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Chair: The Honourable Judy A. Sgro





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• (1535)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I call the meeting to order.

This is meeting number 62 of the Standing Committee on International Trade.

Welcome to all our witnesses. We very much appreciate your taking your valuable time to spend a bit of time with us this afternoon, and we'll all hopefully leave here a little bit more enlightened on some of these issues.

Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022; therefore, members are attending in person in the room and remotely by using the Zoom application.

I'd like to make a few comments for the benefit of the witnesses and the members.

Please wait until I recognize you by name before speaking. When speaking, please speak slowly and clearly. For those participating by video conference, click on the microphone icon to activate your mike, and please mute yourself when you are not speaking.

With regard to interpretation, for those on Zoom, you have the choice at the bottom of your screen of either floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

All comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

Please also note that during the meeting it is not permitted to take pictures in the room or screenshots on Zoom.

Should any technical challenges arise, please advise me. Please note that we may need to suspend for a few minutes if there is difficulty with translation.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Friday, November 25, 2022, the committee is resuming its study of non-tariff barriers in Canada's existing and potential international trade agreements.

We have with us today Stewart Beck, as an individual, by video conference.

From the Canadian Agri-Food Trade Alliance, we have Adam Taylor, executive director, and Dave Carey, treasurer.

From the Canadian Cattle Association, we have Dennis Laycraft, executive vice-president, by video conference, and Jack Chaffe, foreign trade chair.

From the International Cheese Council of Canada, we have Joe Dal Ferro, chair, and Patrick Pelliccione, vice-chair.

Welcome to you all. We very much appreciate your being here.

We will start with opening remarks for up to five minutes.

Mr. Carey, would you like to go first, please?

**Mr. Dave Carey (Treasurer, Canadian Agri-Food Trade Alliance):** Good afternoon. Thank you for the invitation to be here. My name is Dave Carey. I'm an executive board member of the Canadian Agri-food Trade Alliance, or CAFTA. Joining me today is Adam Taylor, our interim executive director.

As this committee has heard from us before, CAFTA represents the 90% of farmers, ranchers, processors and agri-food exporters who depend on trade. The sectors CAFTA represents support over one million jobs in urban and rural communities across our country.

On behalf of our members, we thank the committee for initiating this study on non-tariff barriers. This has been a long-standing ask from CAFTA, and we are hopeful the study will show why the reduction and elimination of non-tariff trade barriers is so vital to the agri-food sector and those who rely on it for their livelihood.

Our remarks will provide a brief overview of non-tariff trade barriers in agricultural trade, and our individual members will focus more on the product-specific non-tariff barriers that are holding Canada back from reaching its full potential in many of our most important FTAs and, by extension, the markets that these agreements are supposed to unlock.

Simply put, non-tariff trade barriers or non-tariff measures, NTMs, remain the most significant source of disruption impacting Canada's agriculture and agri-food trade in our broader national economy.

These trade barriers tend to be used for specific products in specific markets, making it harder to identify, quantify and resolve them.

The three main types of NTMs are direct government support to a sector, sanitary and phytosanitary measures, and regulatory and technical requirements.

The total impact of direct subsidies and other non-tariff measures is equivalent to 42% of the total value of global agricultural production, generating a \$17 trillion global impact.

The OECD has calculated that an average of \$817 billion U.S. of state support was provided to agriculture annually from 2019 to 2020, a 13% increase from just a year earlier.

The Food and Agriculture Organization of the United Nations published a report in 2021 that found that over two-thirds of agricultural support is considered price-distorting and largely harmful to the trade environment.

The bulk of agricultural subsidies are within the EU, the U.K., China, the U.S. and India. When looking at both industrialized and developing countries, some trade watchers predict that overall, global subsidies could reach \$2 trillion by 2030.

These subsidies don't only disadvantage agricultural producers in Canada; they also create higher prices for consumers and are working against global food security and efforts to combat climate change.

Similarly, sanitary and phytosanitary and wider technical and regulatory measures are also a significant, persistent and costly challenge for Canadian agri-food exporters.

SPS and related regulatory barriers have increased substantially, going from one million measures registered in 2000 to more than four million registered in 2021.

SPS barriers are most prevalent in the agricultural and agri-food sectors and have at times been used by countries as protectionist tools, disadvantaging imported products over domestic ones.

As you might expect, technical and regulatory barriers come in many forms and often persist long after tariffs fall to zero, acting as a barrier to taking advantage of a new market even if there is an FTA in place.

While the impact of each non-tariff measure varies by product, our own research shows that the average price of NTMs in agriculture and agri-food is approximately 10%, which accounts for \$362 billion in global costs and \$4.7 billion in costs to Canada.

These sanitary and technical barriers also hinder small and medium-sized exporters from accessing international markets, since they generally do not have the resources to comply with these measures.

Overall, non-tariff measures increase the cost of agricultural goods and have a significant impact on the price paid by consumers. In a time of record food prices, we need to open access to agricultural trade to make food more affordable and accessible.

This study gives us an important opportunity to truly understand how the persistence of these barriers in many of our most significant FTAs is hurting Canadian agri-food exporters and consumers. We hope it also clearly demonstrates why greater focus on the elimination of non-tariff measures needs to be top of mind for those negotiating and implementing Canada's free trade agreements.

CAFTA calls on the committee to take this time to truly identify and quantify these barriers and work with us to develop solutions to resolve them. Doing so is critical to job creation, economic growth, rural economic development and keeping food plentiful and affordable here at home and around the world.

We look forward to playing an active role as this study takes shape and we thank all members in advance for taking this important work so seriously.

Thank you. We welcome your questions.

• (1540)

**The Chair:** Thank you very much, sir.

Go ahead, Mr. Chaffe, please. You have the floor for up to five minutes.

**Mr. Jack Chaffe (Foreign Trade Chair, Canadian Cattle Association):** Thank you, and good afternoon.

My name is Jack Chaffe. I'm chair of the foreign trade committee with the Canadian Cattle Association and a beef producer from southwestern Ontario. With me today is Dennis Laycraft, the executive vice-president of CCA.

We're grateful to have the opportunity to contribute to today's committee study on non-tariff barriers and how these barriers prevent the Canadian beef industry from growing our exports.

CCA represents 60,000 beef producers from coast to coast. The beef industry is a significant driver of economic growth. It's the second-largest single source of farm income in Canada, contributing \$22 billion in sales to the gross domestic product and supporting over 350,000 full-time equivalent jobs.

Trade is essential to the beef industry's long-term sustainability and profitability. The beef industry exports close to 50% of the beef produced here in Canada, and approximately 40% of the value of each animal comes from international trade. In 2022, Canada exported \$6 billion in beef products and live cattle sales.

Our industry provides high-quality, nutritious and sustainable protein, and with the global demand for protein, the world needs more Canadian beef; however, our industry faces non-tariff barriers that add cost to our products and at times prevent us from reaching certain markets altogether. These barriers are both domestic and international in nature, and we appreciate any recommendations this committee can bring forth to address these trade irritants.

Many of our non-trade barriers are rooted in restrictions implemented during the discovery of BSE back in 2003. In 2021, Canada obtained the BSE negligible risk status from the World Organisation for Animal Health, which acknowledges Canada as having the lowest risk of BSE, similar to the U.S., yet some of these restrictions still remain and have impacted export opportunities for the Canadian beef industry.

In Canada, the BSE-era regulation requirements remain in place. Despite having the BSE negligible risk status, processors need to remove specified risk materials, better known as SRMs, in packing plants. The difference between Canada and the U.S. on SRM regulations increases costs for the Canadian beef industry, adding over \$30 million a year to these costs. This puts the Canadian beef industry at an unnecessary competitive disadvantage compared to other countries.

Similarly, Canadian beef producers are negatively impacted by segregation requirements in the U.S. for Canadian live cattle at processing facilities, due to the differences in Canadian and American requirements to ship beef into South Korea, which are based on our BSE regulations.

Internationally, one of our main non-tariff barriers is the rejection of peroxyacetic acid, or PAA, during beef processing for the European Union and the United Kingdom. PAA is a commonly used food safety intervention around the world and is designed to exceed food safety expectations and meet hygiene standards.

Canada has a world-renowned food safety and meat inspection system that is recognized in most of the countries we export to. We need a full systems approval between Canada and the U.K. and Canada and the EU for Canadian beef producers to have the opportunity to grow these markets.

While we do not have time to explain all the non-tariff barriers in my opening remarks, CCA would like to submit to the committee a list of all the non-tariff barriers affecting the beef industry.

CCA appreciates the opportunity to provide input and would be pleased to provide further information to the committee.

Thank you.

• (1545)

**The Chair:** Thank you very much, sir.

Mr. Del Ferro, go ahead, please. You have up to five minutes.

**Mr. Joe Dal Ferro (Chair, International Cheese Council of Canada):** Thank you, Madam Chair.

Members of the committee, good afternoon. My name is Joe Dal Ferro, chair of the International Cheese Council of Canada, or ICC. In my everyday life, I work as president of Finica Food Spe-

cialties Ltd., an importer of fine specialty foods based in the Toronto area since 1968.

I am joined today by Patrick Pelliccione, vice-chair of the ICC and president of Jan K. Overweel Ltd.

The ICC was founded in 1976. We are an association of small and medium-sized cheese importers and their suppliers. Our members are Canadian-based importers of cheese. We also have associate members who are cheese producers and processors from various countries that have international trade agreements with Canada.

The ICC accepts the rationale underlying Canada's supply-managed dairy sector. In partnership with Global Affairs Canada, or GAC, we operate within the system with a shared objective of ensuring that the system both respects Canada's trade commitments and works for Canadian businesses and consumers. However, we have concerns over how Canada's TRQ allocation and administration policy has affected importers and their customers across the country. As such, today I am here to provide a real-world perspective on the impacts of these non-tariff barriers. I will also offer some recommendations on how Canada could address these issues in current and future agreements.

First, parliamentarians must seriously consider how the TRQ allocation and administration, wholly chosen and administered by Canada, can create unintended yet serious impacts on Canadian businesses.

I'll use CETA as an example. Though market access was theoretically expanded, the implementation of CETA created severe challenges for cheese importers across the country. The allocation formula for the CETA "cheese of all types" TRQ leads the allocations to vary in size drastically from year to year, from hundreds of thousands of kilos in one year to barely 10,000 kilos in another. It is not only challenging to run an import program with such uncertainty; it also forces importers to rely on transfers, which is when we have to rent quota from other CETA quota holders for a fee, thus increasing the cost for Canadian consumers. At times the transfer price gets so high that some ICC members just can't compete and must settle for their meagre initial allocation.

Second, as a result of the TRQ allocation mechanism across various trade agreements, importers receive allocations that are not economically viable. In our industry, an allocation is called economically viable when it is about the size of a shipping container—that is, about 20,000 kilos. Something like 10,000 kilos may seem big, but we are simply unable to support the cost associated with a load smaller than 20,000 kilos because of the fixed costs of bringing in the cheese from overseas or overland and distributing it. While we have shared this concern with Global Affairs Canada for years, we have yet to see allocations that actually reflect the needs and the realities of businesses that participate in the cheese trade.

Canada's approach to TRQ allocation and administration has had several negative effects on members. The lack of quota available for distributors has created uncertainty. Our members, who import products as their livelihood, face the prospect of not being able to fulfill their contractual obligations with the businesses they supply. This uncertainty has stifled economic growth. Moreover, the lack of available quota has also increased costs and bureaucratic work for companies, which are forced to hunt down and pay for those transfers.

Finally, members are unable to establish long-term relationships with suppliers, which is essential for a successful cheese program, due to the uncertainty in GAC's annual TRQ allocation model. This has led some companies to lose customers at a cost of millions of dollars.

The unknown outcome of Global Affairs' TRQ phase two review, which initially started in 2019, is creating ambiguity and inhibiting business planning. Moreover, it may require importers to significantly change their business models if the quota policy that emerges from this review is unfavourable to our industry.

We encourage the government to incorporate this committee's eventual report into its deliberations as it revises its TRQ allocation and administrative policy. It is imperative to ensure that Canada's approach aligns with our country's trade obligations and reflects Minister Ng's mandate to ensure that trade benefits small and medium-sized enterprises across Canada.

Thank you.

● (1550)

**The Chair:** Thank you very much, Mr. Dal Ferro.

We'll now go to Mr. Beck, please, for up to five minutes.

**Mr. Stewart Beck (As an Individual):** Thank you, Madam Chair.

Good afternoon, members of the Standing Committee on International Trade.

I'm here today to discuss the pressing issue of non-tariff barriers in international trade. As a former high commissioner to India, I was there when we initiated negotiations for a comprehensive economic partnership agreement with that country, which unfortunately did not come to fruition.

However, I'm pleased that we are now taking a more pragmatic approach, recognizing that an early progress agreement will yield more modest but achievable successes. I'm pleased for

Saskatchewan farmers, who understand some of the impacts of non-tariff barriers on their business going into India.

As a former assistant deputy minister for international business, development, innovation and investment with what was then the Department of Foreign Affairs and International Trade, now Global Affairs Canada, I understand the critical role that strong trade agreements play in Canada's global trade development success. Additionally, as the CEO of the Asia Pacific Foundation of Canada, I have witnessed first-hand the importance of trade agreements in developing Canada's markets in Asia.

Non-tariff barriers have become a significant concern for global trade, and as we all know, they can take the form of technical standards, regulations, licensing requirements, quotas, subsidies and administrative procedures. In addition, the challenges associated with NTBs are numerous, including a lack of transparency and their deployment due to irritants in bilateral relationships. These factors make it difficult for Canadian businesses to navigate the regulatory and political environment, leading to increased costs and time complying with ever-changing regulations.

Protectionist NTBs, particularly in the developed world, are gaining increased prominence today, appearing in the form of technical regulations that challenge foreign producers to meet subsidies only available to domestic producers and licensing requirements that are more readily obtainable by the domestic producers.

Canada's economy relies heavily on the SME community, and we are particularly susceptible to NTBs. SMEs lack the resources to navigate complex regulatory environments, leading to disproportionate compliance costs and the creation of barriers to entry that increase the prices for Canadian products.

Negotiating and implementing agreements to reduce or eliminate NTBs is a complex process, as evidenced by the difficulty in concluding a free trade agreement with India. However, it is crucial to address these issues and to foster a more open and fair global trading system. I offer compliments to the committee for undertaking the study.

Finally, I would be remiss if I did not acknowledge that Canada is not exempt from the issue of NTBs. I have had criticism of our supply management system from many counterparts, as a trade commissioner, as a head of mission and as president and CEO of the Asia Pacific Foundation of Canada. While I understand the political imperative of protecting our market and our farmers, I believe it's essential to consider the potential benefits of competing with our respected, high-quality and safe products in Asian markets where the consumer middle class is rapidly growing.

Thank you for your attention. I look forward to answering any questions that you may have.

• (1555)

**The Chair:** Thank you very much, Mr. Beck.

I will now open the floor for questions.

Mr. Barlow, you have six minutes, please.

**Mr. John Barlow (Foothills, CPC):** Thank you very much, Madam Chair.

Thanks to our witnesses for being here.

I want to start with CAFTA and the Canadian Cattle Association. I know that the current government has reached a market access agreement with the United Kingdom to join the CPTPP, but they have done so without addressing some of the issues that you have talked about, like SPS, like carcass washing.

What kind of a missed opportunity is this for Canadian producers when we see such a massive discrepancy, a \$25-million difference, between exports from the United Kingdom and exports from Canada to the U.K.? That gap is growing.

**Mr. Dave Carey:** CAFTA could perhaps start generally and let the Cattle Association speak to specifics.

We have concerns. We heard from Canadian negotiators that there were concerns around the United Kingdom's ability to meet some of our scientific rigour standards. That was certainly a concern.

Maybe Adam will have some more general comments before the Cattle Association weighs in on some specifics.

**Mr. Adam Taylor (Executive Director, Canadian Agri-Food Trade Alliance):** I'll just say that one of the things we were most concerned about was not addressing this in the CETA would transfer to the U.K. accession to the CPTPP, and that is exactly what has happened. Now we see a lot of things that are persisting in CETA that are shutting us out from that lucrative market. We have an FTA in place, yet these technical barriers are persisting.

The failure to address this issue in the recent accession to the CPTPP is a huge concern of ours, and it is why we want to see it addressed in the eventual bilateral talks.

**Mr. Jack Chaffe:** I'll chime in there.

In 2022, Canada exported zero dollars' worth of beef into the U.K., while they exported 33 million dollars' worth into Canada.

Basically, there are still bilateral negotiations going on there. We're asking for the full systems approval from Canada with our

food safety system so that we can continue exporting to other countries under the same regime as we could into the U.K.

**Mr. John Barlow:** Thank you.

It was obviously a horrifically missed opportunity when the U.K. was trying to come into the CPTPP and we could have addressed some of these non-tariff trade barriers on beef specifically.

Has the government given you any reason that they clearly failed to address this before agreeing to the accession of the U.K. to the CPTPP?

**Mr. Jack Chaffe:** I'm going to turn that over to Dennis Laycraft, my associate.

**Mr. Dennis Laycraft (Executive Vice-President, Canadian Cattle Association):** Thanks, Jack.

Thanks, John, for the question.

I think there were considerations other than just agriculture, obviously, with the accession to the CPTPP. That's been an indication we've received.

I couldn't agree more about the missed opportunity. I know our regulators also feel that the U.K. is not meeting the SPS conditions that the rest of the people who are now part of the CPTPP are. That's one of our great concerns. With the very first country—in this case, the U.K.—joining, we're already starting to erode the ambition that was achieved in the original CPTPP, which I'd consider to be one of the gold standards that really addressed and got rid of a lot of the non-tariff barriers that had plagued some of the countries that are now part of it.

This is a hugely missed opportunity. That said, we are negotiating the bilateral agreement and we're certainly going to come out opposing accession of the U.K. when it does come to Parliament until these issues are properly resolved.

• (1600)

**Mr. John Barlow:** Thank you, Mr. Laycraft.

I'll go back to CAFTA.

We used to have a lucrative pulse and pea trade with India, which we saw decline significantly due to some mistakes by the government. Fumigation was one non-tariff trade barrier that was put up. We're seeing some opportunities there with a potential new free trade agreement with India.

Can you give us a bit of an update on where we are with that and with addressing the fumigation issue?

**Mr. Adam Taylor:** I can say right now that we're working very closely with agriculture. Officials are staying in close contact with us and saying that progress is being made to try to advance and conclude an agreement with India.

As Mr. Beck indicated earlier, I think that's an agreement that's been very difficult to negotiate. It's been difficult to negotiate for a number of years. These are the very issues that we need to resolve. I think India's a complicated market. Over half of that country is employed in the agriculture sector, so there are a lot of sensitivities there that we're going to have to resolve.

Specifically on fumigation, we're still trying to figure out exactly what the state of play is.

**Mr. John Barlow:** Thanks.

I have time for one last quick question.

The USTR releases an annual report on foreign trade barriers through the national trade estimates report. We don't do something similar in Canada. I think it would highlight issues like front-of-pack labelling, which the United States has identified as a trade issue. They are now talking about mandatory country-of-origin labelling again.

What kind of benefit would having such a report here in Canada have for Canadian producers and commodity manufacturers?

**Mr. Dave Carey:** I think it would be absolutely critical.

The USTR also benefits from having an entire division dedicated to trade implementation. It's not just signing trade deals, but making sure they get done.

Hopefully, part of this study is articulating those trade irritants that exist to make sure we don't replicate them in future trade agreements and also to make sure that we deploy Canadian resources to resolve the trade irritants we're currently dealing with. There is a difference between deploying commissioners and technical barriers to trade. The India solution is more of a technical issue on some of those things.

It would be very beneficial to have that sort of thing in-house. We hope that this committee would be a part of getting that.

**The Chair:** Thank you very much.

Mr. Arya, go ahead, please, for six minutes.

**Mr. Chandra Arya (Nepean, Lib.):** Thank you, Madam Chair.

I have a question for Mr. Beck.

You were the Canadian high commissioner in India when I was actively involved with the Indo-Canada Ottawa Business Chamber. One thing I should say is that the comprehensive economic partnership agreement did not fail because of you. We know there are bigger issues surrounding that.

I just want to bring to your notice that last week, the United States national security advisor, Jake Sullivan, gave a talk. I thought the national security advisor of the United States would be more concerned with terrorism, cybercrimes and the wars that are going on, but he talked about the international economic agenda. He brought in the current United States international policy, which integrates with its domestic economic policy and foreign policy. He talked about how all these things integrate.

One strategy he mentioned was “moving beyond traditional trade deals to innovative new international economic partnerships fo-

cused on the core challenges of our time.” He said, “We do intend to pursue modern trade agreements” and “Asking what our trade policy is now—narrowly framed as plans to reduce tariffs further—is simply the wrong question. The right question is: how does trade fit into our international economic policy...?” That's what he asked.

For those who say that international economic partnerships are not free trade agreements, he said, “For the problems we are trying to solve today, the traditional model doesn't cut it. ... We need a new approach. Simply put: In today's world, trade policy needs to be about more than tariff reduction, and trade policy needs to be fully integrated into our economic strategy, at home and abroad.”

We know that every country practises its own non-tariff barriers, including Canada. Developing countries are now looking at where their strategic advantages are and are bringing new rules. They're basically bringing in new NTBs. For example, Indonesia has an import-export ban on raw nickel ore. The Democratic Republic of Congo has put in domestic processing requirements for cobalt mining that takes place there. Tanzania has done it for the gold and copper concentrates. It's the same with Zambia. Developing countries are bringing those in.

Developed countries like the United States are pursuing international economic partnerships, separately with Canada on one hand and Japan and South Korea on the other. It has its own with India and countries like Angola, etc.

Is what we are discussing today relevant for the future trade agreements or the economic partnerships that we are foreseeing? What are your comments on this?

• (1605)

**Mr. Stewart Beck:** Thank you very much, Mr. Arya.

I think you're hitting on a very important point, but the reality is that we have companies that are doing business on a day-to-day basis that have to deal with tariffs and non-tariff barriers in countries. I think that in the future, in particular if you take a look at the Canadian economy and how we're evolving, a lot of the technology that's driving our competitiveness and our effectiveness in the global marketplace needs to be considered in the context of how we're doing business.

In the context of India, for example—and this is one of the things I was trying to discuss at the time I was high commissioner—when we sell pulses or potash to India, we're very susceptible to non-tariff barriers and very susceptible to the whims and fancies of the geopolitical relationship on a bilateral basis, but if we understand how we can work with India to help them build their own agricultural technology expertise in collaboration with us, in a partnership with us, it changes the dynamic to a certain degree.



It's important for us to have the pulse or the potash exports going into India, or the other commodities. They're very susceptible to price demands in the marketplace and they're also susceptible to non-tariff barriers, but when you talk about partnerships in agricultural technology and working with India to help them improve their efficiencies in productivity but also help us in what we're trying to do in that particular space, it has a much larger impact on our global marketplace.

As an example, if we're working with India on helping them become more efficient in productivity of their agricultural sector through geospatial relationships, through the technologies that we're developing here in Canada—very astutely, whether it's through the protein supercluster or other places—and we work with India in a partnership on that, when it comes to data in the agricultural space, that's a different dimension of an economic partnership.

These are some of the things that we should be building into the early progress agreement that we're talking about now. This is something that's in the interest of both India and Canada. We benefit from having more access to their data, because they're much more.... As you can imagine, Canada's a small market of 35 million to 40 million, depending on how you want to determine the number, but India has 1.4 billion people. Some of the data that's not personalized that comes out of that, just in the mobile sector, for mobile farmers—almost everybody has a mobile phone in India now—in the agricultural space will be of benefit to us when it comes to building the algorithms that will make us more effective in the global marketplace, not just in the market of India.

That's how we have to start thinking, but we can't abandon the reality that we have exporters that depend on managing the tariff rate schedules in various countries. It's really what I would call the "A-level agreement"—I'm sorry—like CPTPP, versus just having a standard trade agreement.

**The Chair:** Thank you very much, Mr. Beck.

On we go to Mr. Savard-Tremblay for six minutes, please.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Thank you, Madam Chair.

I want to greet all of my colleagues. I also want to greet the witnesses and thank them for their attendance and testimony.

Mr. Chaffe, my first question may seem obvious to you, but I would like you to elaborate.

In summary, you are quite disappointed with the nature of the U.K.'s membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Is that correct?

• (1610)

[English]

**Mr. Jack Chaffe:** Yes, we're very disappointed in the accession of the U.K. to the CPTPP without addressing the trade barriers with the carcass wash.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Previously, there was the Comprehensive Economic and Trade Agreement between Canada

and the European Union. By the way, in connection with that agreement, you were made the symbol of victory. It was said that the dairy sector had been sacrificed, but that, in exchange, gains had been made for the beef sector. Yet, as we've seen, there were non-tariff barriers.

How is it that the same mistake is being repeated in this new agreement?

[English]

**Mr. Jack Chaffe:** I guess that's a good question. Why are we making the same mistake?

It's happening again. I mentioned the U.K. before. We weren't getting any beef over there in 2022, whereas they were shipping \$33 million worth of beef over here. On the EU side of it, the trade deficit last year was \$100 million, so it's definitely disturbing to the beef industry.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** You mentioned a non-tariff barrier earlier. Are there any others? Can you list some of them for us?

[English]

**Mr. Jack Chaffe:** I'll maybe turn that over to Dennis Laycraft.

**Mr. Dennis Laycraft:** Thanks, Jack.

Clearly, our meat hygiene system and the interventions are the number one impediment. Our processors, to put it candidly, are not prepared to turn down our food safety system to go to Europe. However, I don't want to create the impression that we're in some way inferior, when in fact we have one of the strongest food safety programs in the world.

If we get into some more difficult—and we heard it earlier—tariff rate quota administration procedures, there are a lot of certification requirements to get into that market, all the way back to the birth of the animals.

What we are seeing is a whole new proliferation of measures that are going to thicken the border with the European Union. Right now, they're publishing a rule on deforestation that—

**The Chair:** Excuse me, Mr. Laycraft; could you raise the boom, as they call it, on your mike?

That's it. Thank you very much, sir. Please proceed.

**Mr. Dennis Laycraft:** They're adding some new measures on deforestation that would require, right back to every farm and ranch that the cattle are raised on, an attestation that there was no deforestation, even though Canada will be recognized as a low-risk country. Our big concern is protecting native grasslands. It isn't forestation or deforestation.

There are a range of things like that coming from the EU, and candidly, all of those things together are making it a more difficult market to export to. We were very disappointed, as was indicated earlier, when we simply used that as the transition agreement with the U.K. several years ago. That's probably when we should have drawn the line in the sand to begin with, but right now we need to draw that line in the sand before they're allowed to join the CPTPP.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** You say it should absolutely be done before, and we haven't seen the bill yet. We haven't seen it in this committee yet. It will come sooner or later. By the way, thank you for your suggestions. We are taking all of that under advisement.

What would be the danger, in the immediate future, of signing this right away without having addressed this issue?

[English]

**Mr. Dennis Laycraft:** I think the immediate danger to us is that we take.... First of all, we reduce the ambition. We're setting a terrible example for other countries that want to join the CPTPP with the idea that they can come in without addressing a number of these non-tariff barriers. When we brought the countries together, those were effectively resolved with the current group of countries that are in there.

The second thing is that we take away any real need for them to address those issues in a timely manner. There are bigger issues they're looking for that are attracting them to the CPTPP and the large group of economies in it. When we have more strength in our negotiating position as a result of the accession conversations, we need to use that strength to address these issues and get these things fixed so that moving forward, as was discussed earlier, trade can occur on the basis of natural advantage.

• (1615)

**The Chair:** Thank you very much.

Mr. Cannings, we'll go to you for six minutes, please.

**Mr. Richard Cannings (South Okanagan—West Kootenay, NDP):** Thank you.

This is all very interesting and very complicated, so I'd like to get some clarification here.

Just to find out where we are in terms of what we can do with the CPTPP part of things and with the U.K. bilateral discussion coming out of CETA, I had some information the other day that Australia signed a side letter agreement with the U.K. about their accession to the CPTPP. It removed the investor-state dispute mechanism between Australia and the U.K. That is in CPTPP now, but their side letter said it wouldn't apply between those two countries.

It seems that there is some time here when we can do things like that. Mr. Beck or Mr. Laycraft, might you have some comment as to where we are in the game and what we can do and can't do right now?

**Mr. Dennis Laycraft:** I think it's the most important question in this negotiation.

Going back to Australia and New Zealand, they completed bilateral negotiations before they agreed to the accession. Both countries, to my understanding, are saying they need to implement those bilateral agreements as part of the condition of their support for the accession.

What is interesting is that Australia and New Zealand are going to get unlimited duty-free access for beef. Apparently there was some political reaction in the U.K. to that, so they came back to

Canada and said that we are only going to get a tariff-free quota of 14,000 tonnes that we are going to share with five other countries, which is obviously on a completely unlevel playing field compared to Australia and New Zealand.

You're right that some of these deals have to be dealt with in the bilateral agreement. That's the point we've been making all along to the negotiators: don't get the accession deal ahead of the bilateral negotiations.

We have time right now to push on the bilateral negotiations. I think we need to make it clear to them that in order to have Parliament support this, they need to make some serious concessions and bring their requirements in line with the WTO and with both the World Organisation for Animal Health and Codex. Those were pretty much the goals we achieved with the current membership of CPTPP and what every new member should meet.

**Mr. Stewart Beck:** I would agree with what Dennis is saying. I can say that now, because I'm not part of the government anymore.

You always have to understand what your leverage is. Right now it's in the context of a bilateral relationship. By allowing the U.K. to accede before having completed the necessary elements of a bilateral problem, you are ceding some of your leverage.

There are other countries that want to accede to CPTPP, such as Korea. We already have a bilateral agreement with Korea. It would make some sense to do that, because bringing them into CPTPP would be relatively simple. It is going to be much more complicated with the U.K. Again, one understands the geopolitical imperative that's involved with this, but at the same time it does put our beef exporters at a disadvantage. You have to weigh one against the other at the end of the day, and we need to have some leverage, quite frankly.

**Mr. Richard Cannings:** I'll just turn to the cheese and the wonderful Italians here. We had another Italian here talking about cheese the other day. It's great to hear that.

I just want to know where you stand on this. Do you have any comment about the CPTPP, quickly? Then I can dive into cheese in a bigger way.

• (1620)

**Mr. Joe Dal Ferro:** First of all, thank you for your question.

From our perspective, it all has to do with the allocation model of the quotas. If we could exercise those allocations in a user-friendly way, we would be able to leverage far more access for cheeses into Canada for Canadian consumers.

**Mr. Richard Cannings:** Those allocations are all under Canadian control. Right now I get the impression they're dominated by the big players, the processors.

**Mr. Joe Dal Ferro:** It varies by the trade agreement, but for the most part, yes.

**Mr. Richard Cannings:** Why does it go up and down so much every year?

**Mr. Joe Dal Ferro:** If we can isolate the CETA quota allocation model, we fall into what are called “pools”. In our situation it almost penalizes us for growth. If we by chance get moved into the larger pool, we will get a smaller allocation. We are penalized for growing our business, and that's something we would like to change.

**The Chair:** Thank you very much.

We'll go to Mr. Carrie for five minutes. Go ahead, please.

**Mr. Colin Carrie (Oshawa, CPC):** Thank you, Madam Chair. I want to thank the witnesses for being here.

I want to follow up with the ICCC on some questions. We've heard from beef, especially about the U.K. ascending into the CPTPP. You mentioned a few of the existing trade barriers you're facing. I wonder if you could comment on how your companies are adapting to those. I wonder if you could comment on Bill C-282, which we recently had here in committee. If that passes, how would that work for your customers and the companies you represent?

**Mr. Joe Dal Ferro:** On your first point, everything is predicated on the allocation model of the quotas. In our situation, we face erratic allocation of quota or not enough quota, which forces us to move into what's called the “transfer market”, whereby I and my colleagues need to contact other quota holders and ask if they are willing to rent their quota—and, of course, for a fee. Unfortunately, aside from taking a lot of work and a lot of energy to do this, we have to pass those costs on, and it's Canadian consumers who suffer.

**Mr. Patrick Pelliccione (Vice-Chair, International Cheese Council of Canada):** Yes, and furthermore, we have a solution to some of the issues that exist. Basically, right now, the allocation model for the TRQ is based on sales performance of both domestic and imported cheeses. In our solution, we recommend that the allocation model should be based on import performance.

As well, in order to solve some of the issues we're facing now with the allocation models that exist in all the agreements, we need viable economic quantities of TRQ to be allocated to individuals or companies that apply for the allocation.

As well, understanding that an allocation is a privilege, if it's not used during the year, we would recommend that the allocation be forfeited for the following years. Simply stated, in order to solve a lot of the issues, we recommend that the allocations in any treaty—even the new treaties that are being negotiated with the U.K.—be given to the parties that are going to actually use the allocation, instead of setting up a secondary market, as my colleague Joe Dal Ferro stated, for trade or for transfer. That is an economic mechanism that will not benefit Canadian consumers; it will increase the prices of our cheeses or of all products for those consumers.

**Mr. Colin Carrie:** Did you want to comment on Bill C-282 at all?

**Mr. Joe Dal Ferro:** We find that Bill C-282 will limit the availability of cheeses from around the world for Canadian consumers. It will make it much more difficult to import cheeses from around the world.

**Mr. Patrick Pelliccione:** We submitted our position, generally stated, and appeared before a House committee a couple of weeks

ago. We're not for the bill, unfortunately. We believe that it will also limit Canada's ability to negotiate trade deals outside if it's passed.

We do respect supply management, though. We understand that aspect, but we have a position on that bill. We don't want it to go through.

**Mr. Colin Carrie:** I appreciate that. All parties support supply management. I guess it's kind of how we do that.

I want to talk to Mr. Laycraft and explore a little more. I didn't know what to say when you started talking about the progress with the bilateral discussions and Britain being let into the CPTPP.

My understanding is that you've been in conversations with the minister's office for probably at least four years. We've had the minister here, and she has said that she's constantly in communication and things like this, and that there's a plan and they're moving forward with things, but could you let me know how the communications have been with your industry about progress? Are you seeing any progress on the resolution of these issues, such as the beef carcass washing issue?

It sounds ridiculous to me. It sounds like our standard is higher than their standard, and it should be a no-brainer.

• (1625)

**Mr. Dennis Laycraft:** First of all, I want to clarify that we do get briefed regularly by our negotiators, and as a rule we have some of the best negotiators in the world. It does kind of come back to what Stewart talked about: giving as much strength as we can to those negotiators in a negotiation.

Earlier, we had cautioned them to not just do a transition agreement and bring over the CETA. That agreement was already full of problems. Unfortunately, that advice was not followed, and I think it was a political decision that did that. Likewise, we said, “Don't let the accession conversation get ahead of the bilateral.” We have to get the bilateral done. We shared that position, and that has not been the timing that has occurred, but we do get regular briefs and we do talk regularly with both the agriculture minister and the trade minister. Again, we realize that there is a bigger issue than just beef involved, but we'll continue to provide the advice to get those issues resolved while you have some leverage to get them resolved properly.

**The Chair:** Thank you very much.

We go to Ms. Dhillon for five minutes. Go ahead, please.

**Ms. Anju Dhillon (Dorval—Lachine—LaSalle, Lib.):** Thank you, Madam Chair. I'll start with our witness Mr. Beck.

You have impressive experience in the Asia-Pacific region. I want to ask you specifically about non-tariff trade barriers in Canada's aerospace sector. Are there any big barriers that are stopping Canadian companies from exporting to the region? Is there potential for more growth?

**Mr. Stewart Beck:** Wow, that's getting pretty specific. In the context of my experience in the markets in Asia I've worked in and also through the Asia Pacific Foundation of Canada, we do fairly good business.

I'll give you an example. A lot of the aerospace products we sell into India are components that go on airplanes. The Indian aerospace industry is growing quite dramatically. I think it had a record week this week in terms of the number of air travellers.

The planes that are flying in India are typically flying with engines made from Pratt & Whitney. I would say that when you're talking about that sector in particular, we benefit from being a supplier into that network. It doesn't really have any NTBs associated with it because Pratt & Whitney does its negotiations with the big plane suppliers, such as Boeing and others.

From my own experience, I don't see aerospace being hampered that much, but I'm not an expert on that particular industry. You'd have to talk to somebody who has more experience in that area.

If you're talking about selling helicopters, for example, we do quite well. Those are from a company in Montreal, and it's one that has been quite successful in the markets I've worked in. That is for the full frame. Again, parts are sold into that market. It's also not impacted in the aftermarket either, in my experience. We do quite well in that particular space.

**Ms. Anju Dhillon:** I thank you so much for your time.

My next question will be for the Canadian Cattle Association. I want to ask you specifically about beef exports to Japan, Canada's second-largest market for beef. How has the CPTPP agreement in general helped in removing non-tariff trade barriers for the industry? Where have you seen the most growth?

• (1630)

**Mr. Jack Chaffe:** Thanks for your question.

Japan falls right in behind the United States. It's our second-largest export market.

Recently Japan dropped all the restrictions I talked about earlier in regard to BSE. In a perfect world, if all markets could be similar to Japan's, that would be what we would ask for.

**Ms. Anju Dhillon:** I'd like to ask you, just in general, how the CPTPP has benefited beef exports.

**Mr. Jack Chaffe:** Oh, definitely that agreement has favoured the beef industry tremendously.

**Ms. Anju Dhillon:** That's perfect. I thank you so much.

I like your tie, as well, with the little cows on it. It's very cute.

**Mr. Jack Chaffe:** Thank you.

**Ms. Anju Dhillon:** My next question is for CAFTA. In 2021 our government agreed to undertake a free trade agreement with the Association of Southeast Asian Nations. Could you tell me what non-tariff trade barriers you would prioritize removing in a potential FTA, and why?

**Mr. Adam Taylor:** I'll just say there are huge opportunities throughout ASEAN for CAFTA and all of our members. We think

that should be Canada's top trade priority right now. The opportunities there are great.

Everything from minimum residue limits to some of the low-level presence non-tariff barriers is key for us. A lot of the biotechnology and some of the emerging issues related to biotech and the coordination around those types of issues will be huge for us. We think removing some of the issues related to beef and meat in general will be enormously beneficial for Canadian agri-food producers.

**Ms. Anju Dhillon:** That's perfect.

Would you like to add anything else?

**Mr. Dave Carey:** I would just add that wheat seeds as well are an issue in that area of the world. We're very thankful for the Indo-Pacific strategy and the Indo-Pacific agriculture office. A lot of those discussions are very technical. We have some of the best negotiators and trade commissioners, but we need more technical expertise. A lot of these non-tariff trade barriers are very technical in nature. We need technocrats, Canadian technocrats, to resolve them.

CPTPP has benefited agriculture hugely. CAFTA represents 90% of all food exported from Canada. That's one reason we want to maintain as high a level as possible.

**Ms. Anju Dhillon:** Wonderful. Thank you so much.

I'll go back to Mr. Beck—

**The Chair:** I'm sorry, but your time is up. Thank you very much.

We will move on to Mr. Savard-Tremblay for two and a half minutes, please.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** I believe it was the Canadian Agri-Food Trade Alliance representatives who spoke about the sanitary and phytosanitary rules, or SPS. So I will address them.

When you emphasize the need for science-based decisions, does that mean that the U.K.'s are not up to par or are too strict? How would you make the comparison? Earlier we heard from beef producers, ranchers and exporters. From your side, what is it primarily about?

[*English*]

**Mr. Adam Taylor:** I'll say quickly that everybody believes in decisions being science-based and that science should be at the heart of any technical barriers to trade and be the basis for food safety. All of those things matter to everybody. They matter to us too.

With respect to the U.K., I think it's a recognition of our system, ultimately, that we say we have the highest-quality and most robust systems in the world, and they should be recognized as such. I think that's one of the core disagreements related to the U.K. discussions right now.

Dave, I don't know if you have anything to add.

**Mr. Dave Carey:** The issue around carcass washing, which my colleague spoke to, is just a recognition that we have not addressed the issues that existed with CETA. They have now been replicated through the CPTPP, and we're hoping they get resolved through the bilateral agreement. SPSs are often intentionally used for protectionism, but we do have concerns with the U.K.'s ability to meet Canada's standards, to be honest. It's not the other way around.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Are you also requesting that this issue be addressed prior to the adoption of the partnership?

[English]

**Mr. Dave Carey:** Absolutely. It is CAFTA's position. CAFTA has a long-standing position of growing the CPTPP, but we cannot erode it at all. We have said no to other countries because they can't meet the standards. We need to get our bilateral house in order with the U.K. and then have a discussion about accession talks.

• (1635)

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Thank you.

[English]

**The Chair:** We will move on to Mr. Cannings for two and half minutes, please.

**Mr. Richard Cannings:** I have just one more question about cheese.

You briefly mentioned Bill C-282, which we have obviously discussed at this committee, and your concerns with it. You have these other concerns about the TRQ, the quota system. I'm not an expert here, but it strikes me that the quota system is more of a problem for you. If we got rid of Bill C-282, you would still have a difficult situation before you. Is that right?

**Mr. Joe Dal Ferro:** We have lived alongside supply management since the 1970s and we stand by supply management. What we would like to see is performance-based allocation of quotas.

In a sense, we should measure companies by how they import cheese versus what is produced in Canada, and that's what causes the disadvantage for us at the moment. If we were to allocate quota based on cheese importation, it would be a far more balanced approach for the marketplace.

**Mr. Richard Cannings:** I guess I didn't ask my question very well. If we solve the quota situation, would you be in a situation of having a good, thriving business and have Bill C-282—

**Mr. Joe Dal Ferro:** It will allow a greater variety of cheeses to enter Canada with better prices for Canadian consumers.

**Mr. Patrick Pelliccione:** In the CPTPP agreement and the CUSMA agreement, the allocation is awarded to one side of the TRQ. It has been given to a particular group—85% of it—and the rest of the

importers are left with only 15%. There is more access, but the access is limited to only 15% of the total access.

**Mr. Richard Cannings:** I was going to have one more question, but I—

**The Chair:** You have 35 seconds.

**Mr. Richard Cannings:** Okay. I'll go to Mr. Carey.

You talked about how Canada needed, as I understood it, more capacity to actually manage the trade agreements after we sign them. Maybe you were talking about that with the technocrats. You could take 20 seconds now and tell us exactly what—

**Mr. Dave Carey:** Yes, the United States trade representative's office has an entire team of about 12 people dedicated to the implementation of trade deals so that the spirit of the deal is being carried out. We have advocated that type of office for Canada, but it hasn't gone far, unfortunately.

There is also a time when it's not about politics and it's not about trade commissions. It's just that technical discussions need to happen, and they need to happen over a long period of time when trust can be built.

There have been many instances when a shipment is rejected because of a concern about a pest, but that pest doesn't even exist in Canada. If we had an entomologist in the region who could walk us through.... That is why the Indo-Pacific agriculture office under the Indo-Pacific strategy is so attractive to all agricultural exporters.

**The Chair:** Thank you very much.

We will go to Mr. Baldinelli for five minutes, please.

**Mr. Tony Baldinelli (Niagara Falls, CPC):** Thank you, Madam Chair, and thank you to the witnesses for being with us this afternoon.

I'm going to build on my colleague's line of questioning, first with the International Cheese Council and Mr. Dal Ferro.

In your presentation and those of others—for example, Mondo Foods and Tree of Life—the discussions did not centre very much on the market access as set by CUSMA, CETA and CPTPP; the concern in what we were hearing is about the TRQs, the quota allocation.

You said it best about CETA and the lack of certainty for the small distributors and how, unfortunately, you're getting to a point where you can't compete.

I want to ask two questions.

You talked about how the government instituted a review that's been taking place since 2019. You've had the ability, I would imagine, to feed into that. Are you hearing reasons that explain why it's taking so long?

**Mr. Joe Dal Ferro:** Frankly, with regard to specific reasons, no. It's just, "It's under review. It's been postponed." We're just waiting for a positive outcome for all parties concerned.

**Mr. Tony Baldinelli:** Given that it's been going on since 2019, have you had an ability to update information or have recent meetings with the government on this review?

You would think it would be a priority. We're risking these small and medium-sized companies. I have a facility in Niagara Falls, a great place called Roman Cheese products. It's fabulous. Their products are all over Ontario and in fact all over Canada, but they're a distributor as well, and you know the challenges that they face.

Are you hearing anything on why it's taking so long?

• (1640)

**Mr. Joe Dal Ferro:** On specific reasons, no, but we are equally frustrated, because we need a resolution. It's extremely challenging for us to plan, to forecast and to promote future business under these circumstances.

**Mr. Tony Baldinelli:** Second, you talked about the difficulties and that lack of certainty, primarily with CETA. Some years it changes your quota allocation. You may face that prospect of having to rent or purchase some quota from others.

Is there a regime in place that dictates the price of that, or is it just an open market? Every year, you could be paying a little bit more, a little bit less. It—

**Mr. Joe Dal Ferro:** That is correct, sir. It's an open market.

**Mr. Tony Baldinelli:** That makes it have even more of an impact on your small and medium-sized enterprises.

**Mr. Joe Dal Ferro:** It makes it very challenging to forecast and to plan, and ultimately it's the Canadian consumer who pays the price.

**Mr. Tony Baldinelli:** They ultimately pay the price. Thank you for that.

I'd like to go now to the Canadian Agri-Food Trade Alliance and Mr. Carey.

You talked in your presentation about some of the trade barriers that exist. You talked about direct government support, in essence, and most people would think monetary support, government policies, a regulatory approach. However, we recently reviewed Bill C-282 here. What it would do is preclude discussions of our supply-managed sectors when the Canadian government undertakes new trade negotiations.

CUSMA is up for renewal in the next couple of years. We're currently working on a Canada-U.K. trade agreement. We've just had the U.K. accession to the CPTPP.

Do you see this as a trade irritant that is just waiting to happen?

**Mr. Dave Carey:** Yes.

In short, I think years from now, if Bill C-282 does pass, countries and parliamentarians around the world will be discussing Canada in the same way that we're discussing the U.K. and India, because we've legislated out a massive part of our sector as opposed to negotiating. In making sure supply management gets a

deal that's protected, Bill C-282 will be viewed internationally by our trading partners as a trade irritant. It will also impact future WTO negotiations around agriculture for sure.

**Mr. Tony Baldinelli:** Thank you.

Madam Chair, how much time do I have?

**The Chair:** You have 50 seconds.

**Mr. Tony Baldinelli:** Mr. Beck, would you have any comments on that?

**Mr. Stewart Beck:** I would agree with what he said.

**Mr. Tony Baldinelli:** Thank you.

**The Chair:** Thank you very much.

We will go to Mr. Miao for five minutes, please.

**Mr. Wilson Miao (Richmond Centre, Lib.):** Thank you, Madam Chair, and thank you to all the witnesses for appearing today.

First, through the chair, I'd like to turn online to Mr. Beck.

Currently our government is exploring or working on a number of trade agreements with countries in the Asia-Pacific region, as I'm sure you're aware. What do you think the key areas of focus should be in terms of addressing non-tariff barriers in the Asia-Pacific region?

**Mr. Stewart Beck:** Well, in the context of CPTPP, a lot of the non-tariff trade barriers were addressed. It doesn't necessarily mean that they don't emerge in various ways. That's because the agreement is complex, and in many cases it's technical.

I think the big markets we're talking about need to be addressed in a Canada-ASEAN free trade agreement. In terms of how and where, we should be putting our emphasis on the type of agreement we had with the CPTPP. It's really the gold standard of agreements. If we can replicate it... It would be much more difficult in ASEAN, as you can imagine, because of the types of countries that are part of ASEAN, but there's no harm in trying.

In the context of India, which is, again, a really important market for us, we've tried. As I said, when I left Delhi in 2014, we'd already gone through seven rounds of negotiations. There are lots of other issues there that are hindering a completion of a comprehensive economic partnership agreement. I think an early progress agreement will hopefully, in the context of what we're willing to offer and what they're willing to offer, deal with some of the most important NTBs. That's all part of what negotiators need to be able to understand. It's going to require us to give in some areas. Hopefully, the Indians will reciprocate.

Again, our focus should be on dealing at the front end with some of those big issues that we need to deal with. Some of them are almost impossible to complete, just due to the nature of the Indian economy and how we approach it, but it's at least something that we should try, and we should find areas where there's common ground. Hopefully, we can offer something that's attractive enough to lead them to deal with some of the agriculture NTBs, which are really important to the Canadian economy, particularly the agricultural economy.

• (1645)

**Mr. Wilson Miao:** Thank you for that.

Next, through the chair, I have a question for the Canadian Agri-Food Trade Alliance.

How have the non-tariff barriers evolved over time for the Canadian agriculture industry? Are there any emerging trends in terms of non-tariff trade barriers that you're currently monitoring?

**Mr. Dave Carey:** They've increased, certainly, after COVID. We've seen a rise in protectionism. Maybe I'll let Adam touch on some of the specifics, but they certainly are on the rise. They've increased significantly.

**Mr. Adam Taylor:** To give you a couple of statistics, in the year 2000 there were one million non-tariff measures that we could identify. Today, there are over four million. In 20 years, we've gone from one million to four million. These are equivalent to really hard, trade-disruptive tariffs. They're usually the equivalent of between 25% and 40%. A non-tariff barrier is the equivalent of a 40% tariff in some cases. These block trade, effectively, and that's bad news for agri-food exporters.

**Mr. Wilson Miao:** Thank you.

Let's talk about canola in Japan. How has the demand for canola in Japan increased over the past five years? What role do international trade agreements such as the CPTPP play in addressing the non-tariff barriers when exporting canola to the Japanese market?

**Mr. Dave Carey:** I work in the canola sector in my day job, and yes, Japan is one of the most important markets for canola exports. We have a long-standing, long-established and very solid relationship with the Japanese. I don't have the Japanese trade statistics for 2022, but in 2021 it was 1.7 billion dollars' worth of exports, which is our third-largest market for canola.

Japan is a country that likes to import canola seed that they then crush on their own for cooking oil or for whatever they choose to do. Japan's biggest concern in Canada is getting it. The Japanese come to Canada. Every year, we host a delegation from Japan. The biggest concern of the Japanese is just that they want our canola, and they actually want our canola more. In canola, our biggest competitor is Australia, but they prefer Canadian canola. They want that high-quality oil. Our relationship with Japan is very solid. Trade agreements would certainly help, but Canada and Japan have a very long-standing bilateral relationship—CAFTA as well—with the Japanese trade officials here in Ottawa.

The Japanese market is critical. It's stable. It's been a bellwether for the Canadian canola sector for decades.

**The Chair:** Okay. Thank you very much. We'll go to Mr. Sheehan for five minutes.

No, I'm sorry; we'll go to Mr. Barlow. I'm sorry.

I was thinking of Mr. Martel. I know he has a problem with a headset that doesn't meet the standards for the translators. I wasn't going to miss you, Mr. Martel, but we'll have Mr. Barlow, please.

**Mr. John Barlow:** That's okay. Welcome to the team, Mr. Sheehan. That's fine. We'll find a spot for you. Don't worry.

**Some hon. members:** Oh, oh!

**Mr. John Barlow:** Mr. Beck, I thought you made an interesting comment earlier in your testimony. You said that we have to start looking at agriculture and agri-food as a geopolitical tool. I couldn't agree with you more in that assessment that we have to use a geopolitical scope in looking at what we offer.

I would say that after COVID, and certainly with Russia's illegal invasion of Ukraine, we now need to lean more on our most trusted trading partners and not on the bad actors that are around the world. Can you expand on the role Canadian agri-food could play as a geopolitical tool and Canada's role in helping not only to feed Canadians but to feed the world?

**Mr. Stewart Beck:** Well, it's easy to say that we have probably the largest freshwater resources in the world. When I was a trade commissioner and I went out to market Canada, I often would say, "Look, we have lots of land. We have lots of water. We can grow a lot of products." A lot of the issue is trade barriers and how we can choose the markets we want to go to and how we can get into those markets.

It's a geopolitical tool. When I was in India, I spent quite a bit of time trying to build our ability to export natural gas to India. The best and easiest place to do that is off the east coast of Canada. Our biggest challenge is our own challenge, which is being able to get our resource to the coast and being able to ship it.

It's the same thing with agriculture. It's a resource that's in demand globally. In terms of how we approach it and what's being done under the Indo-Pacific strategy, I agree that having an office in Asia focused on agriculture is going to be critical, because it is something we'll always be able to rely on. It's going to create tremendous opportunities for Canada and it will create great income for us.

• (1650)

**Mr. John Barlow:** Thanks. I appreciate your bringing energy into that. Certainly I would say that Canadian resources such as energy and agriculture are critical geopolitical tools. If two of our most important allies, two of the strongest economies in the world, Germany and Japan, come to Canada and ask for our help, in terms of Canadian energy, to cut their umbilical cord or cut the ties with Russia and to stop funding Russia's war machine, it is extremely disappointing—and I think that's an understatement—for Canada to turn its back on two of our most trusted trading partners and not come to an agreement to supply them with Canadian LNG. I appreciate your raising that issue.

I'll turn now to CAFTA and Mr. Taylor.

I was stunned by your number about the increase to four million non-tariff trade barriers in global trade. Has CAFTA done an assessment of the economic impact of those trade barriers on Canada's agri-food industry, for example?

**Mr. Adam Taylor:** Yes. We're updating our numbers now. We've looked at how automatically these numbers show up to a 40% tariff. Tariffs could fall to zero in an FTA, but if non-tariff barriers persisted, they'd be the equivalent of a 40% tariff barrier. We'd lose opportunity right there.

Under CETA we were supposed to have \$2 billion of access to that market annually. We have a fraction of that, while their trade surplus is growing every day. We're making ground, but not nearly what we were promised when that agreement was first signed.

We're trying to update some numbers, but the numbers are staggering when you look at the potential that's been lost.

**Mr. John Barlow:** To that, Mr. Taylor, and maybe even to what Mr. Beck was saying, with CETA and allowing or being in the process of allowing the U.K. accession into the CPTPP and not addressing some of these problems, what is the current government missing? I would assume we want to show a position of strength when it comes to negotiating trade agreements or addressing these gaps when they become apparent, but it doesn't seem as though we're doing that. What are we missing? What is the current regime failing to address when it comes to improving these trade agreements or ensuring that new trade agreements don't have these trade barriers that are impacting Canadian producers?

**Mr. Adam Taylor:** Ultimately, it's using our leverage. We need to be strategic in terms of the sequence in which we negotiate things. I think that by putting the U.K. accession ahead of the U.K. bilateral agreements, we lost that leverage. We could have said, "No, we're not going to move that forward until we address these things. We're not going to repeat the same mistakes we made in CETA." I think that would have resulted in a more advantageous outcome for us. That's on its track, and now we have to fix it in the bilateral agreement. Whatever tools parliamentarians have to help us do that would be very beneficial to our sector.

**The Chair:** Thank you very much.

Now we go to Mr. Sheehan for five minutes.

**Mr. Terry Sheehan (Sault Ste. Marie, Lib.):** Thank you very much. My first question will be for Stewart.

First of all, thanks to all the folks for presenting on these non-tariff trade barriers.

We're planning a trip, Madam Chair, to the ASEAN countries, to India. I want to tap into Mr. Beck's extensive knowledge about the Indo-Pacific region. We're going to be meeting with different people over there, so what advice would you give all of us, the ones who go on this trip, when we are meeting with some of our counterparts? What kind of non-tariff trade barriers are happening in those regions? Are there common non-tariff trade barriers among countries in that area or those that are similar? Would you like to address that?

**Mr. Stewart Beck:** I think most of the common ones would be around agriculture and agricultural products. Again, agriculture is a sensitive sector for most economies in the region. If you're going to ASEAN, and India in particular, I think you'll find that out. That's just the nature of how their economy has grown, or how it exists.

I remember that when I was being posted from San Francisco to Delhi in 2010, I was amazed by how the press was consumed by the monsoon season, about how much rain was going to come and how that was going to impact India's GDP. It's understandable that it's a very sensitive sector.

How they develop their own NTBs around that is related partly to the geopolitical relationship that exists between us and them and partly to the reality on the ground, to what's happening. The same is true in other markets in ASEAN. I think that's one of the ones you'll probably have to address in your conversations, and it's something you're going to want to try to understand.

Again, it's really understanding where they're coming from and why they want to create that environment. They won't be too forthcoming.

As someone on the panel was saying, there are now four million different types of NTBs. There are many different ways that you can approach that. Essentially you want a set of rules of the game that we can all live by. It doesn't mean that people are going to necessarily follow them. I can give you lots of examples of it not happening, even though you have tariffs in place and you think you have rules in place.

Again, it's partly the reality of doing business and the practical elements that you have to consider. In your conversations, find out where they're coming from, what their biggest concerns are, how we can work around those, and how we can be partners in helping them solve some of their problems. That will help to eliminate some of those potential NTBs.

• (1655)

**Mr. Terry Sheehan:** That's very sage advice. Thank you for that.



I've had opportunities to travel to that area. They are very concerned about climate change, about rain. There are a lot of coastal areas where they're very concerned about how that is affecting their country. I noted that when you were talking about monsoon season and such. A lot of coastal towns that are ports as well have challenges with the rising tides and water.

Madam Chair, my next question is to the cattle people.

Jack, I'm also co-chair of the Canada-Japan Interparliamentary Group. Yes, they love our beef. They love our canola. They love our pork. If you go to a store in Tokyo, you see it everywhere.

Anju asked a question about the CPTPP agreement. I recall that being one of the original signatories and doing it expeditiously allowed for two tariff lifts and really helped the cattlemen at that particular time.

Could you explain to the committee again how that benefited your members?

**Mr. Jack Chaffe:** I'll let my colleague Dennis Laycraft respond. He'll have the numbers right in front of him.

**The Chair:** You're on mute, Dennis.

Dennis, you need to unmute yourself. You may have a problem with your headset.

**A voice:** There's a button, usually on the side of it.

**The Chair:** Yes, try it again.

**Mr. Jack Chaffe:** I can go ahead.

Going back to the original agreement on CPTPP, one advantage of being one of the early countries signing on to it was the ability to bring down tariffs quickly. That was key. Then we went back to carcass wash and all of that. The CETA and the EU and the U.K. agreements put us at a disadvantage, as compared to the CPTPP.

**Mr. Terry Sheehan:** Being one of the original signatories, we have a little bit more mobility in being able to negotiate with future countries, to your point today.

Am I out of time?

**The Chair:** Your five minutes are up, sir. Now the committee has some house business to take care of.

Thank you very much for the valuable information from our witnesses today. You can excuse yourselves so that we can go in camera, please.

I will suspend for now.

*[Proceedings continue in camera]*

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