

## Foreign Trade Committee

Agri-food trade and beef trade specifically, was anticipated to be positive this year with the recently negotiated access through various trade agreements and regained technical access. However, COVID-19 brought forward unforeseen challenges that tested the capacity of Canadian beef processors.

Compared to last year, 2020 annual exports were down three per cent in volume and up 1.2 per cent in value. Given the impressive recovery of trade in the second half of 2020 Canadian beef export value hit another record high this year which has been the trend since 2016.

Key factors to watch in the coming months and years in the global trade of proteins include; African Swine Fever's impact on protein supplies, the U.K. exit from the European Union and subsequent trade deals, the World Trade Organization (WTO) and its ability to maintain orderly trade, COVID-19 related support programs and their lingering impacts on trade and the continued impact of COVID-19 on processing capacity and consumers incomes.

### Value of Beef Exports 2020

Country	December 2020	2020 as % 2019	% of Total Beef Exports
USA	\$2,457,486,040	5.3%	75.5%
Japan	\$304,591,803	-13.9%	9.4%
Mexico	\$127,498,889	-16.7%	3.3%
Hong Kong & Macau	\$155,903,188	-29.7%	3.4%
China	\$102,497,273	-1.6%	3.1%
South Korea	\$45,101,433	5.3%	1.4%
Taiwan	\$18,227,425	-16.4%	0.6%
EU (CETA)	\$32,744,619	15.8%	1.0%
Other	-\$3,903,317	-14.8%	-0.1%
Total	\$3,256,921,279	1.2%	100.0%



CCA's Fawn Jackson, Director of Government and International Relations and Trade Committee Chair Doug Sawyer presented to the Senate Trade Committee March 12, 2020.



CCA's Fawn Jackson, Director of Government and International Relations and President Bob Lowe present to the House Trade Committee on February 18, 2020.

In December 2019, the United States (U.S.) Administration reached agreement with Congress on the Canada-United States-Mexico Agreement (CUSMA) and this agreement was confirmed to be acceptable to both Canada and Mexico. This cleared the path for the U.S. House to pass the Agreement prior to Christmas and to be passed by the Senate in January. Canada passed the bill through our legislative processes through a cross party effort in an expedited manner as COVID-19 entered into Canada in March. This enabled CUSMA to enter into force on July 1, 2020 and was a welcome continuation of trade stability between the three nations. The leadership of the national cattle organizations of CCA, National Cattlemen's Beef Association (NCBA) and Confederacion Nacional de Organizaciones Ganaderas (CNOG) met via video conference on July 1 to celebrate the coming into force of the new trade agreement and sent a joint letter to the leadership of our three countries recognizing this achievement.

One of the key priority areas for the CCA during the re-negotiation process was to enable further regulatory cooperation across the border, while these were not achieved explicitly within the text, the processes to move such regulatory reform forward were. The CCA will continue to advocate for regulatory cooperation.

Importantly *Mandatory Country of Origin Labelling* (mCOOL) was kept out of the new NAFTA; however, mCOOL supporters continue their efforts to reinstate the discriminatory market effects in one form or another and the CCA continues to work with allies on this issue.

Throughout COVID-19 the Canada-U.S. border remained open to essential business travel, but restrictions were put in place for non-essential travel. While at the start of the new border rules there was some confusion, cross border trade continued operating without significant challenges. CCA worked in partnership with the Government of Canada to produce information regarding trade across the Canada-U.S. border. E-Certification is fully underway in ports in Manitoba as well as Ontario and CFIA is currently in discussions with producers in Alberta for trial processes.



**Zoom meeting with the Honourable Jim Carr, Special Representative for the Prairies, for the CCA international trade fly-in fall 2020.**

### **The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**

The CPTPP is a trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. CPTPP came into effect amongst Canada, Japan, Australia, New Zealand, Singapore and Mexico on December 30, 2018. Vietnam became the seventh to implement on January 14, 2019. For the remaining signatories, Chile, Malaysia, Peru and Brunei, ratification is not anticipated within a short timeframe, however once they do ratify the CPTPP will enter into force 60 days after their ratification.

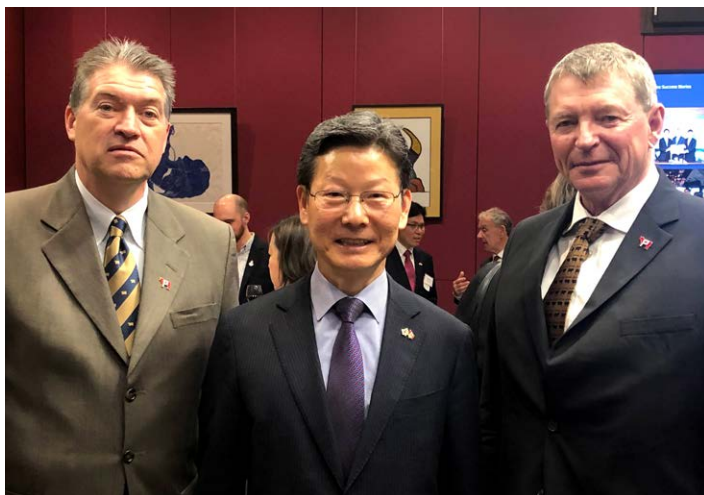
The access into Japan with the tariff dropping from the original 38.5 per cent to 26 per cent in 2019 was a leading factor in Canada's 2019 beef export success. Tariffs will be reduced to nine per cent within 15 years (2033). CCA is actively advocating for further expansion of the CPTPP subject to review of specific country barriers and potential for beef trade. As we expect the Asian region to hold the largest potential for growth in beef demand over the next 25 years, securing further access to key Asian markets is a priority. CCA is supportive of the economies of Taiwan, South Korea and Thailand moving forward in the accession process of the CPTPP. Interestingly China has indicated that it may be interested at some point in joining the CPTPP, the United Kingdom (U.K.) has also been vocal as of late of its interest in joining CPTPP.



**Alberta Beef Producers January 2020 with the Honourable Jim Carr.**

### **Korea**

January 2020 marked the five-year anniversary of the Canada-Korea Free Trade Agreement and the sixth of 15 annual tariff reductions. In 2020, beef exports to South Korea at \$45.1 million were up 57 per cent from 2014 (\$25.8 million), however a number of challenges remain with exporting to the South Korean market and are limiting export potential. For example, in 2021, the beef tariff for Canada is down to 21.3 per cent and will be eliminated by 2029, we are behind the United States currently at 13.3 per cent and Australia at 18.7 per cent. Furthermore, all beef and offals must be from animals under 30 months of age while this type of restriction has been lifted in other markets such as Japan. CCA continues to encourage high prioritization be placed on harmonizing Canadian and American shipping requirements to South Korea and the removal of the American requirement for segregation; this has become even more important with COVID-19. CCA has actively engaged with stakeholders to advance Canada's priorities and will continue to do so until resolved.



**CCA President Bob Lowe meets with Ambassador Maeng-ho Shin at the five year celebration for the Canada-Korea Free Trade Agreement.**

### **China**

Ten years ago, Canada exported no beef to China. From the commencement of exports in 2012, China grew steadily to become our fifth largest market in both 2017 and 2018. If it had not been for the suspension of trade in June 2019, China would have been neck in neck with Japan to be our second largest beef export market that year. Averaging \$9.76/kg, in 2020 China is behind only the EU in value per kilo of beef exported. By any measure, China is a valuable market for Canadian beef producers and exporters.

The challenge is whether Canadian producers can rely on predictable uninterrupted access to China. The Canada-China relationship continues to be tense with the continuation of Meng Wanzhou making her way through the Canadian judicial system and with China holding the two Michaels. In June 2020 China requested increased commitments from agri-food exporters around the world that their products are free of COVID-19. Food researchers globally have maintained that the risk of COVID-19 spread on food is extremely low. Alongside this request for commitment letters China

also temporarily suspended shipments from Cargill's High River plant in Alberta. Cargill High River is amongst numerous plants around the world that have been put on a temporary suspension list. Other plants were from Brazil, Argentina, Germany, the U.K., Denmark, the Netherlands, Italy and the U.S. The suspension for Cargill has yet to be lifted while it has been lifted for many of our international competitors.

In 2019 the export licenses of Canadian genetic companies to export Canadian livestock genetics to China were not renewed. China has recently undertaken virtual audits with Canada with the facilities however the results of the audits have yet to be finalized.

While Canada and China currently have a complicated relationship, CCA will continue to collaborate with colleagues and partners such as the Canadian Meat Council and the Canadian Pork Council to ensure that we are well positioned to serve our important customers in this market well into the future.

### Europe

The Comprehensive Economic & Trade Agreement (CETA) came into provisional effect in September of 2017 and since then beef exports to and from Europe have grown. Using beef trade data from Agriculture and Agri-food Canada, the overall Canada-EU beef trade deficit (including the U.K.) was \$0.5 million in 2018, \$17.3 million in 2019 and an astounding \$96.8 million for 2020. Needless to say CCA is significantly concerned with how beef trade with the EU has progressed.

CCA continues working on a number of proposals with the CFIA aimed at facilitating the eligibility of Canadian cattle for export to the EU, a key limiting factor to increasing exports to Europe.

Chiefly we are seeking expanded certification options for these cattle whereby other recognized audit bodies could certify the eligibility of cattle for the EU in lieu of a producer utilizing a veterinarian authorized by the CFIA. In the meantime, CFIA has increased the number of authorized vets.



**CCA and ABP met with International Trade Parliamentary Secretary Rachel Bendayan on January 28, 2020 and discussed how to improve access to Europe for Canadian beef.**

### The United Kingdom

The U.K. left the European Union (EU) at the end of 2020, which led Canada and the U.K. earlier in the year to pursue an interim agreement to transition between the Comprehensive and Economic Trade Agreement (CETA) and a future Canada-U.K. free trade agreement (FTA). On December 9, 2020, Canada and the U.K. signed the Canada-U.K. Trade Continuity Agreement (TCA) and are currently work towards ratification in early 2021. Under the agreement Canadian beef will have 2,311 tonnes cwe of fresh and 968 tonnes cwe of duty-free access in 2021 and 2,708 tonnes cwe for fresh and 1161 tonnes cwe of frozen access in 2022. All beef exports must be hormone free. Total access in 2021 is 3,279 tonnes cwe and 3,869 tonnes cwe in 2022. This is in addition to the access currently attained under CETA.

As the agreement was not ratified and implemented by January 1, 2021 Canada and the U.K. agreed through a Memorandum of Understanding (MoU) to apply tariff benefits on a reciprocal and provisional basis until the TCA enters into force. This Remission order will extend tariff benefits equivalent to those in the CETA that are replicated in the TCA.

Since it became clear that the U.K. would be exiting from the EU, the CCA has shared its key priorities for beef trade between the two nations with the Government of Canada earlier this year.



**Doug Sawyer presenting via zoom to the House Committee on November 27, 2020.**

CCA has consistently communicated concern with trade obstacles being carried over from the CETA to the Canada-U.K. transitional agreement and the future trade agreement with the U.K.

CCA recognized the Government of Canada's efforts to maintain uninterrupted market access into the U.K. by pursuing an interim agreement to transition between the CETA and a future Canada-U.K. free trade agreement (FTA) however has maintained that CCA's highest priority is on achieving a long-term FTA with the U.K. that resolves trade barriers that continue to exist. CCA is pleased to see a commitment by both Governments to return to negotiating a full FTA within a year and encourages both Governments to do so as soon as possible. Despite the growth of Canada's beef exports to the EU and the U.K. in recent years, the full potential of Canada's negotiated access under CETA has not been realized due to technical trade obstacles. CCA continues to actively engage the Government of Canada to resolve the trade



limiting factors both in CETA as well as within the interim arrangement with the U.K. Canada exported 1,584 tonnes pwe valued at \$18.8 million to the U.K. in 2019 and 1,415 tonnes pwe valued at \$17.6 million in 2020. While Canada imported 2,962 tonnes valued at \$15.8 million from the U.K. in 2019 and 5,393 tonnes valued at \$31.5 million in 2020.

It is imperative that the beef industries in Canada and the U.K. can equally benefit from and grow this trade relationship. This will be CCA's focus for future trade agreements.



Members of the International Beef Alliance meet at NCBA Convention

### International Cooperation

CCA continues to be involved in a number of international collaborations including the International Meat Secretariate, the International Beef Alliance and the Global Roundtable for Sustainable Beef where we are able to work with our international peers. A key issue of common interest is the functioning of the World Trade Organization (WTO). In June, Prime Minister Trudeau participated in a virtual meeting of the Canada-led Ottawa Group on WTO reform in the context of COVID-19. In November Minister Ng Minister of Small Business, Export Promotion and International Trade, hosted a virtual ministerial meeting of the Ottawa Group on WTO where the topic of the importance of keeping agri-food markets open and predictable was discussed. Both CCA and the Canadian Agri-Food Trade Alliance continue to be engaged in discussions on WTO reform.

During COVID-19 200+ export restrictions were adopted by 93 countries: in July of 2020, the Ottawa group released its first iteration of an Action Plan seeking commitments to unwind export restrictions and other trade distorting measures, notably singling out agri-food trade and "unwinding of export restrictions".

A key concern for the CCA continues to be that the panel and appeal functions of the WTO Dispute Settlement system are no longer functioning due to the failure of WTO members to agree to appoint new members to the Appellate Body. The CCA has lived the importance of the

WTO through the mCOOL case and is continuing to communicate with the Government of Canada and other stakeholders the importance of finding solutions.

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**Committee Members:** Co-chair: Reg Schellenberg,  
**Co-Chair:** Doug Sawyer, David Haywood-Farmer, **Past President,** Cathy Sharp, Charlie Christie, Sheila Hillmer, Duane Thompson, Lynn Grant, Ryan Beierbach, Tyler Fulton, Rob Lipsett, Jack Chaffe, Philippe Alain, Jessica Sperber, **YCC ex-officio,** Ron Glaser, **Canada Beef,** Michael Latimer, **CBBC,** Rick Wright, **LMAC.**  
**CCA Staff:** Fawn Jackson and Dennis Laycraft

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