



Trade Insights

Heeding the Lessons of History

Central bankers, private sector economists and now politicians are all saying the same thing with increasing frequency: a recession is on the horizon for early 2023. War in Ukraine, record high inflation, rising interest rates and massive disruption in labour forces are all putting pressure on economic growth around the world. Given Canada is an export-oriented economy and particularly vulnerable to a U.S. downturn, impacts here are inevitable. During the last major global recession in 2008-09, policymakers around the world, including here in Canada, warned that protectionism would only make things worse and cited the Great Depression as an example where a shift inward exacerbated the problem. History has clearly [shown](#) that in tough economic times, free and open trade is one of the best ways to protect jobs and keep economic activity going. Should economic conditions worsen, this will be an important message for CAFTA and other like-minded organizations to deliver to Canadian policymakers.

WTO: Agriculture Reform

World Trade Organization (WTO) Director-General Ngozi Okonjo-Iweala recently [declared](#) that agricultural trade reform “could not be more urgent” as she urged members to help restore the global trading body’s status as an institution the world can count on in tough times. In separate remarks she [stated further](#) that “it’s increasingly clear that WTO rules have not kept pace with the challenges we face today, nor with developments on global markets.” CAFTA and other WTO reform advocates welcome her fresh and candid approach which will hopefully yield results as food prices, food security and supply chain disruptions remain major global challenges.

WTO members have been engaged in negotiations on agriculture trade for more than two decades. The talks began in early 2000 under the original mandate of the WTO’s Agreement on Agriculture. On October 24, members of the Agriculture Committee [gathered](#) for an agriculture retreat to revitalize negotiations and to undertake brainstorming sessions for how best to revitalize the long-stalled talks. The WTO 2022 report shows G20 economies between mid-May and mid-October 2022 [introduced](#) export restrictions at an increased pace, particularly on food and fertilizer. DG Ngozi Okonjo-Iweala [warned](#) the international community of “going in the wrong direction” as export restrictions contribute to shortages, price volatility and uncertainty.



CAFTA Welcomes the Pet Food Association of Canada as Friend of CAFTA

CAFTA is excited to welcome the Pet Food Association of Canada (PFAC) as a friend of CAFTA. This new partnership allows organizations to join CAFTA's vast trade network, receive customized trade intelligence and share information on trade policy. For more information, please contact info@cafta.org

Trade Outlook for 2023

The WTO is forecasting that trade will slow in 2023 as the global economy continues to adjust to higher prices and supply chain disruptions. The International Monetary Fund held its annual meeting in October and presented its global growth forecast for 2023 lowering it to 2.7%, down 0.2 percentage points from its July 2022 forecast. In a [media interview](#), the WTO Director-General warned that the increasing fragmentation of trade into rival blocs coupled with geopolitical tensions will continue to negatively affect global trade and lower overall global growth.

FTA Updates

CPTPP Ratifications: Chile and Malaysia

On September 30, Malaysia's Cabinet [ratified](#) the Comprehensive Progressive Trans-Pacific Partnership (CPTPP). And on October 11, the Chilean government also [ratified](#) the CPTPP in their congress. These ratifications move the number of countries who have ratified CPTPP to ten. Negotiations for the UK's accession to CPTPP still continue with the latest [round](#) taking place the week of October 8, 2022. CAFTA continues to track negotiations closely.

Canada-Indonesia & Canada-ASEAN FTA Talks

The Honorable Mary Ng, Minister of International Trade, [visited](#) Indonesia on October 12. The visit included meetings with various Ministers, including Indonesia's Minister of Economic and Foreign Affairs. During the meetings, Minister Ng underlined the importance of an ambitious Canada-Indonesia comprehensive economic partnership agreement (CEPA) and reaffirmed that the successful conclusion of negotiations is a priority for Canada. Minister Ng also met with the ASEAN Secretariat, including Dato Lim Jock Hoi, Secretary-General of ASEAN.

On November 9, Minister Joly delivered a [speech](#) on the Indo-Pacific Strategy where five core strategies were established: promoting peace and security, expanding trade, investment and supply chain resilience, investing and connecting people, fighting climate change and broadening regional relationships. The strategy is set to be released later in the year. CAFTA is in close contact with government officials and will keep monitoring new developments on how trade and agriculture will be addressed in the Indo-Pacific Strategy. The next trade insights edition will cover Canada's Indo-Pacific Strategy.

For more information please read what CAFTA has said about the [Canada-Indonesia FTA](#) and the [Canada-ASEAN FTA](#).

Other Trade Updates

IPEF: Canada Set to Join

In late October, the Honorable Mélanie Joly, Minister of Foreign Affairs, announced Canada [requested](#) to join the Indo-Pacific Economic Framework for Prosperity (IPEF) negotiations. Secretary Blinken [said](#) the US would support Canada –a fellow Pacific nation –joining this framework. The announcement was made during US Secretary of State, Anthony Blinken’s visit to Canada on October 27. Canada will also convene new strategic meetings with the US to “further align” the countries’ approaches in the region. IPEF is currently made up of 14 states, including Japan, South Korea, India and Australia and includes a [trade pillar](#).

OECD Meeting of Agriculture Ministers

From November 3-4, the Organization for Economic Cooperation and Development (OECD) hosted a [Meeting of Agriculture Ministers](#) with the Minister Marie-Claude Bibeau for Canada and Minister Damien O'Connor for New Zealand as co-chairs. The meeting concluded with a [Ministerial Declaration](#) in which members agreed to collaborate in measuring trade’s contribution to sustainable transformation of agriculture and food systems, strengthening trade and well-functioning markets and contribute to the WTO agricultural trade reform efforts. The summary of the OECD meeting can be found [here](#).

On the Hill

AGRI: Global Food Insecurity

On October 26, Claire Citeau executive director of CAFTA, testified before the House of Commons Standing Committee of Agriculture for their [Global Food Insecurity study](#). In her remarks, Ms. Citeau underscored the value of trade to move food where it is produced to where it is needed the most and pointed to 6 actionable policy recommendations listed below:



1. Diversify and keep agri-food markets open
2. Limit export restrictions
3. Invest in transparency to minimize disruptions to global trade
4. Facilitate trade
5. Re-orient exiting policies towards investment in productivity, sustainability, and resilience
6. Reinstatement of the WTO Appellate Body and ensure a fully functioning dispute settlement system

CAFTA’s recommendations give Canada an opportunity to contribute to food security and strengthen its competitiveness as an agri-food exporter.

Read CAFTA’s statement on global food security [here](#).

AEFA: Canadian Foreign Service

The Senate Standing Committee on Foreign Affairs and International Trade (AEFA) is continuing its [study](#) of the Canadian foreign service and related elements of the foreign policy machinery within Global Affairs Canada. The committee will submit its report in March of 2023.

CIIT: Inflation Reduction Act

The House of Commons Standing Committee on International Trade (CIIT) is looking at how the US Inflation Reduction Act is impacting various sectors, businesses, and workers in Canada. We are tracking this study closely and will provide further updates. [Signed](#) into law on August 16, 2022. The Act includes provisions on health care, clean energy, and taxes. The Act gives funding to climate change, rural development, and conservation programs in agriculture through the US Department of Agriculture (USDA). Some [estimate](#) the funding impacting agriculture is over \$40 billion with half being allocated to conservation programs.

Bill C-282: An Act to amend the Department of Foreign Affairs, Trade and Development Act

Bill C-282 proposes that the federal government be prohibited from making any new concessions in supply managed sectors in future trade negotiations. The bill is currently at second reading. CAFTA is monitoring this bill closely and engaging with key policy- and decision-makers across the federal government. In the last session of Parliament, this legislation (a private member's bill sponsored by the Bloc Quebecois) received support from all major parties in the House of Commons despite [trade policy experts and trade negotiators](#) outlining how the move would introduce risks for Canada. We will continue to ensure all parties understand the negative impact this bill will have on Canada's trade agenda should it pass.

CAFTA's Participation in Other Events

World Food Programme in Ottawa

CAFTA [attended](#) the World Food Programme's discussion in Ottawa with Executive Director of the WFP David Beasley, and the Parliamentary Secretary to the Minister of International Development, the Honourable Anita Vandenbeld. Mr. Beasley urged countries to do their part and provide the world with more food amid the current food security crisis that is growing in certain parts of the world. The event highlighted the many factors that contribute to food insecurity, including trade barriers.



In case you missed it:

- [WTO: World Trade Report 2022](#)
- [Event: Wilson Center, Amplifying Inclusive & Sustainable US-Canada Trade Relations](#)
- [Opinion: Friend-Shoring Canada's Foreign Policy?](#)
- [Upgrading the New Zealand ASEAN FTA](#)
- [Ireland Remains Committed to Ratifying CETA](#)
- [WTO: Members agree on process aimed at enhancing implementation of SPS Agreement](#)

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