Concluding remarks by the Chairperson

This eleventh Trade Policy Review of Canada has indeed allowed us to understand the important developments in the economic, trade and investment regime of Canada over the last four years. I would like to thank the Canadian delegation headed by Ms. Kendal Hembroff, Director General, Trade Negotiations, Global Affairs Canada, for their very active participation and engagement in this exercise. I would also like to thank our discussant, Ambassador Juan Carlos Gonzalez, Permanent Representative of Colombia to the WTO, for his remarks and insightful words that have propelled these discussions, as well as the 53 delegations which took the floor during this meeting.

Members commended Canada for its overall solid economic performance. They noted that during the review period the Canadian economy has been characterized by moderate but improving GDP growth, low inflation, a relatively stable federal government debt to GDP ratio, and a declining current account deficit. The economy had adjusted to lower oil prices and the ensuing deterioration of its terms of trade through the implementation of stimulative monetary and fiscal policies. We also noted that the unemployment rate, at 5.8%, was at its lowest level in over 40 years. By maintaining an open and competitive economy, Canada had achieved a high standard of living for its population, with GDP per capita exceeding USD 46,000 in 2018.

Members commended Canada's work in the WTO, in particular its leadership role in many areas, including the Ottawa Group to further WTO reform. Members also praised Canada for its contribution to the regular work of Committees and for its commitment to strengthen the multilateral trading system overall. Several Members noted that Canada was pioneering the pursuit of an inclusive trade agenda by taking into account the particular needs of women, MSMEs, and Indigenous peoples in its trade and related policies. Members also appreciated Canada’s track record in providing timely notifications to the WTO. Several Members showed appreciation for Canada's support of least-developed countries, particularly with respect to the Aid-for-Trade and Trade Facilitation initiatives.

Members also noted the importance of trade for Canada, with aggregate two-way commercial trade flows equivalent to 65% of GDP. Members acknowledged Canada's efforts to diversify its trade, as exemplified by the recently launched Export Diversification Strategy.

The reports and Members' interventions noted that not only had Canada continued to pursue liberalization initiatives in the WTO, as for example, the ITA, fisheries' subsidies, agriculture, domestic regulation, and others; it had also been active in pursuing new bilateral or plurilateral agreements during the period. Additional market access, as well as the new disciplines incorporated into the EU-Canada Comprehensive and Trade Agreement (CETA), the Canada-Ukraine Free Trade Agreement (CUFTA), the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and the Canada-United States-Mexico Agreement (CUSMA), were all expected to have a further positive impact on trade, investment, and employment for Canada in the future. The modernization of existing FTAs was also noted as an important development.

On investment, Members highlighted the importance of an open and transparent investment regime as FDI played an important role in the Canadian economy. While there had been some liberalization of investment during the review period, many inquired about longstanding restrictions and hoped these could be addressed. Some Members also noted that they were recipients of Canadian outward investments, from which they both mutually benefitted.

Members appreciated the implementation of changes to Canada’s internal trade regime as the Agreement on Internal Trade (AIT) had been replaced by the Canadian Free Trade Agreement (CFTA) in 2017. Not only was this expected to bring about improvements in domestic market access and other efficiencies, but it would better align Canada’s domestic regime with commitments in its international agreements.

Members noted that Canada's average MFN applied tariff had remained relatively stable at 6.1% in 2019 and that the number of duty-free tariff lines had increased since the last review, to over 70%. This was partly due to unilateral MFN liberalization under ITA II. However, averages continued to differ considerably between agricultural and non-agricultural goods. Canada was commended for having undertaken a number of measures to facilitate trade, including using streamlined border processes through various programmes, and some noted that improvements in this area were still possible.

Some Members expressed concern about national treatment issues in Canada's regime relating to the taxation and sale of alcoholic beverages. It was noted that reduced or zero excise taxes applied to domestic brewers and to wine made entirely from Canadian-grown agricultural products. In addition, importation, inter-provincial/territorial trade, and retail sale of alcoholic beverages remained the exclusive business of provincial and territorial Liquor Control Authorities, which did not always guarantee a fair and competitive environment.

Members noted that Canada is an active user of trade remedy measures, and that recourse to them had risen during the review period, as witnessed by the increase in the number of measures in place. They called on Canada to show restraint in the use of these measures and they also queried Canada with respect to legislative changes introduced during the review period. We note and thank Canada for their direct responses to this concern of Members and I hope more dialogue can take place in this area.

Noting that Canada was a major player in agricultural trade, some Members were of the view that Canada's agricultural sector was characterized by numerous commodities in which Canada was a globally competitive exporter, but also by inward-looking supply management systems applicable to dairy, eggs, and poultry. Canada's supply management was underpinned by imports subject to tariff quotas, high out-of-quota tariffs averaging 238.7% for dairy, and pricing arrangements and restraints on domestic producers that distorted competition. Canada was encouraged to be transparent in its dairy pricing policies and any new assistance provided to dairy farmers and processors, and to undertake further domestic reforms to demonstrate Canada's commitment to global reform of agricultural trade.

Canada received over 650 written questions and has provided timely replies to most of them, of which Members were highly appreciative. This TPR will be successfully concluded once replies to the follow-up questions are received in one month's time. The large number of questions and active engagement by over 50 delegations is testament to the importance of Canada to the multilateral trading system and it is clear that Canada has been a strong supporter of the multilateral trading system and the TPR process in both its words and actions. The Trade Policy Review Mechanism indeed has a role for engendering constructive dialogue among Members and in increasing transparency. May I then add my word of congratulations to Canada on the successful conclusion of this Trade Policy Review and thank all the delegations for their cooperation and assistance.