Estimate Report on Foreign Trade Barriers](#)

[Regional Perspectives on the Indo-Pacific Economic Framework | Center for Strategic and International Studies \(csis.org\)](#)

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