

Trends in Alberta Agri-Food Exports – No.15

Trade Agreements and Agri-Food Trade

What is a Trade Agreement?

A **Trade Agreement** is a formal agreement between two or more countries about improving trade with each other by removing tariffs and other non-tariffs trade barriers. **Trade agreements and negotiations** are essential for Canada to stay competitive in global trade and increase market access for our agri-food products. Signing new agreements support market diversification and lessen our dependence on the United States (US) as an export destination.

Importance of Canadian agreements to Alberta economy and agri-food trade

As of 2018, Canada concluded three multilateral trade agreements:

- **CUSMA** – the new Canada, United States (US) and Mexico Agreement, former NAFTA, was signed on November 30, 2018. NAFTA, the North American Free Trade Agreement, came into effect on January 1994. NAFTA created the largest free trade region in the world and all tariffs between the three countries were eliminated. The CUSMA ensures that the vast majority of trade between the three countries will continue to be duty-free. In 2017, Alberta's total agri-food exports to both, the US and Mexico, contributed \$4.9 billion to the provincial economy. With imports totalling \$2.4 billion, Alberta, as always, had a positive trade balance with both countries. The US remains Alberta's largest trading partner accounting for \$4.3 billion in 2017. The CUSMA deal must be ratified by

the legislatures in all three countries before taking effect.

- **CETA** - the Comprehensive Economic and Trade Agreement with the European Union countries, concluded in 2018. CETA was signed by the Canadian Prime Minister and European Union officials in October 2016. On 21 September 2017, CETA was provisionally applied, immediately eliminating 98 per cent of EU's tariff on Canadian goods. Alberta agri-food exports to EU were \$410 million in 2017 and imports were \$390 million. In 2017 and 2016, Alberta had a surplus in trade with EU, however in the previous years, the province experienced trade deficit. Until final decision on BREXIT, CETA includes 28 EU countries (See page 2).
- **CPTPP**, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership was completed in 2018. A previous version of the deal was agreed to in 2016 but later had to be reworked after the US pulled out. The deal has been ratified in six countries, including Canada, Australia, Japan, Mexico, New Zealand and Singapore. Vietnam was added to the partnership in January 2019. Without the US in the agreement, Canada will gain advantage in key CPTPP market such as Japan. Japan (\$1.3 billion in 2017) is the largest export market among the CPTPP countries, accounting for more than one-half of the total agri-food exports to CPTPP, at \$2.3 billion. Agri-food imports from CPTPP were \$472 million in 2017, giving the province \$1.8 billion surplus (See page 2).

Alberta Agri-Food Trade with CUSMA, CETA and CPTPP

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Millions of Canada Dollars										
Alberta Total Agri-Food Trade										
Total Agri-Food Exports	8,385.9	7,428.8	6,775.4	8,061.1	9,209.9	8,711.6	9,754.1	10,181.1	10,006.4	11,237.8
Total Agri-Food Imports	1,910.3	1,854.6	1,865.6	2,075.1	2,289.0	2,473.9	2,738.8	3,079.6	3,054.5	3,219.8
Trade Balance	6,475.6	5,574.2	4,909.8	5,985.9	6,920.9	6,237.7	7,015.2	7,101.5	6,951.9	8,018.1
1. Agri-Food Trade with NAFTA / CUSMA										
Total Agri-Food Exports	3,819.2	3,141.8	2,891.3	3,191.0	3,599.5	3,586.3	4,482.7	4,570.1	4,600.8	4,871.1
Total Agri-Food Imports	1,375.7	1,346.5	1,304.2	1,456.1	1,564.5	1,749.6	1,942.3	2,229.6	2,239.0	2,382.0
Trade Balance	2,443.5	1,795.3	1,587.1	1,734.8	2,035.0	1,836.6	2,540.5	2,340.5	2,361.8	2,489.2
2. Agri-Food Trade with CETA (EU 28)										
Total Agri-Food Exports	280.0	294.8	217.4	370.4	279.7	243.8	307.1	381.7	405.1	410.4
Total Agri-Food Imports	265.1	223.6	262.1	277.6	310.5	339.7	367.3	415.2	384.2	389.7
Trade Balance	14.9	71.2	-44.7	92.8	-30.8	-95.9	-60.2	-33.4	20.9	20.7
3. Agri-Food Trade with CPTPP										
Total Agri-Food Exports	2,043.9	1,559.8	1,456.0	2,022.9	2,232.4	2,061.6	2,035.0	2,021.5	2,043.4	2,319.1
Total Agri-Food Imports	268.9	278.8	281.1	273.1	286.0	316.4	352.4	387.6	435.8	472.1
Trade Balance	1,775.0	1,281.0	1,175.0	1,749.7	1,946.4	1,745.3	1,682.7	1,633.9	1,607.6	1,847.0

1. **NAFTA / CUSMA:** Canada, the United States and Mexico.
2. **CETA:** 28 EU countries – Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the United Kingdom.
3. **CPTPP:** Canada, Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

The source of data is Statistics Canada, International Trade Division

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March 11, 2019

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