



Canadian Food
Inspection Agency

Agence canadienne
d'inspection des aliments

The New NAFTA and How it Will Impact NAPPO

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Canada

Overview

- Context - Importance of International Trade in North America
- Obligations in the New NAFTA
- Regulatory Cooperation in the New NAFTA
- Conclusion

Importance of International Trade in North America

- In 2018, North America was the destination for 69% of Canadian wood product exports and 51% of all other plant and plant product exports. Canada was the origin of 95% of wood product imports subject to SPS measures and the origin of 65% of all other plants and plant product imports from North America
- For the United States, plants and plant products exported within North America make up over 1/3 of all U.S. agriculture trade. Canada and Mexico are top trading partners for the United States
- Mexico ranks 13th in exports, with its main market being the United States with 80 percent. In total US imports, the portion of Mexico increased from 13.7% in April 2018 to 14.5% in April of the current year
- International trade obligations secure the right for governments to apply regulatory measures that are necessary to fulfill legitimate objectives
- Ensures measures are non-discriminatory and do not function as disguised restriction on trade

History of Trade Agreements in North America

- The U.S.-Canada Free Trade Agreement entered into force on January 1, 1989
- NAFTA followed, entering into force on January 1, 1994
- Trade between North American partners remains under NAFTA rules until the New NAFTA enters into force

Obligations in the New NAFTA

- Sanitary and Phytosanitary (SPS) Measures
- Good Regulatory Practices
- Customs Administration and Trade Facilitation

SPS Measures Chapter Obligations

Preserves and builds on the existing obligations in NAFTA

Strengthen disciplines for science-based SPS measures, while ensuring Parties maintain their sovereign right to protect human, animal, and plant life or health.

Increases transparency in the development and implementation of SPS measures

Establishes predictable processes import checks, regionalization, audits, and equivalency determinations

Requires certification for import, only if necessary

Creates a new mechanism for technical consultations to resolve issues between the Parties

Good Regulatory Practices Obligations

New and binding chapter

Commitments include:

- publish forward regulatory agendas and proposed regulations
- explain scientific and technical basis of proposed regulations and use plain language
- perform regulatory impact assessments
- review regulatory frameworks to ensure intended results are achieved

Support development of compatible regulatory approaches

Consider the effects on small businesses in the development and implementation of regulations.

Customs Administration and Trade Facilitation Obligations

New and binding chapter

Reflects key priorities and principles of the *WTO Agreement on Trade Facilitation* (all NAFTA parties are signatories)

Reduces transaction costs incurred by traders and will lead to greater predictability, consistency and transparency in customs matters

Maintenance of a single-window system that enables traders to submit required import documents electronically through a single portal (limited exceptions apply)

Importers to be informed when there is a delay in the release of their goods and allowance for circumstances in which traders may correct errors without penalty

Regulatory Cooperation

Includes WTO and additional elements (WTO plus)

NAPPO continues to be the regional standard setting body and is a regional reference body in the new NAFTA

SPS Committee

- enhance cooperation and information sharing
- may seek assistance of international or regional organizations to obtain scientific and technical advice. Specific reference to NAPPO

SPS Technical Working Groups

- engage in scientific or technical exchange or cooperation to facilitate trade

Regulatory Cooperation

Voluntary Cooperation on SPS Measures

- enhance compatibility to reduce unnecessary obstacles to trade
- further objective of establishing a common scientific foundation for each Party's risk management approach
- collaboration on audit and cooperation on regionalization

Conclusion

Canada, Mexico and the United States reconfirm NAPPO's role as the regional phytosanitary standard setting organization

NAPPO is the only North American regional standard setting body in plant health (there is no North American regional standard setting body for animal health or food safety)

NAPPO has the harmonization tools that can help meet the “harmonization” related objectives under the NAFTA SPS Chapter

Provides greater transparency and predictability for trade in agriculture, plants and plant products

Preserve key elements of the North American trading relationship and incorporates updates to address 21st-century trade issues and promote economic opportunities

Sets a valuable example of the benefits of trade liberalization for the rest of the world

Last June 19th, the Mexican Senate approved a new North American trade agreement, making Mexico the first country to ratify it

Questions