

March 11, 2021

Christine Lafrance, Clerk of the Committee
Standing Committee on International Trade
Sixth Floor, 131 Queen Street
House of Commons
Ottawa ON K1A 0A6

E-mail: CIIT@parl.gc.ca

Committee on International Trade,

Re. Reform of the World Trade Organization

Canadian Canola Growers Association is submitting the following brief in response to the Committee's study on Reform of the World Trade Organization (WTO). This is an important topic for Canadian agriculture, and we applaud the Committee for taking time to study it. With 90% of canola exported as seed, oil and meal, WTO agreements underpin the multilateral trading system and are key to canola farmers' success. With ongoing discussions on reform and member-states looking to capitalize on the 12th Ministerial Conference expected in December 2021, Canadian leadership is paramount.

CCGA represents Canadian canola farmers on national and international issues, policies and programs that impact their farm's success. Developed in Canada, canola is a staple of Canadian agriculture as well as Canadian science and innovation. Today it is Canada's most widely seeded crop and is the largest farm cash receipt of any agricultural commodity earning Canadian farmers over \$10.2 billion in 2020. Annually the canola sector provides \$29.9 billion to the Canadian economy and provides for over 200,000 direct jobs nationwide. CCGA is also a member of the Canadian Agri-Food Free Trade Alliance (CAFTA) and the Grain Growers of Canada who are also submitting briefs or appearing on the topic.

It has been 25 years since the WTO was created and the current rules of trade established. Since then, the agricultural environment, public policies and business operations have evolved. It is widely recognized that reforms to WTO functions and enhanced rules are required to better respond to today's needs. With this, CCGA outlines five pathways important to canola farmers:

- Uphold rules-based trade
- Revitalize the WTO negotiating function
- Modernize WTO operations
- Restore the dispute settlement mechanism
- Maintain Canadian leadership.

Uphold rules-based trade

The WTO framework is essential to rules-based trade. These rules provide predictability for canola farmers and industry, certainty in markets and potential for level playing fields. As a mid-size economy built on trade, Canada relies on a standard. Without it, Canadian exporters would face a myriad of conflicting trade regimes increasing risk and requiring significant resources to ensure compliance.

The WTO provides the most comprehensive set of trade rules and covers 164 developed and developing economies. While still a critical trade policy tool, Canada's bilateral agreements build on WTO principles and rules, are limited to existing agreements, and vary by scope. Important to canola farmers, WTO agreements cover agriculture trade, sanitary and phytosanitary measures (SPS), technical barriers to trade, trade remedies and dispute settlement.

Agriculture trade thrives on this predictability whereas the last few years have tested the premise of our trading system and the plant health and food safety framework. COVID-19 response measures globally have exasperated the trend of more protectionism. For the first ten months of 2020, the Global Trade Alert found that trade policy measures increased by 74% over the same period in 2019 and were 147% higher than the average for 2015-2017.¹ Canola farmers currently face politically motivated restrictions in accessing the Chinese market, as well as various barriers to the development of and access to crop protection tools and new seed varieties.

A renewed commitment to the WTO *Agreement on the Application of Sanitary and Phytosanitary Measures* at the MC 12 would reiterate the importance of science-based rules and predictability to trade facilitation. The SPS agreement outlines basic rules for food safety and plant health standards. Article 2 commits WTO member states to apply SPS measures “*to the extent necessary*” to protect human, animal and plant health and based on scientific principles.² Importantly, it recognizes Codex Alimentarius standards for pesticide residues, contaminants and methods of analysis and sampling and the International Plant Protection Convention for plant health. This provides a degree of predictability to farmers when selling globally and access to needed crop protection products to sustainably grow canola.

Revitalize WTO negotiating function

CCGA is encouraged by the resumption of agriculture negotiations and preparatory work in advance of the Ministerial Conference in December. A decision on an agriculture programme and commitment to continued negotiations at the Ministerial will be an important signal of confidence by member states. COVID-19 has exasperated global food security challenges and has demonstrated the importance of

¹ Evenett, Simon J & Fritz, Johannes (November 2020) [Collateral Damage – Cross Border Fallout from Pandemic Policy Overdrive The 26th Global Trade Alert Report](#), CEPR Press, London, UK

² WTO, [Agreement on the Application of Sanitary and Phytosanitary Measures](#)

resilient supply chains and trade to our food supply. The WTO agriculture negotiation is the only multilateral forum to advance market access, domestic support, and export competition.

It is increasingly recognized that new disciplines to limit and reduce trade distorting support are required yet reforms have largely stalled. This has especially come to light with COVID-19 as countries look to support and rebuild their national economies. The Cairns Group estimates that left unabated spending under the Amber Box will reach US\$2 trillion by 2030.³ Reforms are particularly important for Canada which cannot afford (or should want to) the support provided by larger economies but requires a competitive field for its agriculture producers. The impact of trade-distorting support is not limited to the issuing country but has larger implications on neighbouring and global markets and commodity prices. While agriculture production is local, price and farmer earnings are global.

The *Agreement on Agriculture* contains the most comprehensive set of rules on domestic support and the WTO remains the only vehicle that can bring about meaningful change. Both the Comprehensive Economic and Trade Agreement (CETA) with the EU and the Canada United States Mexico Agreement (CUSMA) recognize the centrality of the WTO. While they acknowledge the damaging impact of trade distorting support, the rules are limited to communication between the respective parties. Instead, the agreements enshrine commitments to work together at the WTO to increase transparency and to further develop multilateral disciplines on domestic support and rules of trade.^{4 5}

Modernize WTO operations

Modernization of current functions would strengthen the WTO's ability to align with and respond to the changing trade landscape. Efforts to improve transparency and information sharing, member engagement and monitoring activities would increase the effectiveness of existing rules and the daily relevance of the organization. These are addressed in Canada's 2018 communication on *Strengthening and Modernizing the WTO*⁶.

Improved timeliness and quality of notifications would improve the information sharing function. Notifications provide information when countries plan to introduce new or to change existing market access or export competition measures and on domestic support spending. According to the International Institute of Sustainable Development, as of March 2020, only 28 WTO members were a 100% compliant with DS:1 domestic support commitment notification meaning that they report spending annually⁷. Notifications are lagging from large oilseed producers – the U.S., Canada, China, and Argentina. Late or incomplete

³ WTO (September 2020) [WTO members resume agriculture negotiations following COVID-19 pause](#)

⁴ CUSMA Chapter 3 – Agriculture, Article 3.3: International Cooperation and Article 3.6: Domestic Support

⁵ CETA Chapter 7 - Subsidies, Article 7.4 Consultations on subsidies related to agricultural goods and fisheries products

⁶ Government of Canada (September 2018) [Strengthening and Modernizing the WTO: Discussion Paper](#) JOB/GC/201

⁷ Hepburn, J (March 2020) [What Could Domestic Support Trends Mean for Efforts to Update WTO Rules?](#) International Institute for Sustainable Development (IISD)

notifications make it difficult to assess the impact of competitor spending on canola farmers and compliance with WTO rules and to adjust practices to respond to or mitigate the impact of a new tariff or export competition measure.

This lack of transparency also weakens Committee structures and impedes members ability for effective engagement. Efforts should be pursued to improve the functioning of Committees, to strengthen coordination among members, to allow for more timely discussions, and to advance areas of concern. Committees could be empowered to ensure notification requirements are met and relevant information is provided.

Restore the WTO Dispute Settlement Mechanism

The WTO dispute settlement mechanism is necessary to ensure rules are followed. The mechanism creates confidence in the multilateral system ensuring predictability and discouraging deviation. It provides an impartial mechanism to resolve trade disputes, an appeal mechanism, and a process for compensation for non-compliance. While canola farmers have not been directly involved in the *full* process, past rulings on domestic support, SPS and trade remedies have benefitted farmers overall and driven clarity in the rules.

A permanent solution to the ongoing impasse should be a priority. As of December 2019, the WTO Appellate Body no longer has the necessary number of judges to function removing an important component of dispute settlement. Rulings can no longer be appealed and available measures for non-compliance weakened. The March 2020 announcement of a Multi-party Interim Appeal Arbitration Arrangement⁸ provides some certainty and stability, and a platform for Canada to move discussions towards a permanent solution. Until a larger solution is found, more countries should be encouraged to join the interim arrangement.

Maintain Canadian leadership

Canada has a long history at the WTO and has been a champion of the multilateral trading system. Continued leadership is important to the pathways outlined in this brief – upholding and revitalizing rules-based trade, creating new disciplines for agriculture domestic support, modernizing WTO functions, and restoring the dispute settlement mechanism. CCGA supports ongoing work through the Ottawa Group and with other like-minded countries, such as the Cairns Group, to bring countries together to discuss and coordinate next steps and encourages the Government to pursue various avenues to advance the relevance of the WTO and revitalization of its negotiating function.

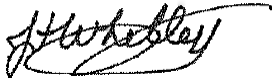
The Government's leadership since the beginning of the pandemic on promoting the importance of trade to human health and food security, avoiding trade distorting measures and working on improvements to WTO

⁸ Global Affairs Canada (March 2020) [Statement of multi-party interim arrangement for appealing trade disputes through WTO](#) Government of Canada

disciplines is appreciated.⁹¹⁰ As the world recovers from the COVID-19 pandemic, a functioning WTO and strong rules of trade will become more important. Our multilateral trading system should be central to our economic recovery and offers an inclusive trade policy tool to prevent protectionist policies.

In conclusion, the WTO should be the cornerstone of Canada's trade strategy. While not perfect, it continues to play an essential role for agriculture providing rules to enable trade and a more competitive environment for canola farmers. We appreciate Canada's leadership to date, and look forward to a modernized WTO and new, enhanced disciplines for trade.

Sincerely,



Janelle Whitley
Manager, Policy Development
Canadian Canola Growers Association

CC. Dave Carey, Vice President Government and Industry Relations, Canadian Canola Growers Association

⁹ Global Affairs Canada (May 2020) [Statement on joint commitment with WTO members to maintain predictable and rules based trade at this critical time](#) Government of Canada

¹⁰ Global Affairs Canada (June 2020) [Statement of the Ottawa Group: Focusing Action on Covid -19](#), Government of Canada