



Statement to the Standing House Committee on International Trade on the Study of Trade Opportunities for Canadian Businesses in the Indo-Pacific

May 9, 2022

Thank you for the opportunity to speak about ways for Canada to maximize opportunities throughout the Indo-Pacific. CAFTA is the voice of Canadian agri-food exporters, representing the 90% of farmers in Canada who depend on trade and those growing the economy through better access to markets: beef, pork, wheat, grains, oilseeds, canola, sugar, malt, pulses and process foods.

Today, I'll be share three main points.

1. First, the need to diversify in the region

Economic resiliency is a growing concern around the world. Like many global trading sectors, Canada's agri-food system have faced great pressures and uncertainty through the pandemic. While current trade agreements in North America, the EU and CPTPP provide a degree of trade certainty, increasing protectionism continues to disrupt rules-based trade for Canadian exporters. The best way to manage risks in this uncertainty, is to diversify, expand our trade and investment footprint abroad. Opening markets and upholding the rules-based trading system is the most important thing the government can do to protect and support the critical role of Canada's agri-food sector to the Canadian economy.

CAFTA support efforts to enhance and improve access to large and high value markets in the U.S., UK and EU markets. CAFTA members also have their eyes set on the vast and fast growing region of the Indo-Pacific, where most of global growth is projected to come from over the next several decades¹.

In the region, the top priority is the ASEAN. We support the bilateral talks with Indonesia, and believe they best serve as a gateway to the ASEAN region. As a market of 643 million people and a growing middle class, the ASEAN provides the opportunity to boost our competitiveness and a framework to diversify, in particular with countries such as Indonesia, the Philippines and Thailand.

As a bloc, ASEAN has five FTAs, including with some of our top competitors. Canada's list of Asia-Pacific countries included in FTAs would grow from four (Republic of South Korea, Japan, Vietnam, Singapore) to ten with ASEAN (Indonesia, Cambodia, Thailand, Laos, Myanmar and Philippines) and twelve when Malaysia and Brunei ratify the CPTPP.

The CPTPP has been largely a beneficial agreement for agri-food and CAFTA supports ongoing accession talks of economies that can meet its standards. CAFTA also welcomes renewed trade engagement with India

¹ McKinsey Global Institute

recognizing this is a complex trading relationship that must be handled with a constructive yet cautious approach.

In general, Canada should also seek to ensure that trade negotiations recognize the importance of effective implementation so that negotiated outcomes translate into real growth opportunities. There are many examples of trading partners not abiding by commitments.

This means 3 things: tariff liberalization, rules of origin and cumulation provisions that support Canadian usage of supply chains and commitments to build a transparent, stable, secure and predictable trading platform.

2. Second, the need to address non-tariff barriers and upholding rules-based trade

We have shared with the committee before that non-tariff barriers (NTBs) increasingly prevent Canadian exporters from achieving export gains in FTAs and offer the following suggestions:

- a. We need to start early in negotiations to clarify the regulatory requirements for our sectors. This requires cooperation between industry and government, regulatory and policy staff at home and abroad.
- b. Within FTAs, there should be mechanisms for cooperation between trading partners on regulatory standards and approval processes within our FTAs. Working groups need to be established early and should include ways to swiftly elevate issues to higher levels if no resolution is found in a timely manner.
- c. Human resource requirements of our regulatory, policy and advocacy agencies increase with each new trade agreement, given differences between countries and the ever-increasing expectations placed on food producers everywhere. Sufficient and stable investment in staffing and expertise in our regulatory, policy and diplomatic personnel is essential to take advantage of trade agreements.
- d. To maximize FTAs, we should learn from our existing deals and conduct a review of Canada's major FTAs to make sure that negotiated outcomes turn into commercial opportunities. While the CETA holds huge opportunities for Canadian agri-food, Europe is slow to remove non-tariff barriers.

3. Third, the need to improve advocacy capacity and industry-government collaboration

While the importance of regular, effective industry-government collaboration should be obvious to both sides, this is not always the case, at home and abroad.

There is a need to enhance Canada's advocacy capacity so that officials promote the science and sustainability behind Canada's world-class agri-food and defend a rules-based, science-based trading system. This is key to strengthening Canada's diversification in the Indo-Pacific region.

There is a need for agriculture to be reflected in the GoC's emerging Indo-Pacific Strategy – which is yet to be announced. The grain and livestock sectors are asking for government to take action in advancing an Indo-Pacific Diversification Office as a focal point for agriculture in this strategy.

Overall, we all need to do a better job communicating with one another as industry and government but also with our trading partners, enhance dialogues, encourage greater transparency and foster more accountability,

so we can tackle issues before they become full-blown problems. This is particularly true after 2 years of virtual discussions, an erosion of trust, a lack of respect of trade rules and massive ongoing shifts in the global trading environment.

Ultimately, in a changing, multipolar world, upholding the global rules-based trading system, diversifying markets and increasing industry-government collaboration are key to maintaining and enhancing the international competitiveness of Canada's agri-food system. I look forward to your questions.

Thank-you/Merci beaucoup.