



Is Talk of Canada-China Free Trade Agreement For Real?

By Cyndee Todgham Cherniak on January 6th, 2016

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In today's Globe and Mail, Robert Fife discusses in an article entitled "Trudeau sets sights on free-trade deal with China" the possibility of free trade agreement negotiations between Canada and China commencing soon. The article makes reference to the newly ratified China-Australia Free Trade Agreement.

Whether Canada-China free trade agreement negotiations will come to pass in the near future is interesting speculation. Canada should want to negotiate a free trade agreement with China because the United States is not likely to negotiate a free trade agreement with China in the near future. Canada can get ahead of the United States and develop relationships.

Canada should want to negotiate a free trade agreement with China because exports to China from Canada may increase if customs duties are eliminated or reduced on Canadian goods. However, Canada will also have to eliminate and reduce duties on Chinese goods. This will not be popular with Canadian manufacturers (e.g., Canadian steel companies).

Canada could focus on trade in services in a Services Trade Agreement. This would benefit lawyers, architects, accountants, environmental engineers, engineering firms, financial institutions, insurance companies, telecommunication companies, etc. This could get around some of the concerns of manufacturers.

The problem with this plan would be that China will be interested in a trade in services agreement. China would be interested in an agreement on market economy status. China will want assurances of fair treatment by the Canada Border Services Agency and Canadian International Trade Tribunal in anti-dumping and countervailing duty cases. Recent cases (e.g., Solar Panels, Rebar, OCTG, Aluminum Extrusions, Copper Tube, etc.) have not resulted in desirable outcomes. MOFCOM (China Ministry of Commerce) often does not participate in countervailing duty cases and section 20 analysis because they do not believe that the CBSA will treat China fairly.

There will be support for Canada-China free trade agreement negotiations by many Canadian businesses who are already active in China. There will also be some serious opposition. It will be difficult for the Trudeau Government to negotiate a free trade agreement with China if the process is transparent. This will be complicated.

Tags: Canada, China, free trade agreement

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