

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Canada and United Kingdom Conclude Interim Trade Talks

**Country:** Canada

**Post:** Ottawa

**Report Category:** Agricultural Situation, Policy and Program Announcements, Agriculture in the News, Country/Regional FTA's, Dairy and Products

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**Report Highlights:**

On November 21, 2020, Canada announced conclusion of an interim trade agreement to mitigate possible trade disruption associated with the United Kingdom leaving the European Union and thereby the Comprehensive Economic and Trade Agreement. While the text is not yet public, Canadian officials have indicated the interim agreement will largely preserve current trade between the two countries.

On November 21, 2020, the federal government announced the conclusion of talks for a [Canada-United Kingdom Trade Continuity Agreement](#) (Canada-UK TCA), which is expected to be in force by January 1, 2021, the date on which the United Kingdom-European Union transition agreement no longer applies. A new agreement between Canada and the United Kingdom (UK) would be required for both countries to maintain current market access benefits following the UK's departure from the European Union (EU), and by extension the [Canada-European Union Comprehensive Economic and Trade Agreement](#) (CETA). Although no major changes are expected in the trading relationship between the two countries, Canada has [advised](#) Canadian businesses "to plan for changes in the EU-UK relationship or changes to UK domestic processes and regulations that may affect trade between Canada and the UK."

According to the press release, the Canada-UK TCA "will provide continued access to the benefits of CETA on a bilateral basis, including the elimination of tariffs on 98% of Canadian products exported to the United Kingdom." The agreement is also expected to "maintain Canada's high standards for businesses, workers, and the environment while ensuring the continuity and efficiency of the country's supply-managed products system."

Canada imports cheese from EU countries, including the UK, under two tariff rate quotas (TRQs): an older WTO TRQ and a recent CETA TRQ. In 2019, Canada imported a total of 23,500 metric tons (MT) of cheese from EU countries, of which about 1,800 MT originated in the UK. During a recent House of Commons Standing Committee on International Trade [hearing](#), a federal government official stated that Canada's negotiating position is to not provide the UK any additional market access for supply-managed commodities (including cheese).

After Italy, the UK was Canada's second-largest EU export market for agricultural products (including fish, seafood, and distilled spirits) in 2019, with exports reaching nearly \$440 million USD. Top products shipped to the UK included fish and seafood, cereals, pulses, baked goods, maple syrup, and beef. Canadian agricultural imports (including fish, seafood, and distilled spirits) from the UK totaled close to \$470 million USD in 2019, making the UK the fourth-largest EU supplier of imports. Top categories of products imported from the UK included whiskies, gin, cocoa preparations, beer and other fermented beverages, fish, cookies, cheese, and tea.

**Attachments:**

No Attachments.