



May 25, 2017

Canada-China Trade Consultations  
Global Affairs Canada  
Trade Negotiations Division – Asia  
Lester B. Pearson Building  
125 Sussex Drive  
Ottawa, ON K1A 0G2

To Whom It May Concern,

Re: Consultations on a Potential Free Trade Agreement with China

The Beef Farmers of Ontario (BFO) represents 19,000 beef producers in Ontario by advocating in the areas of policy planning, industry development and research, and domestic and export market development. We appreciate the opportunity to provide comment on the opportunities and priorities for the Ontario beef industry heading into potential Free Trade Agreement (FTA) negotiations with China.

The Chinese market holds great potential for the Ontario and Canadian beef industry. Expanded, meaningful access to China through a possible FTA would help the beef industry capitalize on that potential. Priorities for the Ontario beef industry heading into potential FTA negotiations with China include:

- Full over-thirty-month/under-thirty-month access for all frozen and fresh Canadian beef products
- A phased elimination of the 12% tariff on imports of all Canadian beef products
- A reduction in the 13% value-added tax on imports of all Canadian beef products
- Clear and transparent rules and service standards for custom inspections
- Clear and transparent schedules or triggers for sanitary and phytosanitary inspections
- Quarantine and facility approval frameworks that are based on internationally recognized science
- Access for Canadian cattle raised with growth promotants

Enhanced market access opportunities through a potential FTA with China present a valuable potential pathway for Ontario and Canadian beef products. As such, BFO strongly supports exploratory negotiations with China on a potential FTA. While the increasing demand for beef products in China creates significant opportunities to increase imports of high-value Canadian beef products, a potential Canada-China FTA must focus on ensuring meaningful commercial access.

Firstly, access for all frozen and fresh Canadian beef products must be made a priority by Canadian negotiators. Current access for Canadian beef is limited to frozen bone-in and boneless products from animals under thirty months of age, which limits product aging potential, a key factor in eating quality. Limiting Canadian beef imports to frozen products also denies access to the high-value Chinese fresh meat sector, one of the bestselling and fastest-growing sectors in the Chinese market. Full over-thirty-month/under-thirty-month access for all frozen and fresh Canadian beef products needs to be made a priority once formalized negotiations begin.



A potential Canada-China FTA must also focus on aligning import tariff rates for Canadian beef products with those of our major competitor jurisdictions. The existing 12% tariff on Canadian beef products trails Australia's 8.4% rate and New Zealand's 0% rate. Canadian negotiators need to prioritize a phased elimination of Canada's 12% tariff rate on Canadian beef products, similar to the seven-year phase-out of Australia's 8.4% rate.

Moreover, should formalized negotiations with China begin, BFO would like to see clarity on China's expectations around the use of growth promotants in cattle. Our current understanding is that China maintains a requirement that beef must be raised without growth promotants to be eligible for import, although only the absence of ractopamine and zilpaterol in beef and pork production has been enforced to date. If this issue is not addressed during formalized negotiations, we are concerned that China could begin to enforce the requirement post-FTA, which would eliminate all commercially viable access and leave us potentially worse off than we are currently without a FTA. BFO's priority would be for China to allow access for Canadian beef raised with growth promotants. The use of growth promotants is permitted by many international experts and agencies as a safe practice, including Health Canada, the World Health Organization, and the Food and Agriculture Organization of the United Nations.

While BFO is enthusiastic about the opportunities for the Ontario beef industry under a potential FTA with China, we maintain some concern regarding China's reputation as one of the least transparent and predictable of the world's major markets for agricultural products, in terms of consistent enforcement of regulatory standards and other trade agreement conditions. Industry confidence in relationships with Chinese vendors will be aided by a FTA that provides:

- Clear and transparent rules and service standards for custom inspections
- Clear and transparent schedules or triggers for sanitary and phytosanitary inspections
- Quarantine and facility approval frameworks that are based on internationally recognized scientific evidence

Given the lack of consistency often associated with China's regulatory enforcement regime, we fully support the recent Senate Market Access Report (2017) recommendation that the Government of Canada establish a national committee with a mandate to monitor non-tariff barriers faced by the Canadian agriculture and agri-food sector in the international market.

BFO would like to thank Global Affairs Canada for the opportunity to provide comment on the opportunities and priorities for the Ontario beef industry heading into potential FTA negotiations with China. BFO would be pleased to participate in any upcoming consultation events on this subject.

Sincerely,



**Matt Bowman**  
President

cc: BFO Board of Directors  
Hon Michael Chan, Ontario Minister of International Trade  
Hon Jeff Leal, Ontario Minister of Agriculture, Food and Rural Affairs  
John Masswohl, Director of Government and International Relations, CCA  
Doug Forsyth, Executive Director of Strategic Trade Policy Division, AAFC  
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