

## MacDonald4, David (AAFC/AAC)

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**From:** Pa, Chung (AAFC/AAC)  
**Sent:** Friday, January 18, 2019 9:09 AM  
**To:** MacDonald4, David (AAFC/AAC); Diaz, Linda (AAFC/AAC)  
**Subject:** Chinese Ambassador's Interview with Canadian Press Jan 18 2019

---FYI---

Below please find transcript of Chinese Ambassador Lu's interview with Canadian media (Jan 18 2019). It is posted on the Chinese Embassy's website but only in Chinese. Please find google translated version below.

Thanks,  
Chung  
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### **Ambassador Lu Shaye accepts media interviews 2019/01/18**

Ambassador Lu: Ladies and gentlemen, media friends, everyone! I am very happy to receive you at the Embassy. Every year, I have a tradition of meeting with friends in the Canadian media community at the end of the year or at the beginning of the year. The party at the end of 2017 was at my official residence, and we exchanged a series of questions. I also want to meet with you at the end of 2018. However, on December 1st, the incident of Huawei's senior executive Ms. Meng Xizhou was detained by the Canadian side. I concentrated on dealing with this matter and could not attend to meet with everyone. Later, something happened, and everyone's energy was concentrated on those things. The embassy also made some statements in the media. Today we finally have the opportunity to sit together and believe that everyone has a lot of questions to ask me questions.

Today is also an opportunity to recommend Mr. Zhang Haitao, the new Counselor and spokesperson of the Chinese Embassy in Canada. Counsellor Yang Yundong has been working in Canada for more than five years and is about to leave. He has worked very hard and dedicated in these five years, and has established good friendship and cooperation with friends in the media. I believe that Counsellor Zhang Haitao will continue to work closely with you and carry out cooperation. I also hope that friends in the media will continue to give him support. Please ask questions now.

**"Toronto Star": I want to know why China did not point the opposition to the United States in the case of Ms. Meng Zhouzhou's detention. It is the United States accused Ms. Meng of alleged fraud. The Canadian government said that Canada must abide by the Canada-US Extradition Treaty. Why does China believe that the Prime Minister of Canada can exert influence on the court?**

Ambassador Lu: For the detention of Ms. Meng Zhouzhou by Canada at the request of the United States, we not only made representations to the Canadian side, but also made representations to the US, and there was no question of who the spearhead mainly pointed to. You may have this feeling because Ms. Meng Zhouzhou is now being detained in Canada rather than in the US. As for some people saying that China believes that Prime Minister Trudeau or the Canadian government has influence on the Canadian court, this is not what the Chinese side said. This is the procedure shown

by the Canadian law and the relevant provisions of the Canada-US Extradition Treaty. After all, Canada is now governed by the Liberal government. As a diplomatic event, the Chinese government can only negotiate with a government of a sovereign state.

**"The Globe and Mail": Can you explain that the Chinese arrest and citizen Kang Mingkai and Spaval is revenge on the arrest of Ms. Meng Xizhou by the Canadian side, or the Chinese side must release Ms. Meng before releasing the two? Can you explain how many Canadian citizens have been arrested by Ms. Meng since her arrest on December 1 last year?**

Ambassador Lu: Regarding "the Chinese side's enforcement of the two citizens is a retaliation against the arrest of Ms. Meng Xizhou by the Canadian side, this is not what the Chinese side said but the media. I have never said anything like this to the media or on bilateral occasions. On the contrary, China believes that this is two things that are completely different in nature. Ms. Meng Zhouzhou was arrested without violating any Canadian law, and the two Canadian citizens were forced to take compulsory measures by engaging in activities that endangered China's national security. Ms. Meng is innocent, and from the current report, the two accused citizens are accused by law. As for Ms. Meng's arrest, how many Canadians have been arrested by the Chinese, I have no figures. However, I learned from the Canadian report that a Canadian official said that more than 200 Canadian citizens are currently detained in China, while more than 900 Canadian citizens are detained in the United States. China is a country with a legal system and will not arrest people casually. Citizens of any country have arrived in China, and their travel safety is guaranteed as long as they comply with Chinese laws.

**"CBC": Since the incident of the Meng Zhou boat, you have compared the Canadian reaction to the "white supremacy" in a very strong language. What measures does China think should be taken to resolve this deteriorating diplomatic dispute? What impact will this have on trade relations between the two countries? Prime Minister Trudeau has visited Beijing and is full of hope for bilateral free trade negotiations. However, the negotiations are now stalled. Do you have to wait until the Meng case is resolved before you can start?**

Ambassador Lu: I have noticed that the Canadian media has responded a lot to the article I published last week, mainly because I used the term "white supremacy". Please note that I use this vocabulary not in a respectful, praised tone, but in a critical tone, and I am not accusing the whole society, but some people. When I criticize some people, I have a basis. You can look at one article in my article. Which one does not prove that some people have such outdated thinking? I also know that the Canadian government and all sectors of society are firmly opposed to the "white supremacy", but opposition does not mean that there is no such problem in Canada. Some people are deeply rooted in this stereotyped thought. Once the external environment and conditions change, they will unconsciously reveal. Not long ago, the Minister of Public Safety Goodale made a clear statement in the speech of the University of Regina that "white supremacism" is a major concern of the current society.

As for the current series of unpleasant things happening in China and Canada, will it have an impact on the bilateral free trade process? I think this is inevitable. To be honest, both China and Canada have always taken a positive attitude toward promoting the free trade process, and conducted four rounds of exploratory discussions to resolve most of the differences. However, a series of new factors emerged, which caused interference and damage to the process. These factors were not caused by the Chinese. China and Canada are important trading partners. It should be said that China is more important to Canada than Canada to China. According to the latest statistics, the trade volume between the two countries is expected to exceed 100 billion Canadian dollars in 2018. The growth rate of Canada's exports to China is much higher than that of imports from China. The

Canadian government has always said that it is necessary to promote a trade diversification strategy. As the world's second largest economy, China is a major direction of the trade diversification strategy. The Chinese government has always attached importance to economic and trade relations with Canada and will continue to promote economic and trade cooperation between the two countries. If the conditions are ripe, we are also willing to continue to advance the bilateral free trade process.

**CCTV: I have had a particularly deep feeling for more than three years: the Chinese have a very good impression of Canadians, and there is almost no negative coverage of Canada in the Chinese media. However, when I came to Canada, I found that some mainstream media had long criticized China for its facts. What do you think of this contrast?**

Ambassador Lu: Not only do you have this feeling, I also have this feeling. Before I came to Canada, I was very impressed with Canada. Where does my impression come from? Reports from Chinese media. In fact, the Chinese media has conducted extensive, objective and comprehensive coverage of Canada, and sometimes even beautified. When I came to Canada and read the Canadian media coverage of China, there was a prominent feeling that the relevant reports were far from my understanding and understanding of China. In April 2017, I delivered my first foreign speech in Toronto after I took office. During this time, I publicly expressed my view that the Canadian media did not report China objectively and fairly. I thought about the reasons, and may have the following aspects:

First, the media has over-interpreted China's negative things. Any country has problems, shortcomings and deficiencies, but it is the mainstream that determines the image and direction of the country. If you always report China's negative things, the impression of the people is that China is a very negative country. A certain problem is a very local and minor problem in China, but it is infinitely magnified by the media, and the people think that this represents the whole of China. Sometimes I see some media reports that use negative, ridiculous tones and styles even when talking about positive things in China.

Second, some media people have an inherent concept in their minds that China is not a Western democracy. Everything in China, especially the political system and ideological things, must be incorrect. How can an incorrect thing produce good results? Therefore, when reporting on China, if the reality of China is inconsistent with the ideas inherent in their minds, they will modify this reality when reporting, in order to be consistent with their own concepts. In fact, many Canadians, when they have been to China, will ask such a question, why I did not get real information from China when I read the media reports. Since the media people have some inherent and stereotypes about China, there are double standards in value judgment. This is the core meaning of the article I published last week. That is, what Western countries do is good. It is wrong for China to do the same thing. Long-term influence by this kind of public opinion report, it is no wonder that many people have a bad impression or criticism of China. This public opinion environment is also not conducive to friendly cooperation between the two countries. I hope that the media will often visit and inspect on the spot in China. It is also possible to send some resident reporters to China. Of course, the premise is that you have to pass what you see, as it is, to the people.

**New Era TV: May I ask the ambassador, what is the impact of the recent Meng Xia Zhou case, the Canadian-Chinese diplomatic turmoil, etc. on the Canadians? Canada and China have different ideas and positions. What advice do you have for Chinese living in Canada?**

Ambassador Lu: Many Chinese living in Canada, their country of origin is China, and the country of nationality is Canada. We hope that Chinese people will live well in Canada and their careers will

develop smoothly. They also hope that overseas Chinese in Canada can serve as a ties between China and Canada, play a role in promoting friendly exchanges and cooperation between the two countries, and even ease the relationship between the two countries. Tension plays an active role. Of course, Canada is a multicultural society. I believe that the life of overseas Chinese in this area will not be affected too much.

**Canadian News Agency: Mr. Ambassador, many Canadians are talking about the differences in the judicial system between Canada and China. Can you explain the Chinese judicial system to the Canadians? How long does it take for China to decide whether Kang Mingkai and Spawal will violate Chinese law for ruling and trial? In addition, the Meng Xia Zhou case was publicly tried in Canada and she is currently released on bail and lives at home. However, since the two Canadian citizens were detained in China, the Canadians' visits to the consuls of the two were very limited, and the two did not appear in public again. What is your comment on this difference?**

Ambassador Lu: The social systems of China and Canada are different, and the judicial system is of course different. But both sides have indicated that their respective countries are the rule of law. The Sino-Canadian judicial system has differences and similarities. For example, Canada insists on judicial independence, and China is also the Chinese judicial authority to exercise its power independently. The Canadian government cannot intervene in the administration of justice, and the Chinese administrative organs cannot intervene in the judicial organs to handle cases. Canada pays attention to the legality of the procedure, and China also pays attention to the legality of the procedure. However, the case of Meng Xia Zhou and the detention of two Canadian citizens are two different cases, so the two countries are different when they are dealt with. For the two Canadians who have been forced to take enforcement measures, the Chinese alleged that they are suspected of endangering China's national security. This is different from the general criminal case, and China needs further investigation. Therefore, it cannot be accused that China's judicial measures against the two Canadian citizens are different from the judicial measures taken by the Canadian side against Meng Xizhou. The Chinese side treats two Canadian citizens in accordance with international practices and common practices. In fact, the Chinese side now has a similar approach to the judicial measures taken by two Canadian citizens that you think are not normal. When dealing with similar cases in the United States and other Western countries.

**The Wall Street Journal: Under the current situation, are you worried that Canada will join the United States, Australia, and New Zealand to ban Huawei from participating in the 5G project? What happens if the Canadian side bans Huawei equipment? What is the impact on Canada-China relations?**

Ambassador Lu: I have been worried that Canada will make the same decisions as the United States, Australia and New Zealand. I think this decision is definitely unfair because their allegations are unfounded. I have been tracking this report for a long time. The "Five-Eye Alliance" countries have accused Huawei devices of threatening their national security, but have never produced evidence. Last month, Huawei's rotating chairman was also embarrassed when he spoke to reporters. He said that the United States has never used Huawei equipment. How do you know that Huawei poses a threat to US national security? He said that if the United States has evidence, even if it is not willing to give Huawei a look, it can also be seen by the countries concerned and telecom operators. The laws of Western countries are the most evidence-oriented, and why the evidence is not so much on this issue. This makes me suspect that the allegations are ulterior motives. In fact, some countries have proposed to ban the use of Huawei equipment not for national security but for other considerations. The allegations based solely on guesswork are untenable and cannot last long. We hope that the Canadian government and relevant departments can make wise choices. As for the

consequences of the Canadian government's ban on Huawei's participation in the 5G project, I don't know, but I believe there will be consequences.

**"People's Daily": Mr. Ambassador, just now you mentioned that the trade volume between China and Canada in 2018 is expected to exceed 100 billion Canadian dollars. If this situation continues in China-Canada relations, will it affect the cooperation between China and Canada in the future?**

Ambassador Lu: The current status of China-Canada relations has indeed had a great impact on the exchanges and cooperation between China and Canada. This is what we do not want to see. The responsibility is not in China. However, the Chinese government is willing to work together with the Canadian government to find effective ways to solve the problems currently faced. However, it takes sincerity to solve problems. It is necessary to clarify the ins and outs of the whole matter. It is necessary to grasp the crux of the problem and distinguish the responsibilities of each other. Whoever is responsible for solving the problem, but cannot say that its own problem is written off, but it must be The other party solves his concerns. We hope that we can calmly deal with relevant issues through bilateral channels, instead of resorting to "microphone" diplomacy, so that ignoring the issue will not help solve the problem. We hope that through the mutual direction of the two sides and joint efforts, we will resolve these problems as soon as possible and bring the relations between the two countries back on track.

**Xinhua News Agency: Mr. Ambassador, I noticed that the Canadian Foreign Minister said in an interview with Canadian media yesterday that the seizure of two Canadians was not directed against Canada but against the entire international community. She is going to Davos next week to discuss this matter at the Davos Economic Forum. What do you think for this?**

Ambassador Lu: Yesterday, the Chinese Foreign Ministry spokesperson has already answered this question. The facts show that China is a threat to the rest of the world. This is obviously wrong and does not conform to the facts. As I said just now, the two sides should sit down and negotiate calmly through bilateral channels instead of resorting to the media to engage in "microphone" diplomacy. Similarly, pulling some countries to help themselves does not help solve this problem. The support of more than a few countries does not change the nature of the problem. Publicly playing a "spoken war" may intensify contradictions and is not conducive to solving problems. The Davos World Economic Forum is a place to talk about the economy. We hope not to talk about things that are not related to the economy. If the Canadian side has the sincerity to solve the problem, it should not do so. We hope that Canada will think twice before acting.

**"Seven Days": 2018 Canada and China Tourism Year seems not as hot as imagined, what is the reason? After the recent situation, what comments do you have on China-China tourism and the bilateral exchanges between the two peoples?**

Ambassador Lu: I also feel that the China-Canada Tourism Year has not caused the number of tourists on both sides to skyrocket, but in terms of numbers, it has increased. In my impression, the number of tourists from both sides increased by 5%-6% last year. China is the fastest growing country in Canada's source of foreign tourists. This is one of the credits of the China-Canada Tourism Year. In addition, at least the development of the China-Canada Tourism Year has expanded the propaganda of the other country among the people of the two countries. Perhaps the two sides are still not satisfied with the results of last year's tourism year, so the tourism year has not yet ended, and the closing ceremony has not yet taken place last year. I hope that this year's tourism year may continue. Of course, we also hope that the tourism year will have a good political atmosphere. The mutual understanding and friendship between the two peoples will in turn have a positive impact on

the politicians of the two countries. I hope so.

**China News Service:** In the Canadian media, there is a voice that China has no understanding of Canada's judicial system and Canada's national conditions in the incident of Meng Xiazhou. There are also voices that, from a historical and realistic point of view, Canada is the most friendly country in the West, and China should not "overreact" to the Huawei incident. What do you think about this?

Ambassador Lu: In the case of Meng Xiazhou, the Chinese side did not understand Canada's judicial system. The subtext was that China should accept the Canadian side's handling of the Meng's Zhou Zhou case. As far as I know, there is another voice in the media. I think that the Canadian side should not deal with the case of Meng Xia. Many well-known scholars and critics in Canada and the United States have said that it would be naive if they think that the Meng Zhou Zhou case is merely a simple judicial case. It is true that China has qualitatively defined the case from the beginning. It is a political issue. The Chinese government initially criticized the Canadian government's handling methods, not because China does not understand the judicial system, but it just shows that we understand the judicial system. Canada does have a very good image in the minds of the Chinese people. It can be said that in Western countries, the Chinese people think that Canada is the best friend. For example, Dr. Bethune is a symbol of Sino-Canadian friendship. It is precisely because the Chinese people regard Canada as our best friend in the Western countries, so after the incident of the Meng Zhou boat, the Chinese people suffered a lot from their feelings. There is a saying in China that "putting a knife for a friend", but now many Chinese feel like "being a knife behind a friend." This situation is very bad. I have repeatedly stressed that I hope that the case can be properly resolved as soon as possible, the relationship between the two countries can be restored, and the friendly feelings between the two peoples can be restored.

**Radio Canada Broadcasting:** Recently, Prime Minister Trudeau spoke to leaders of many countries. During the talk about China and the rule of law, how do you view the communication of Prime Minister Trudeau, will China be isolated?

Ambassador Lu: China will not be isolated in the international community. There are so many members of the international community, and China will not shake our position because of opposition from only a few countries. The international community is not the only Western country. China's friends are all over the world, and they are all across Asia and Africa. Pulling the helper at the international level does not help solve the current problem. This is like what I said just now. In fact, it will intensify contradictions. It is better for the two sides to sit down and talk about it sincerely.

**Canadian Broadcasting Corporation:** You just mentioned that Canada and China should now solve problems in a sincere manner and based on facts. But Ms. Meng's case is open and transparent. What is China's allegation against two Canadian citizens? If Ms. Meng Xizhou is released, will China release two Canadian citizens?

Ambassador Lu: The Canadian side has no accusations against Ms. Meng Xizhou. She has not violated any additional laws. From the very beginning, the Chinese side stated that two Canadian citizens were suspected of participating in activities that endangered China's national security. I believe that as the investigation deepens, the allegations against the two citizens will become clearer and clearer. The Chinese will handle the two cases of citizenship in strict accordance with Chinese laws and judicial procedures. As for what you said, if the Canadian side releases Ms. Meng, will China release two Canadian citizens? I emphasized at the outset that the two cases are unrelated. However, since they have to resolve mutual concerns, the two sides only have to sit down and talk.

**Reuters: Mr. Ambassador, you said in an article published in the "Parliament Hill Times" last week that the action taken by the Chinese side is "self-defense". Can you elaborate further on this?**

Ambassador Lu: Two Canadian citizens were suspected of participating in activities that endangered China's national security. The Chinese arrested them accordingly. This is "self-defense."

**Canadian media: Ms. Meng Zhouzhou was seriously affected by China after being arrested without any reason. Many people are very worried about Canada. They are worried about whether there is security for personal safety, especially entrepreneurs and international students. What do you want to say to them? What do you think of this?**

Ambassador Lu: Arbitrary arrest of a multinational company executive who does not violate the laws of the country concerned is unprecedented in the world. This will indeed have a great impact on the Chinese, especially the business people, who will inevitably be concerned about the safety of travel to relevant countries. As stated in the travel safety tips issued by the Chinese government recently, it is recommended that Chinese citizens pay more attention to their own safety when traveling to Canada. Of course, I also noticed that the Canadian government has also updated travel tips to China. I want to reiterate that China is the safest country in the world and a country with a high degree of rule of law. We welcome people from all over the world to travel, do business, and study in China. As long as there is no violation of Chinese laws, security is absolutely guaranteed.

**"Ottawa Life": Mr. Ambassador, can you tell us about the latest progress of the current Canadian government in resolving recent cases? Which level is the level of exchange between the two sides? Is the Canadian side the prime minister or the foreign minister communicating with the Chinese side? In addition, the recent addition of citizen Scherenberg is sentenced to death in China. Canadian Prime Minister Trudeau and Foreign Minister Freeland have expressed concern about this. They also asked the Chinese to be lenient. Is there any danger of Xerenberg in the recent execution? Will China consider the request of the Canadian side to deal with Schellenberger's request?**

Ambassador Lu: China and Canada have maintained a smooth communication channel for recent events. I also had several conversations with Foreign Minister Freeland. The two prime ministers and foreign ministers have not been contacted for the reasons of the schedule. The media did not see relevant reports. The Prime Minister and the foreign ministers may not have contacted each other. Through the current contacts between China and Canada, the two sides have very clear views on each other. I hope that the contacts between the two sides can not only stay on the position of expression, but should go further and show the sincerity of solving the problem.

As for the Schellenberg case, everyone knows that drug crimes are serious crimes in all countries of the world. It is in accordance with Chinese laws and judicial procedures for Chinese courts to impose death sentences according to Chinese laws. I have seen a lot of sayings in the Canadian media. Some people say that China has sentenced him to death too quickly. However, if you read the relevant documents issued by the Chinese courts carefully, you can see that the judgment complies with all the procedures and time limits required by the Chinese Criminal Procedure Law. Therefore, whether a judgment is in compliance with the law does not lie in the length of the judgment. I believe that the Canadian side can understand and respect this. For Mr. Schellenberg, he also has the opportunity to appeal. Just as the first-instance judgment, he also filed an appeal before the current review. As for the final outcome of the case, it depends on whether he will appeal the next step and what the court will decide after the appeal.

**Bloomberg: The case of Meng Xiazhou is very complicated and may be delayed for several months or even years. Does China have the patience to wait for the action to further worsen the situation during the judgment? In addition, the Canadian side believes that the Canadian citizen Kang Mingkai enjoys diplomatic immunity. Why does China think he does not?**

Ambassador Lu: The Chinese side believes that the Meng Xia Zhou case did not have reasonableness from the beginning. From the Canadian side, she did not violate any laws. From the US side, the United States accused her of violating the so-called sanctions Iranian bill, which is the domestic law of the United States. The "long arm jurisdiction" of the United States does not have any basis for international law. This is to put domestic law above international law. If all countries use the "long arm jurisdiction" to achieve their goals, like the United States, the world will be chaotic. It is believed that the Canadian side will not want a Canadian citizen to be arrested by the Chinese government when he travels in a third country because of drug use or drug trafficking. Therefore, Ms. Meng's case should not last for a long time, and should be quickly broken, that is, release her. As for Mr. Kang Mingkai's diplomatic immunity, China also has many experts in international law who have studied the Vienna Convention on Diplomatic Relations and believe that the identity, passports and visas of Kang Mingkai's visit to China mean that he does not enjoy "diplomatic". Exemption." As for the Canadian government, the activities he carried out during his time as a diplomat in China have a so-called "existing effect exemption". In fact, according to international law and international practice, if the activity is not an executive position, it cannot enjoy the "existing effect exemption". The Vienna Convention on Diplomatic Relations stipulates that acts that endanger national security are not acts of performing duties. The United States, Canada, and other Western countries have many similar jurisprudence. They all believe that diplomats engaged in acts that endanger the national security of the host country are not acts of performing duties.

**Pages 9 to / à 22  
are withheld pursuant to section  
sont retenues en vertu de l'article**

**15(1) - I.A.**

**of the Access to Information  
de la Loi sur l'accès à l'information**

**Pages 23 to / à 32  
are withheld pursuant to sections  
sont retenues en vertu des articles**

**21(1)(c), 21(1)(b), 15(1) - I.A., 21(1)(a)**

**of the Access to Information  
de la Loi sur l'accès à l'information**

**Pages 33 to / à 58  
are not relevant  
sont non pertinentes**

**Pages 59 to / à 73  
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**15(1) - I.A.**

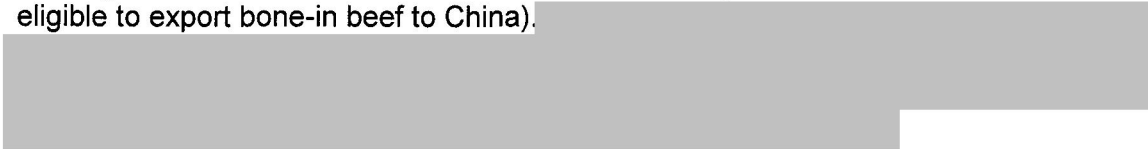
**of the Access to Information  
de la Loi sur l'accès à l'information**

**List of high-visibility CFIA-related market access issues with China**

**As listed in the draft 2018-2019 Market Access Work Plan  
Between the CFIA and Customs China (GACC)**

1. **Expand market access for frozen bone-in beef.**

China granted access for frozen bone-in beef in 2017 (five Canadian establishments eligible to export bone-in beef to China).



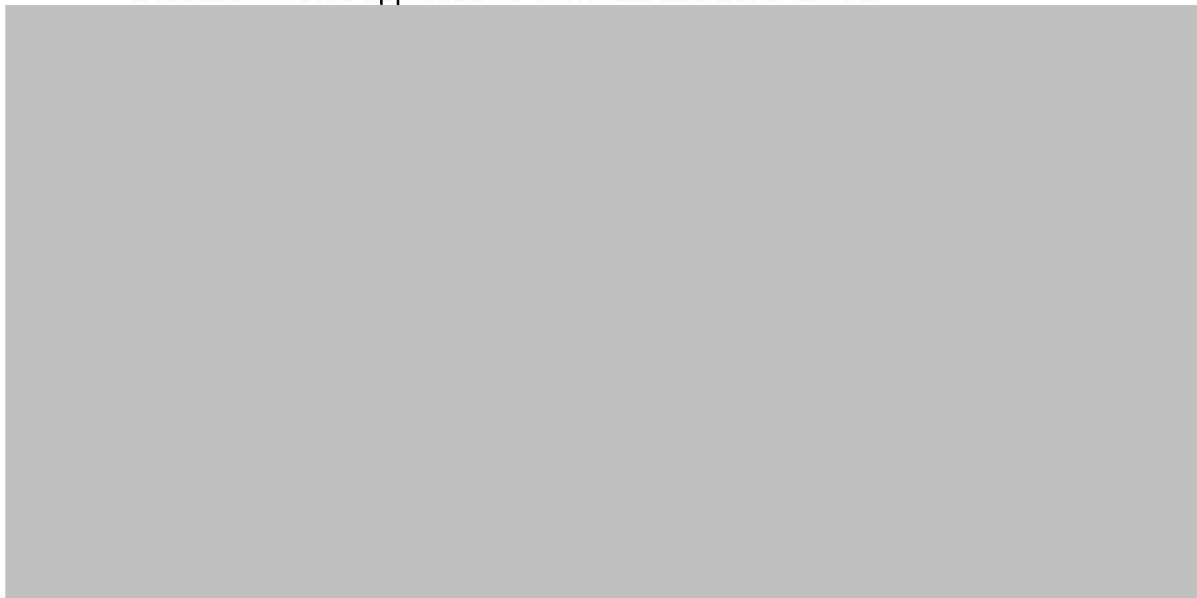
**Additional information:**

In April 2017, officials from the former Certification and Accreditation Administration of China (CNCA) conducted an audit of 14 Canadian meat (beef and pork) establishments to expand access to include frozen bone-in beef, and approve new beef and pork establishments recommended by the CFIA for export to China.

In November 2017, China approved and listed 5 new establishments

Total of 14 establishments audited in April 2017:

- 5 establishments approved for boneless and bone-in beef



2. **Expanding market access for chilled meat and beef offal.**

During the 2017 Leaders Dialogue held in Beijing, 17 Canadian meat establishments were approved to export chilled beef and/or pork to China as part of a pilot project.



3. **Stuffed grain products (dumplings).**

a. **Exports from China to Canada.**

Trade has commenced. China currently exports dumplings stuffed with pork from Canadian approved sources, cooked poultry of Chinese origin and/ or fish

[Redacted]

b. **Exports from Canada to China:**

[Redacted]

4. **System's Approval of Canadian Food Establishments.**

[Redacted]

5. **Fish List.**

[Redacted]

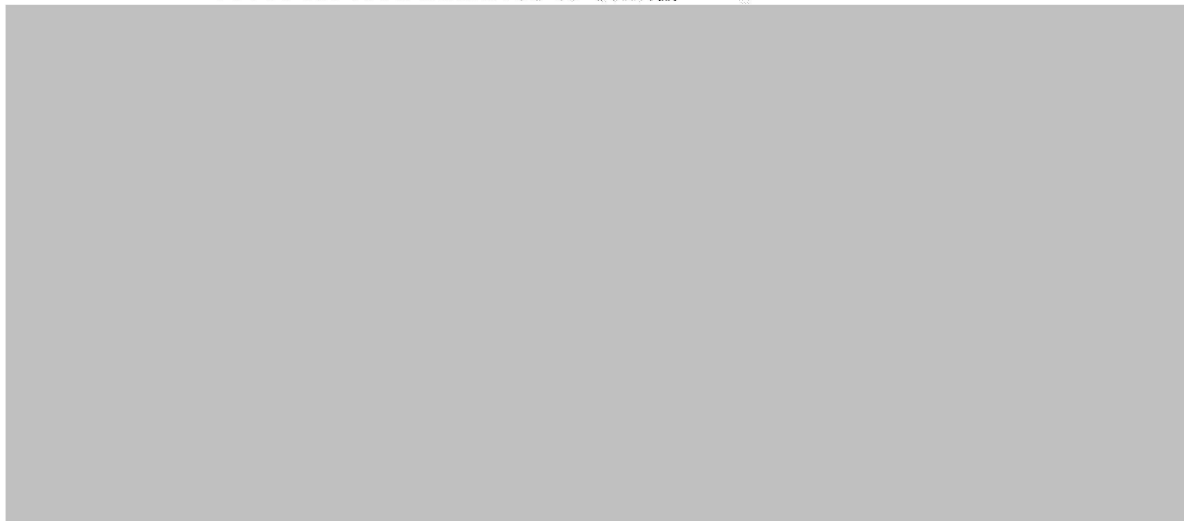
6. **Facilitate exports/imports of pet food/treat into China/Canada by signing a protocol on the approval process for pet food/treat facilities in Canada/China.**

[Redacted]

7. **Facilitate exports of pet food to China by amending or approving some Canadian export facilities with pending status.**

[Redacted]

8. **Gain market access for feed additives to China.**



9. **Gain market access for in-vitro produced bovine embryos to China.**



10. **Maintain canola access to China.**

In collaboration with industry, the CFIA is implementing its commitments under the 2016 phytosanitary MOU with China, while AAFC is leading the Government of Canada's efforts in resolving the dockage/quality issue to ensure uninterrupted trade after March 31, 2020.



(In parallel, AAFC continues to seek resolution on the approval of three GM canola events that we submitted to MARA in 2012.)

11. **Maintain grain access to China.**

At this point in time, China has only implemented the registration requirement (i.e. list of grain exporters) of its "Grain Law" known as Decree 177. Led by AAFC, Canada is complying with the registration requirement of Decree 177 by providing regular updates to GACC of its list of grain exporters to China. The implementation of other requirements under Decree 177 has yet to be announced by China. Canada continues to monitor the possible implementation of additional import requirements, which could relate to dockage (plant debris), plant health, chemical residues, biotoxins and/or the certification for genetically modified products.

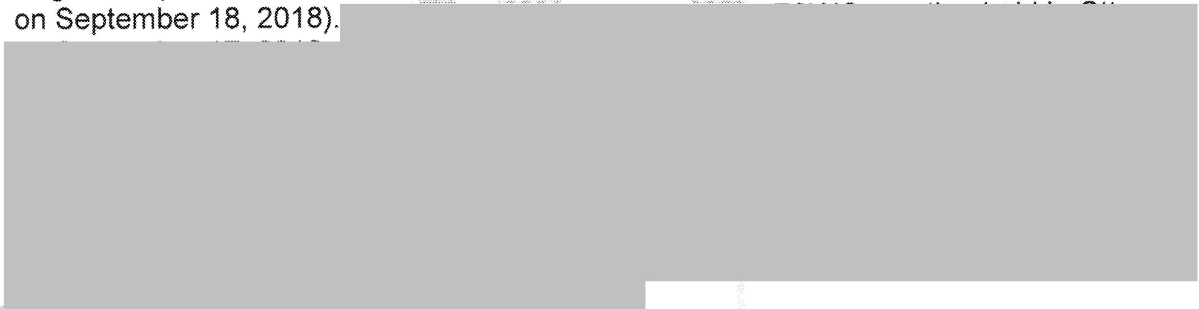
12. **Gain market access for pulses to China.**

The CFIA and the CGC have responded to China's risk assessment questionnaire for the following commodities, [REDACTED]



13. **Gain market access for oat grains to China.**

The CFIA and the CGC have responded to China's risk assessment questionnaire. English responses were submitted to GACC in May 2018 (Chinese translation submitted on September 18, 2018). [REDACTED]



14. **Gain market access for greenhouse tomatoes to China.**

In May 2018, the CFIA sent a letter to GACC asking for China's import requirements. [REDACTED]



*Additional issue unrelated to GACC:*

**MOU between CFIA and MARA on animal health collaboration.**





DRAFT

**Pages 79 to / à 98  
are withheld pursuant to section  
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**15(1) - I.A.**

**of the Access to Information  
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## **MacDonald4, David (AAFC/AAC)**

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**From:** MacDonald4, David (AAFC/AAC)  
**Sent:** Tuesday, February 5, 2019 4:31 PM  
**To:** Hodgson, Karen (AAFC/AAC)  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

For info – and verbal update (only...).

Still waiting on approvals.

Thanks,  
Dave

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**From:** MacDonald4, David (AAFC/AAC)  
**Sent:** Tuesday, February 5, 2019 4:17 PM  
**To:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Cc:** Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>; Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>; Reaney, Emma (AAFC/AAC) <emma.reaney@canada.ca>  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Here is what we found in an old QP card – one extra bullet may meet our needs for now.

Suggest that the current lines stand - Our Government is not aware of any decision by Chinese authorities to stop its companies from buying agricultural products.

Dave

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**From:** Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>  
**Sent:** Tuesday, February 5, 2019 4:04 PM  
**To:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Dave – I think the existing lines still apply (pasted below). In addition, we found the line used previously on the trade fluctuations. I have added it and highlighted below. If you agree, we can share with Kathleen.

- **Our Government is focused on trade and set an ambitious target to grow our agriculture and food exports to \$75 billion by 2025.**
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**Sent:** Tuesday, February 5, 2019 2:38 PM  
**To:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>; Boldt, Lindsay (AAFC/AAC) <lindsay.boldt@canada.ca>; Gervais, Marc (AAFC/AAC) <marc.gervais@canada.ca>  
**Cc:** Reaney, Emma (AAFC/AAC) <emma.reaney@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Subject:** Fwd: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Can we get some analysis on the new stats can data that was released?

And also look at updating the media lines.

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>  
**Date:** 2019-02-05 2:14 PM (GMT-05:00)  
**To:** "Hodgson, Karen (AAFC/AAC)" <karen.hodgson@canada.ca>, "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>  
**Cc:** "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Doan, Darcie (AAFC/AAC)" <darcie.doan@canada.ca>, "Fung, Bonnie (AAFC/AAC)" <bonnie.fung@canada.ca>, "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

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We will only use this on background, if she follows up:

"Canadian businesses are best positioned to speak on the status of their respective agreements."

Also including another article just out:

## **Expanding Canola Pile Sparks Questions on China-Canada Trade**

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Jenn Skerritt  
Bloomberg  
2019-02-05

Oilseed inventory rises to record; is Huawei to blame?

Canola had been seen as beneficiary of U.S.-China soy ruckus

Brewing tensions between Canada and China following the arrest of a Huawei Technologies Co. executive in Vancouver has sparked a notion that another North American oilseed has become a trade target.

Canada's inventories of canola, the cop used in everything from salad dressing to deep-frying, rose to a record 14.6 million metric tons in December, largely because of lower exports, Statistics Canada said Tuesday in a report. The data may suggest that shipments to China, the biggest buyer, slowed in the weeks following the arrest in December of Huawei Chief Financial Officer Meng Wanzhou, said Brian Voth, president of Intelli Farm Inc.

"I think it's a little early to be making that conclusion yet, but given that China did make the comment that if we didn't let the CFO go that Canada would pay, this would be one way of doing it and one way of hurting Canada," Voth said Tuesday on a conference call with reporters. "If this keeps going, it could be a possibility." Canada, the world's top canola producer, exported 5.03 million tons in the five months ended Jan. 31, down 7.4 percent from a year earlier, Canadian Grain Commission data show. China has resumed buying soybeans from the U.S. in the past few weeks after shunning the oilseed since the middle of 2018 as part of a persistent trade battle.

---

**From:** Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>  
**Sent:** Tuesday, February 5, 2019 1:41 PM  
**To:** Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Hi Janice,

As discussed, please advise if there have been any developments on this topic.

-Karen

---

**From:** News / Nouvelles (PCO/BCP) <News-Nouvelles@pco-bcp.gc.ca>  
**Sent:** Tuesday, February 5, 2019 1:24 PM  
**Subject:** Reuters: Canadian canola runs into Chinese delays after Huawei arrest

**Canadian canola runs into Chinese delays after Huawei arrest**

Reuters

WINNIPEG, Manitoba/BEIJING (Reuters) - A political dispute between China and Canada over the arrest of a Huawei executive is slowing canola shipments through Chinese ports and causing some importers to hesitate to buy from their biggest supplier, according to interviews with a dozen traders.

Since Canadian authorities arrested Huawei Chief Financial Officer Meng Wanzhou in December for extradition to the United States, China detained two Canadians and escalated a drug smuggling sentence against a third Canadian to death, moves Ottawa has described as deeply concerning.

In the same period, cargoes of Canadian canola have taken longer to clear Chinese customs and GMO permits needed to import genetically modified crops, including canola, became more difficult to obtain, traders said. Back in Canada, canola stocks piled up to a record-high level at year-end, Statistics Canada said on Tuesday.

China buys some C\$2.5 billion (\$1.90 billion) of Canadian canola per year, and a slower sales pace would be another hit to exporters, which include Richardson International, Viterra and Cargill Ltd in a year when Prime Minister Justin Trudeau faces a tough race for re-election.

Spokespersons for Richardson and Viterra did not respond and Cargill declined to comment.

While several cargoes of Canadian canola have cleared customs since Meng's Dec. 1 arrest, many were unusually delayed, said traders.

One Chinese crusher that had a cargo that arrived at the end of December said it took more than 20 days to clear customs, about twice the usual time, as authorities carried out more thorough inspections related to GMOs.

A second cargo that arrived in mid January had not been cleared by the end of the month.

China is likely carrying out the heightened checks to "pressure Canada" amid the current diplomatic tensions, the crusher said, adding that it would make him "more cautious" about purchases in the future.

A Canadian exporter said canola seed that requires crushing in China into vegetable oil and meal to feed pigs and fish has faced additional inspections and tests in Chinese ports.

"There's no doubt that they are retaliating specifically against canola seed itself," the exporter said.

China's General Administration of Customs, which oversees imports, did not respond to a fax seeking comment on the issue.

The Canadian government is not aware of any decision by Beijing to stop Chinese companies from buying Canadian crops, said James Watson, a spokesman for the Canadian agriculture department.

#### COOLING INTEREST

Some Canadian canola shipments are due to arrive in China this month, but Canadian exporters said most of them are deliveries of sales made before Meng's detention in Vancouver.

A dozen traders, some with direct knowledge of sales in Canada and China, and others in the United States who monitor sales, said the shipping pace has noticeably slowed since Meng's arrest.

Factors besides the political dispute may also play a role in reduced interest from Chinese buyers, such as lower demand for pig feed and weak profit margins at Chinese processors.

There is no evidence to suggest that Beijing has ordered buying to slow. But some importers say they are avoiding purchases as they pre-empt additional hurdles to trade.

Total exports of Canada's most recent canola crop are down 7 percent year over year from August through Jan. 27, according to the Canadian Grain Commission. Chinese customs data showed that China received 347,949 tonnes of Canadian canola in December, higher than the same month a year earlier, reflecting earlier sales.

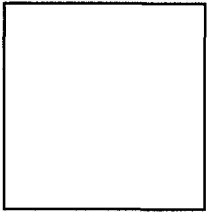
A source at a Chinese company that imports Canadian canola said it stopped buying from Canadian sources shortly after Meng's arrest.

"We are not buying now as the current situation is quite tense and sensitive," the source said. China relies on Canada to supply more than 90 percent of its canola imports. But Beijing has imposed barriers on these shipments in the past, giving reasons such as concern about fungus and foreign material in cargoes.

Canola's name itself incorporates Canada, the country where it was developed as a new form of rapeseed in the 1970s, making it a national symbol and "a weak spot where they can hit us," a Canadian exporter said, adding that other Canadian exports such as soybeans and canola meal have not faced similar obstacles in China.

Another Canadian trader said he was not aware of any Canadian export company booking a new canola shipment to China since Meng's arrest. "It brings a lump to everyone's throat."

Canola futures prices have stayed firm since the arrest, but brokers say worries about China have caused prices for canola to miss out on a rally in its oilseed cousin soyoil.



## MacDonald4, David (AAFC/AAC)

---

**From:** MacDonald4, David (AAFC/AAC)  
**Sent:** Tuesday, February 5, 2019 6:22 PM  
**To:** Diaz, Linda (AAFC/AAC); Lee, Albert (Ext.)  
**Subject:** Fwd: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Fyi

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>  
**Date:** 2019-02-05 5:37 PM (GMT-05:00)  
**To:** "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>  
**Cc:** "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>, "Diaz, Linda (AAFC/AAC)" <linda.diaz@canada.ca>, "Reaney, Emma (AAFC/AAC)" <emma.reaney@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Fred is in agreement.

Thanks,  
Janice

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**From:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>  
**Sent:** February-05-19 4:17 PM  
**To:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Cc:** Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>; Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>; Reaney, Emma (AAFC/AAC) <emma.reaney@canada.ca>  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Here is what we found in an old QP card – one extra bullet may meet our needs for now.

Suggest that the current lines stand - Our Government is not aware of any decision by Chinese authorities to stop its companies from buying agricultural products.

Dave

---

**From:** Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>  
**Sent:** Tuesday, February 5, 2019 4:04 PM  
**To:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

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**To:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>; Boldt, Lindsay (AAFC/AAC) <lindsay.boldt@canada.ca>; Gervais, Marc (AAFC/AAC) <marc.gervais@canada.ca>  
**Cc:** Reaney, Emma (AAFC/AAC) <emma.reaney@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
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"I think it's a little early to be making that conclusion yet, but given that China did make the comment that if we didn't let the CFO go that Canada would pay, this would be one way of doing it and one way of hurting Canada," Voth said Tuesday on a conference call with reporters. "If this keeps going, it could be a possibility." Canada, the world's top canola producer, exported 5.03 million tons in the five months ended Jan. 31, down 7.4 percent from a year earlier, Canadian Grain Commission data show. China has resumed buying soybeans from the U.S. in the past few weeks after shunning the oilseed since the middle of 2018 as part of a persistent trade battle.

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**From:** Hodgson, Karen (AAFC/AAC) <[karen.hodgson@canada.ca](mailto:karen.hodgson@canada.ca)>

**Sent:** Tuesday, February 5, 2019 1:41 PM

**To:** Merhej, Janice (AAFC/AAC) <[janice.merhej@canada.ca](mailto:janice.merhej@canada.ca)>

**Cc:** Donohue, Kathleen (AAFC/AAC) <[kathleen.donohue@canada.ca](mailto:kathleen.donohue@canada.ca)>; MacDonald4, David (AAFC/AAC) <[david.macdonald4@canada.ca](mailto:david.macdonald4@canada.ca)>; Doan, Darcie (AAFC/AAC) <[darcie.doan@canada.ca](mailto:darcie.doan@canada.ca)>; Fung, Bonnie (AAFC/AAC) <[bonnie.fung@canada.ca](mailto:bonnie.fung@canada.ca)>; Gour, Nathalie (AAFC/AAC) <[nathalie.gour@canada.ca](mailto:nathalie.gour@canada.ca)>

**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

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-Karen

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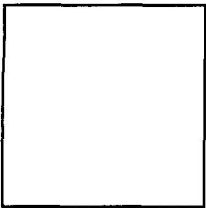
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**MacDonald4, David (AAFC/AAC)**

---

**From:** MacDonald4, David (AAFC/AAC)  
**Sent:** Tuesday, February 5, 2019 6:18 PM  
**To:** McKennirey, Keva (AAFC/AAC); Gour, Nathalie (AAFC/AAC); Hodgson, Karen (AAFC/AAC); Merhej, Janice (AAFC/AAC)  
**Cc:** Donohue, Kathleen (AAFC/AAC); Doan, Darcie (AAFC/AAC); Fung, Bonnie (AAFC/AAC); Graham, Maja (AAFC/AAC)  
**Subject:** Re: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Thanks Keva

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----- Original message -----

**From:** "McKennirey, Keva (AAFC/AAC)" <keva.mckennirey@canada.ca>  
**Date:** 2019-02-05 6:09 PM (GMT-05:00)  
**To:** "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>, "Hodgson, Karen (AAFC/AAC)" <karen.hodgson@canada.ca>, "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>  
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**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

I also no longer have that input. 

Keva

**From:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>  
**Sent:** February-05-19 3:08 PM  
**To:** Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>; Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>; McKennirey, Keva (AAFC/AAC) <keva.mckennirey@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

I recall there was a drop in exports last year at the same time – noted in a Washington Trade Daily report.

We prepared a response in consultation with industry about the seasonality of the canola trade. Is it possible that someone in PAB can dig that up – I no longer have the input.

I have also copied Keva who was the DD at the time.

This would be a good starting point.

Thanks,  
Dave

---

**From:** Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Sent:** Tuesday, February 5, 2019 2:15 PM  
**To:** Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>  
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"I think it's a little early to be making that conclusion yet, but given that China did make the comment that if we didn't let the CFO go that Canada would pay, this would be one way of doing it and one way of hurting Canada," Voth said Tuesday on a conference call with reporters. "If this keeps going, it could be a possibility."

Canada, the world's top canola producer, exported 5.03 million tons in the five months ended Jan. 31, down 7.4 percent from a year earlier, Canadian Grain Commission data show. China has resumed buying soybeans from the U.S. in the past few weeks after shunning the oilseed since the middle of 2018 as part of a persistent trade battle.

---

**From:** Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>  
**Sent:** Tuesday, February 5, 2019 1:41 PM  
**To:** Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Hi Janice,

As discussed, please advise if there have been any developments on this topic.

-Karen

---

**From:** News / Nouvelles (PCO/BCP) <News-Nouvelles@pco-bcp.gc.ca>  
**Sent:** Tuesday, February 5, 2019 1:24 PM  
**Subject:** Reuters: Canadian canola runs into Chinese delays after Huawei arrest

**Canadian canola runs into Chinese delays after Huawei arrest**

Reuters

WINNIPEG, Manitoba/BEIJING (Reuters) - A political dispute between China and Canada over the arrest of a Huawei executive is slowing canola shipments through Chinese ports and causing some importers to hesitate to buy from their biggest supplier, according to interviews with a dozen traders.

Since Canadian authorities arrested Huawei Chief Financial Officer Meng Wanzhou in December for extradition to the United States, China detained two Canadians and escalated a drug smuggling sentence against a third Canadian to death, moves Ottawa has described as deeply concerning.

In the same period, cargoes of Canadian canola have taken longer to clear Chinese customs and GMO permits needed to import genetically modified crops, including canola, became more difficult to obtain, traders said. Back in Canada, canola stocks piled up to a record-high level at year-end, Statistics Canada said on Tuesday.

China buys some C\$2.5 billion (\$1.90 billion) of Canadian canola per year, and a slower sales pace would be another hit to exporters, which include Richardson International, Viterra and Cargill Ltd in a year when Prime Minister Justin Trudeau faces a tough race for re-election.

Spokespersons for Richardson and Viterra did not respond and Cargill declined to comment.

While several cargoes of Canadian canola have cleared customs since Meng's Dec. 1 arrest, many were unusually delayed, said traders.

One Chinese crusher that had a cargo that arrived at the end of December said it took more than 20 days to clear customs, about twice the usual time, as authorities carried out more thorough inspections related to GMOs.

A second cargo that arrived in mid January had not been cleared by the end of the month.

China is likely carrying out the heightened checks to "pressure Canada" amid the current diplomatic tensions, the crusher said, adding that it would make him "more cautious" about purchases in the future.

A Canadian exporter said canola seed that requires crushing in China into vegetable oil and meal to feed pigs and fish has faced additional inspections and tests in Chinese ports.

"There's no doubt that they are retaliating specifically against canola seed itself," the exporter said.

China's General Administration of Customs, which oversees imports, did not respond to a fax seeking comment on the issue.

The Canadian government is not aware of any decision by Beijing to stop Chinese companies from buying Canadian crops, said James Watson, a spokesman for the Canadian agriculture department.

#### COOLING INTEREST

Some Canadian canola shipments are due to arrive in China this month, but Canadian exporters said most of them are deliveries of sales made before Meng's detention in Vancouver.

A dozen traders, some with direct knowledge of sales in Canada and China, and others in the United States who monitor sales, said the shipping pace has noticeably slowed since Meng's arrest.

Factors besides the political dispute may also play a role in reduced interest from Chinese buyers, such as lower demand for pig feed and weak profit margins at Chinese processors.

There is no evidence to suggest that Beijing has ordered buying to slow. But some importers say they are avoiding purchases as they pre-empt additional hurdles to trade.

Total exports of Canada's most recent canola crop are down 7 percent year over year from August through Jan. 27, according to the Canadian Grain Commission. Chinese customs data showed that China received 347,949 tonnes of Canadian canola in December, higher than the same month a year earlier, reflecting earlier sales.

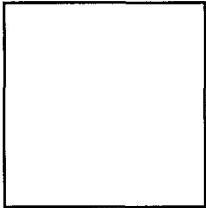
A source at a Chinese company that imports Canadian canola said it stopped buying from Canadian sources shortly after Meng's arrest.

“We are not buying now as the current situation is quite tense and sensitive,” the source said. China relies on Canada to supply more than 90 percent of its canola imports. But Beijing has imposed barriers on these shipments in the past, giving reasons such as concern about fungus and foreign material in cargoes.

Canola’s name itself incorporates Canada, the country where it was developed as a new form of rapeseed in the 1970s, making it a national symbol and “a weak spot where they can hit us,” a Canadian exporter said, adding that other Canadian exports such as soybeans and canola meal have not faced similar obstacles in China.

Another Canadian trader said he was not aware of any Canadian export company booking a new canola shipment to China since Meng’s arrest. “It brings a lump to everyone’s throat.”

Canola futures prices have stayed firm since the arrest, but brokers say worries about China have caused prices for canola to miss out on a rally in its oilseed cousin soyoil.



**MacDonald4, David (AAFC/AAC)**

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**From:** MacDonald4, David (AAFC/AAC)  
**Sent:** Tuesday, February 5, 2019 6:23 PM  
**To:** Lee, Albert (Ext.); Diaz, Linda (AAFC/AAC)  
**Subject:** Fwd: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

For info

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** "McKennirey, Keva (AAFC/AAC)" <keva.mckennirey@canada.ca>  
**Date:** 2019-02-05 6:09 PM (GMT-05:00)  
**To:** "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>, "Hodgson, Karen (AAFC/AAC)" <karen.hodgson@canada.ca>, "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>  
**Cc:** "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Doan, Darcie (AAFC/AAC)" <darcie.doan@canada.ca>, "Fung, Bonnie (AAFC/AAC)" <bonnie.fung@canada.ca>, "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

I also no longer have that input.

Keva

---

**From:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>  
**Sent:** February-05-19 3:08 PM  
**To:** Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>; Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>; McKennirey, Keva (AAFC/AAC) <keva.mckennirey@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

I recall there was a drop in exports last year at the same time – noted in a Washington Trade Daily report.

We prepared a response in consultation with industry about the seasonality of the canola trade. Is it possible that someone in PAB can dig that up – I no longer have the input.

I have also copied Keva who was the DD at the time.

This would be a good starting point.

Thanks,  
Dave

**From:** Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Sent:** Tuesday, February 5, 2019 2:15 PM  
**To:** Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Our current lines do not reflect any new developments. See below the last response sent last week (CTV National – Feb 1):

"Our Government is focused on trade and set an ambitious target to grow our agriculture and food exports to \$75 billion by 2025. New markets for our high quality Canadian-made food means more money in the pockets of our farmers and food businesses.

Our Government is not aware of any decision by Chinese authorities to stop its companies from buying agricultural products.

We are in regular contact with Canadian companies to discuss global, regional and bilateral market conditions. Given its importance to the Canadian economy, our Government closely follows the international trade of all agricultural exports for opportunities and potential concerns."

We will only use this on background, if she follows up:

"Canadian businesses are best positioned to speak on the status of their respective agreements."

Also including another article just out:

## Expanding Canola Pile Sparks Questions on China-Canada Trade

---

Jenn Skerritt  
Bloomberg  
2019-02-05

Oilseed inventory rises to record; is Huawei to blame?

Canola had been seen as beneficiary of U.S.-China soy ruckus

Brewing tensions between Canada and China following the arrest of a Huawei Technologies Co. executive in Vancouver has sparked a notion that another North American oilseed has become a trade target.

Canada's inventories of canola, the cop used in everything from salad dressing to deep-frying, rose to a record 14.6 million metric tons in December, largely because of lower exports, Statistics Canada said Tuesday in a

report. The data may suggest that shipments to China, the biggest buyer, slowed in the weeks following the arrest in December of Huawei Chief Financial Officer Meng Wanzhou, said Brian Voth, president of Intelli Farm Inc.

“I think it’s a little early to be making that conclusion yet, but given that China did make the comment that if we didn’t let the CFO go that Canada would pay, this would be one way of doing it and one way of hurting Canada,” Voth said Tuesday on a conference call with reporters. “If this keeps going, it could be a possibility.”

Canada, the world’s top canola producer, exported 5.03 million tons in the five months ended Jan. 31, down 7.4 percent from a year earlier, Canadian Grain Commission data show. China has resumed buying soybeans from the U.S. in the past few weeks after shunning the oilseed since the middle of 2018 as part of a persistent trade battle.

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**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
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Hi Janice,

As discussed, please advise if there have been any developments on this topic.

-Karen

---

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**Sent:** Tuesday, February 5, 2019 1:24 PM  
**Subject:** Reuters: Canadian canola runs into Chinese delays after Huawei arrest

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China is likely carrying out the heightened checks to "pressure Canada" amid the current diplomatic tensions, the crusher said, adding that it would make him "more cautious" about purchases in the future.

A Canadian exporter said canola seed that requires crushing in China into vegetable oil and meal to feed pigs and fish has faced additional inspections and tests in Chinese ports.

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#### COOLING INTEREST

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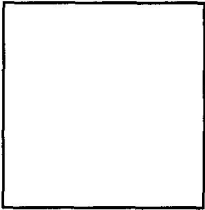
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**Pages 119 to / à 124  
are duplicates  
sont des duplicatas**

**Pages 125 to / à 126  
are withheld pursuant to section  
sont retenues en vertu de l'article**

**15(1) - I.A.**

**of the Access to Information  
de la Loi sur l'accès à l'information**

## Canadian canola runs into Chinese delays after Huawei arrest

Reuters

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#### Dan Lussier

Policy Advisor | Conseiller en politiques  
Office of the Minister of International Trade Diversification  
Cabinet du ministre de la Diversification du commerce international  
Government of Canada | Gouvernement du Canada

613-462-6966

[dan.lussier@international.gc.ca](mailto:dan.lussier@international.gc.ca)



Global Affairs  
Canada

Affaires mondiales  
Canada

**MacDonald4, David (AAFC/AAC)**

---

**From:** MacDonald4, David (AAFC/AAC)  
**Sent:** Tuesday, February 5, 2019 7:31 PM  
**To:** Diaz, Linda (AAFC/AAC)  
**Subject:** Fwd: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

I trust the tasking on canola points was duly noted :)

In the words of our good friend - you can wait until tmrw to work on these...

D.

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>  
**Date:** 2019-02-05 7:04 PM (GMT-05:00)  
**To:** "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>, "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>, "Gorrell, Fred (AAFC/AAC)" <fred.gorrell@canada.ca>  
**Cc:** "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>, "Diaz, Linda (AAFC/AAC)" <linda.diaz@canada.ca>, "Reaney, Emma (AAFC/AAC)" <emma.reaney@canada.ca>  
**Subject:** Re: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Fred:

This could form another responsive point if in agreement.

Dave

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>  
**Date:** 2019-02-05 5:37 PM (GMT-05:00)

To: "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>  
Cc: "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>, "Diaz, Linda (AAFC/AAC)" <linda.diaz@canada.ca>, "Reaney, Emma (AAFC/AAC)" <emma.reaney@canada.ca>  
Subject: RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Fred is in agreement.

Thanks,  
Janice

---

**From:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>  
**Sent:** February-05-19 4:17 PM  
**To:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Cc:** Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>; Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>; Reaney, Emma (AAFC/AAC) <emma.reaney@canada.ca>  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Here is what we found in an old QP card – one extra bullet may meet our needs for now.

Suggest that the current lines stand - Our Government is not aware of any decision by Chinese authorities to stop its companies from buying agricultural products.

Dave

---

**From:** Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>  
**Sent:** Tuesday, February 5, 2019 4:04 PM  
**To:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Dave – I think the existing lines still apply (pasted below). In addition, we found the line used previously on the trade fluctuations. I have added it and highlighted below. If you agree, we can share with Kathleen.

- **Our Government is focused on trade and set an ambitious target to grow our agriculture and food exports to \$75 billion by 2025.**
- **New markets for our high quality Canadian-made food means more money in the pockets of our farmers and food businesses.**
- **Our Government is not aware of any decision by Chinese authorities to stop its companies from buying agricultural products.**  
**We are in regular contact with Canadian companies to discuss global, regional and bilateral market conditions.**  
**Given its importance to the Canadian economy, our Government closely follows the international trade of all agricultural exports for opportunities and potential concerns.**
- **Monthly variances in trade exist due to the various commercial and seasonal factors.**

---

**From:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>  
**Sent:** Tuesday, February 5, 2019 2:38 PM

**To:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>; Boldt, Lindsay (AAFC/AAC) <lindsay.boldt@canada.ca>; Gervais, Marc (AAFC/AAC) <marc.gervais@canada.ca>  
**Cc:** Reaney, Emma (AAFC/AAC) <emma.reaney@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Subject:** Fwd: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Can we get some analysis on the new stats can data that was released?

And also look at updating the media lines.

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>  
**Date:** 2019-02-05 2:14 PM (GMT-05:00)  
**To:** "Hodgson, Karen (AAFC/AAC)" <karen.hodgson@canada.ca>, "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>  
**Cc:** "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Doan, Darcie (AAFC/AAC)" <darcie.doan@canada.ca>, "Fung, Bonnie (AAFC/AAC)" <bonnie.fung@canada.ca>, "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>  
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Bloomberg

2019-02-05

Oilseed inventory rises to record; is Huawei to blame?

Canola had been seen as beneficiary of U.S.-China soy ruckus

Brewing tensions between Canada and China following the arrest of a Huawei Technologies Co. executive in Vancouver has sparked a notion that another North American oilseed has become a trade target. Canada's inventories of canola, the cop used in everything from salad dressing to deep-frying, rose to a record 14.6 million metric tons in December, largely because of lower exports, Statistics Canada said Tuesday in a report. The data may suggest that shipments to China, the biggest buyer, slowed in the weeks following the arrest in December of Huawei Chief Financial Officer Meng Wanzhou, said Brian Voth, president of Intelli Farm Inc.

"I think it's a little early to be making that conclusion yet, but given that China did make the comment that if we didn't let the CFO go that Canada would pay, this would be one way of doing it and one way of hurting Canada," Voth said Tuesday on a conference call with reporters. "If this keeps going, it could be a possibility." Canada, the world's top canola producer, exported 5.03 million tons in the five months ended Jan. 31, down 7.4 percent from a year earlier, Canadian Grain Commission data show. China has resumed buying soybeans from the U.S. in the past few weeks after shunning the oilseed since the middle of 2018 as part of a persistent trade battle.

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**From:** Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>  
**Sent:** Tuesday, February 5, 2019 1:41 PM  
**To:** Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Hi Janice,

As discussed, please advise if there have been any developments on this topic.

-Karen

---

**From:** News / Nouvelles (PCO/BCP) <News-Nouvelles@pco-bcp.gc.ca>  
**Sent:** Tuesday, February 5, 2019 1:24 PM  
**Subject:** Reuters: Canadian canola runs into Chinese delays after Huawei arrest

**Canadian canola runs into Chinese delays after Huawei arrest**

Reuters

WINNIPEG, Manitoba/BEIJING (Reuters) - A political dispute between China and Canada over the arrest of a Huawei executive is slowing canola shipments through Chinese ports and causing some importers to hesitate to buy from their biggest supplier, according to interviews with a dozen traders.

Since Canadian authorities arrested Huawei Chief Financial Officer Meng Wanzhou in December for extradition to the United States, China detained two Canadians and escalated a drug smuggling sentence against a third Canadian to death, moves Ottawa has described as deeply concerning.

In the same period, cargoes of Canadian canola have taken longer to clear Chinese customs and GMO permits needed to import genetically modified crops, including canola, became more difficult to obtain, traders said. Back in Canada, canola stocks piled up to a record-high level at year-end, Statistics Canada said on Tuesday.

China buys some C\$2.5 billion (\$1.90 billion) of Canadian canola per year, and a slower sales pace would be another hit to exporters, which include Richardson International, Viterra and Cargill Ltd in a year when Prime Minister Justin Trudeau faces a tough race for re-election.

Spokespersons for Richardson and Viterra did not respond and Cargill declined to comment.

While several cargoes of Canadian canola have cleared customs since Meng's Dec. 1 arrest, many were unusually delayed, said traders.

One Chinese crusher that had a cargo that arrived at the end of December said it took more than 20 days to clear customs, about twice the usual time, as authorities carried out more thorough inspections related to GMOs.

A second cargo that arrived in mid January had not been cleared by the end of the month.

China is likely carrying out the heightened checks to "pressure Canada" amid the current diplomatic tensions, the crusher said, adding that it would make him "more cautious" about purchases in the future.

A Canadian exporter said canola seed that requires crushing in China into vegetable oil and meal to feed pigs and fish has faced additional inspections and tests in Chinese ports.

"There's no doubt that they are retaliating specifically against canola seed itself," the exporter said.

China's General Administration of Customs, which oversees imports, did not respond to a fax seeking comment on the issue.

The Canadian government is not aware of any decision by Beijing to stop Chinese companies from buying Canadian crops, said James Watson, a spokesman for the Canadian agriculture department.

#### COOLING INTEREST

Some Canadian canola shipments are due to arrive in China this month, but Canadian exporters said most of them are deliveries of sales made before Meng's detention in Vancouver.

A dozen traders, some with direct knowledge of sales in Canada and China, and others in the United States who monitor sales, said the shipping pace has noticeably slowed since Meng's arrest.

Factors besides the political dispute may also play a role in reduced interest from Chinese buyers, such as lower demand for pig feed and weak profit margins at Chinese processors.

There is no evidence to suggest that Beijing has ordered buying to slow. But some importers say they are avoiding purchases as they pre-empt additional hurdles to trade.

Total exports of Canada's most recent canola crop are down 7 percent year over year from August through Jan. 27, according to the Canadian Grain Commission. Chinese customs data showed that China received 347,949 tonnes of Canadian canola in December, higher than the same month a year earlier, reflecting earlier sales.

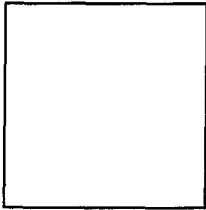
A source at a Chinese company that imports Canadian canola said it stopped buying from Canadian sources shortly after Meng's arrest.

"We are not buying now as the current situation is quite tense and sensitive," the source said. China relies on Canada to supply more than 90 percent of its canola imports. But Beijing has imposed barriers on these shipments in the past, giving reasons such as concern about fungus and foreign material in cargoes.

Canola's name itself incorporates Canada, the country where it was developed as a new form of rapeseed in the 1970s, making it a national symbol and "a weak spot where they can hit us," a Canadian exporter said, adding that other Canadian exports such as soybeans and canola meal have not faced similar obstacles in China.

Another Canadian trader said he was not aware of any Canadian export company booking a new canola shipment to China since Meng's arrest. "It brings a lump to everyone's throat."

Canola futures prices have stayed firm since the arrest, but brokers say worries about China have caused prices for canola to miss out on a rally in its oilseed cousin soyoil.



**MacDonald4, David (AAFC/AAC)**

---

**From:** Betti-Jo.Ruston@international.gc.ca  
**Sent:** Tuesday, February 5, 2019 8:39 PM  
**To:** MacDonald4, David (AAFC/AAC)  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Thank you

**From:** MacDonald4, David (AAFC/AAC) [mailto:david.macdonald4@canada.ca]  
**Sent:** February-06-19 8:06 AM  
**To:** Ruston, Betti-Jo -BEJING -TD <Betti-Jo.Ruston@international.gc.ca>; Nguyen, Ha Hong -BEJING -TD <HaHong.Nguyen@international.gc.ca>; Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>  
**Subject:** Fwd: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

For info

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>  
**Date:** 2019-02-05 7:04 PM (GMT-05:00)  
**To:** "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>, "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>, "Gorrell, Fred (AAFC/AAC)" <fred.gorrell@canada.ca>  
**Cc:** "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>, "Diaz, Linda (AAFC/AAC)" <linda.diaz@canada.ca>, "Reaney, Emma (AAFC/AAC)" <emma.reaney@canada.ca>  
**Subject:** Re: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Fred:

This could form another responsive point if in agreement.

Dave

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>  
**Date:** 2019-02-05 5:37 PM (GMT-05:00)  
**To:** "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>

Cc: "Graham, Maja (AAFC/AAC)" <[maja.graham@canada.ca](mailto:maja.graham@canada.ca)>, "Diaz, Linda (AAFC/AAC)" <[linda.diaz@canada.ca](mailto:linda.diaz@canada.ca)>, "Reaney, Emma (AAFC/AAC)" <[emma.reaney@canada.ca](mailto:emma.reaney@canada.ca)>  
Subject: RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Fred is in agreement.

Thanks,  
Janice

---

**From:** MacDonald4, David (AAFC/AAC) <[david.macdonald4@canada.ca](mailto:david.macdonald4@canada.ca)>  
**Sent:** February-05-19 4:17 PM  
**To:** Donohue, Kathleen (AAFC/AAC) <[kathleen.donohue@canada.ca](mailto:kathleen.donohue@canada.ca)>; Gour, Nathalie (AAFC/AAC) <[nathalie.gour@canada.ca](mailto:nathalie.gour@canada.ca)>  
**Cc:** Graham, Maja (AAFC/AAC) <[maja.graham@canada.ca](mailto:maja.graham@canada.ca)>; Merhej, Janice (AAFC/AAC) <[janice.merhej@canada.ca](mailto:janice.merhej@canada.ca)>; Diaz, Linda (AAFC/AAC) <[linda.diaz@canada.ca](mailto:linda.diaz@canada.ca)>; Reaney, Emma (AAFC/AAC) <[emma.reaney@canada.ca](mailto:emma.reaney@canada.ca)>  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Here is what we found in an old QP card – one extra bullet may meet our needs for now.

Suggest that the current lines stand - Our Government is not aware of any decision by Chinese authorities to stop its companies from buying agricultural products.

Dave

---

**From:** Diaz, Linda (AAFC/AAC) <[linda.diaz@canada.ca](mailto:linda.diaz@canada.ca)>  
**Sent:** Tuesday, February 5, 2019 4:04 PM  
**To:** MacDonald4, David (AAFC/AAC) <[david.macdonald4@canada.ca](mailto:david.macdonald4@canada.ca)>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Dave – I think the existing lines still apply (pasted below). In addition, we found the line used previously on the trade fluctuations. I have added it and highlighted below. If you agree, we can share with Kathleen.

- **Our Government is focused on trade and set an ambitious target to grow our agriculture and food exports to \$75 billion by 2025.**
- **New markets for our high quality Canadian-made food means more money in the pockets of our farmers and food businesses.**
- **Our Government is not aware of any decision by Chinese authorities to stop its companies from buying agricultural products.**  
**We are in regular contact with Canadian companies to discuss global, regional and bilateral market conditions.**  
**Given its importance to the Canadian economy, our Government closely follows the international trade of all agricultural exports for opportunities and potential concerns.**
- **Monthly variances in trade exist due to the various commercial and seasonal factors.**

---

**From:** Donohue, Kathleen (AAFC/AAC) <[kathleen.donohue@canada.ca](mailto:kathleen.donohue@canada.ca)>  
**Sent:** Tuesday, February 5, 2019 2:38 PM  
**To:** MacDonald4, David (AAFC/AAC) <[david.macdonald4@canada.ca](mailto:david.macdonald4@canada.ca)>; Diaz, Linda (AAFC/AAC) <[linda.diaz@canada.ca](mailto:linda.diaz@canada.ca)>; Boldt, Lindsay (AAFC/AAC) <[lindsay.boldt@canada.ca](mailto:lindsay.boldt@canada.ca)>; Gervais, Marc (AAFC/AAC) <[marc.gervais@canada.ca](mailto:marc.gervais@canada.ca)>

**Cc:** Reaney, Emma (AAFC/AAC) <[emma.reaney@canada.ca](mailto:emma.reaney@canada.ca)>; Merhej, Janice (AAFC/AAC) <[janice.merhej@canada.ca](mailto:janice.merhej@canada.ca)>; Gour, Nathalie (AAFC/AAC) <[nathalie.gour@canada.ca](mailto:nathalie.gour@canada.ca)>  
**Subject:** Fwd: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

**Pages 138 to / à 139  
are withheld pursuant to sections  
sont retenues en vertu des articles**

**15(1) - I.A., 21(1)(a)**

**of the Access to Information  
de la Loi sur l'accès à l'information**

Date: 2019-02-05 5:37 PM (GMT-05:00)

To: "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>  
Cc: "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>, "Diaz, Linda (AAFC/AAC)" <linda.diaz@canada.ca>, "Reaney, Emma (AAFC/AAC)" <emma.reaney@canada.ca>  
Subject: RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Fred is in agreement.

Thanks,  
Janice

---

**From:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>  
**Sent:** February-05-19 4:17 PM  
**To:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Cc:** Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>; Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>; Reaney, Emma (AAFC/AAC) <emma.reaney@canada.ca>  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Here is what we found in an old QP card – one extra bullet may meet our needs for now.

**MacDonald4, David (AAFC/AAC)**

---

**From:** MacDonald4, David (AAFC/AAC)  
**Sent:** Tuesday, February 5, 2019 7:28 PM  
**To:** Gour, Nathalie (AAFC/AAC)  
**Cc:** Donohue, Kathleen (AAFC/AAC); Graham, Maja (AAFC/AAC)  
**Subject:** Re: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Thanks Nathalie - only received go ahead from ADMO at 5:37 today.

Dave

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>  
**Date:** 2019-02-05 7:16 PM (GMT-05:00)  
**To:** "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>  
**Cc:** "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>  
**Subject:** Re: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

David, will also share first 6 points w mino (comms).

----- Original message -----

**From:** "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>  
**Date:** 2019-02-05 7:13 PM (GMT-05:00)  
**To:** "Lee, Albert (Ext.)" <albert.lee@international.gc.ca>, "Diaz, Linda (AAFC/AAC)" <linda.diaz@canada.ca>  
**Cc:** "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>, "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>, "Reaney, Emma (AAFC/AAC)" <emma.reaney@canada.ca>, "Bailey, Paul (Ext.)" <paul.bailey@international.gc.ca>, "Rivest, Francois (Ext.)" <francois.rivest@international.gc.ca>  
**Subject:** Re: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Albert - first six points have been approved to ADM - feel free to distribute.

You may wish to add that in general it is our view that a few months of export data cannot be relied upon to accurately demonstrate trends.

Dave

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** Albert.Lee@international.gc.ca  
**Date:** 2019-02-05 6:59 PM (GMT-05:00)

To: "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Diaz, Linda (AAFC/AAC)" <linda.diaz@canada.ca>

Cc: "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>, "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>, "Reaney, Emma (AAFC/AAC)" <emma.reaney@canada.ca>, "Bailey, Paul (Ext.)" <paul.bailey@international.gc.ca>, "Rivest, Francois (Ext.)" <francois.rivest@international.gc.ca>

Subject: FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Grateful for your comments, and thanks much for assisting us with this!

Albert

----- Original message -----

From: "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>

Date: 2019-02-05 5:37 PM (GMT-05:00)

To: "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>

Cc: "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>, "Diaz, Linda (AAFC/AAC)" <linda.diaz@canada.ca>, "Reaney, Emma (AAFC/AAC)" <emma.reaney@canada.ca>

Subject: RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Fred is in agreement.

Thanks,  
Janice

---

**From:** MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>

**Sent:** February-05-19 4:17 PM

**To:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>

**Cc:** Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>; Diaz, Linda (AAFC/AAC) <linda.diaz@canada.ca>; Reaney, Emma (AAFC/AAC) <emma.reaney@canada.ca>

**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Here is what we found in an old QP card – one extra bullet may meet our needs for now.

## Rivet, Dola (AAFC/AAC)

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**From:** Fung, Bonnie (AAFC/AAC)  
**Sent:** Thursday, January 3, 2019 8:47 PM  
**To:** Gibbons, Annette (AAFC/AAC); Forbes, Chris (AAFC/AAC)  
**Cc:** Doan, Darcie (AAFC/AAC)  
**Subject:** Fwd: China's Tariff Reduction List (implications for canola meal exports from Canada)

**Importance:** High

FYI, will also provide to MINO.

----- Original message -----

From: "Gorrell, Fred (AAFC/AAC)" <fred.gorrell@canada.ca>  
Date: 2019-01-03 6:46 PM (GMT-05:00)  
To: "Fung, Bonnie (AAFC/AAC)" <bonnie.fung@canada.ca>  
Cc: "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>, "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Reed, Paul (CFIA/ACIA)" <paul.reed@canada.ca>, "Burgham, Mark (CFIA/ACIA)" <mark.burgham@canada.ca>  
Subject: China's Tariff Reduction List (implications for canola meal exports from Canada)

Bonnie,

Below please find information regarding China's recent announcement regarding unilateral MFN tariff reductions on certain goods. China reviews/revises the list of tariffs based on their domestic policy objectives or consumption needs. There is no indication as to how long this will last. Over the past 12 months, China has made 4 such announcements in December 2017, May 2018, September 2018, and December 2018. Given the discussions last December at the Economic and Financial Strategic Dialogue (EFSD) in Beijing, the inclusion of canola meal on this list is noteworthy. MINO (and DM) will be interested in this development.

- China's temporary tariff reduction list is published on China's Ministry of Finance website. The recent announcement (in Chinese) was made on December 22, 2018 for tariff reductions on certain goods, effective January 1, 2019. The current announcement is being translated into English/French and relevant information will be shared with industry stakeholders through the MAS/SAM system once translations are received.

Link:

[http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201812/t20181221\\_3101662.html](http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201812/t20181221_3101662.html)

- China's new tariff reductions apply to 706 tariff lines, approximately 85 of which (12%) are agricultural/agri-food and fish/seafood products. These products cover certain: fish, frozen shrimp/prawns/crabs, nuts, fruits, tallow, cocoa beans, infant formulas, whiskies, dog/cat foods (retail or otherwise), reconstituted tobacco, **and oilcakes/solid residues (or meal) including canola**. From a Canadian export perspective, a table summarizing some of the key agriculture and fish & seafood tariff reductions is included below.
- On canola meal (HS230641), Canada's total export value to China was approximately \$370 million in 2017. As China reduced its MFN rate of 5% to nil, this would translate into \$18.5 million of tariff-savings to Canadian producers.
- At the recent EFSD, Canada requested a tariff reduction on canola meal. The proposal was "China agrees to provide tariff parity between canola seeds and soybeans on a WTO MFN basis and reduce the tariff rate on canola oil and meal in order to encourage mutually beneficial trade in canola." At that time, China demonstrated limited interest in moving on canola tariffs and proposed that reductions could be negotiated in the context of a Free Trade Agreement.
- With respect to current China-US trade tensions, China announced in September 2018 to impose an additional 10% retaliatory tariff on US soybean meal in addition to the MFN rate of 5% (total 15%). China has not reduced the MFN rate on soybean meal imports so far.

#### Agriculture

HS8	Description	MFN rates (%)	2019 Reduced Tax Rate (%)	Net Tariff Reduction	2017 China's imports from Canada	Imports from CA as % Imports from World
12149000	Alfalfa, other	9	7	2	23,932,802	3.6%
21069090	Baby formula	12	0	12	40,597,918	1.8%
23064100	Canola oilcake and solid residue	5	0	5	370,178,234	97.9%
23091090	Pet food	15	4	11	20,518,383	27.7%
43011000	Raw water mink	15	10	5	114,065,648	15.9%
43018090	Raw fur	20	15	5	8,272,171	56.8%

#### Fish & Seafood

HS8	Description	MFN rates (%)	2019 Reduced Tax Rate (%)	Net Tariff Reduction	2017 China's imports from Canada	Imports from CA as % Imports from World
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03035900	Capelin, frozen (excluding offal)	7	5	2	10,936,286	10.0%
03061490	Crab, frozen	7	5	2	178,040,831	50.0%
03061612	Pandalus shrimp, frozen	5	2	3	197,995,992	61.4%

## Rivet, Dola (AAFC/AAC)

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**From:** Donohue, Kathleen (AAFC/AAC)  
**Sent:** Monday, January 21, 2019 5:43 PM  
**To:** Doan, Darcie (AAFC/AAC); Fung, Bonnie (AAFC/AAC); Forbes, Chris (AAFC/AAC); Gibbons, Annette (AAFC/AAC); Rosser, Tom (AAFC/AAC); Taylor, Jane (AAFC/AAC); Jurgutis, Steven (AAFC/AAC); Gour, Nathalie (AAFC/AAC); Seppey, Frederic (AAFC/AAC); Fowler, Aaron (AAFC/AAC); Saindon, Gilles (AAFC/AAC); Gray, Brian (AAFC/AAC)  
**Cc:** MacDonald4, David (AAFC/AAC); Merhej, Janice (AAFC/AAC); Diaz, Linda (AAFC/AAC)  
**Subject:** FW: Update: Canada-China (Travel advice, Chinese New Year, Key messages)  
**Attachments:** Canada China Bilateral Relations Jan 21 2019.doc.docx; Canada China Commercial Relations Jan 21 2019.doc; China Key Messages Updated Jan 18.docx; China Political and Economic Overview Jan 21 2019.docx; Guidance for Chinese New Year.docx

To note.

**From:** Leah.Marchuk@international.gc.ca <Leah.Marchuk@international.gc.ca>  
**Sent:** January 21, 2019 3:45 PM  
**To:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; Jennifer.Lutfallah@cbsa-asfc.gc.ca; Talal.Dakalbab@cbsa-asfc.gc.ca; Barnes, Colleen (CFIA/ACIA) <colleen.barnes@canada.ca>; StGeorge, Shelley (CFIA/ACIA) <shelley.stgeorge@canada.ca>; Wolff, Greg (CFIA/ACIA) <greg.wolff@canada.ca>; Burgham, Mark (CFIA/ACIA) <mark.burgham@canada.ca>; McMurren, Blair (PCH) <blair.mcmurren@canada.ca>; Robertson, Hugh (CNSC/CCSN) <hugh.robertson@canada.ca>; Sauer, Liane (CNSC/CCSN) <liane.sauer@canada.ca>; robert.demeter@cra-arc.gc.ca; Randy.Hewlett@cra-arc.gc.ca; HENDERSONC@smtp.gc.ca; Wendy.Hadwen@CSE-CST.GC.CA; rakesh.patry@labour-travail.gc.ca; nancy.milroyswainson@hrsdc-rhdcc.gc.ca; gail.mitchell@hrsdc-rhdcc.gc.ca; Desforges, Lucie (EC) <lucie.desforges@canada.ca>; Page, Charles (EC) <charles.page@canada.ca>; Stewart2, Catherine (EC) <catherine.stewart2@canada.ca>; Brunelle-Côté, Antoine (FIN) <antoine.brunelle-cote@canada.ca>; Legault Tremblay, Pierre-Olivier (FIN) <pierre-olivier.legaulttremblay@canada.ca>; Kwik, Anna (FIN) <anna.kwik@canada.ca>; Gurstein, Marc (FIN) <marc.gurstein@canada.ca>; louise.laverdure@dfo-mpo.gc.ca; nadia.bouffard@dfo-mpo.gc.ca; adam.burns@dfo-mpo.gc.ca; Ingrid.Schenk@dfo-mpo.gc.ca; Mark.Berman@international.gc.ca; Martin.Benjamin@international.gc.ca; Wendy.Drukier@international.gc.ca; alexandre.levesque@international.gc.ca; Emmanuel.Kamarianakis@international.gc.ca; Beatrice.Maille@international.gc.ca; Christopher.Thornley@international.gc.ca; Andre.Downs@international.gc.ca; Kendal.Hembroff@international.gc.ca; Christopher.Wilkie@international.gc.ca; Cindy.Termorshuizen@international.gc.ca; Serge.Joly@cic.gc.ca; Brent.McRoberts@cic.gc.ca; mark.giralt@cic.gc.ca; Lynch, Erin (IC) <erin.lynch@canada.ca>; Brownlee, Michelle (EC) <michelle.brownlee@canada.ca>; Zed, Jordan (IC) <jordan.zed@canada.ca>; Légaré, Marie-Hélène (IC) <marie-helene.legare@canada.ca>; Massie, Etienne-Rene (IC) <etienne-rene.massie@canada.ca>; Rehberg, Ilona (IC) <ilona.rehberg@canada.ca>; Hood, Elaine (IC) <elaine.hood@canada.ca>; janet.henchey@justice.gc.ca; serge.lortie@justice.gc.ca; derek.joyce@forces.gc.ca; Cullins, Melanie (Ext.) <melanie.cullins@nrc-cnrc.gc.ca>; Le Bris2, Sonia (NRCAN/RNCAN) <sonia.lebris2@canada.ca>; Leyburne, Drew (NRCAN/RNCAN) <drew.leyburne@canada.ca>; fayaz.manji@pco-bcp.gc.ca; nada.vrany@pco-bcp.gc.ca; ellen.hols@pco-bcp.gc.ca; david.hamilton@pco-bcp.gc.ca; Lawley, Sarah (PHAC/ASPC) <sarah.lawley@canada.ca>; Wong, Suki (PS/SP) <suki.wong@canada.ca>; Burley, Robert (PS/SP) <robert.burley@canada.ca>; Bhupsingh, Trevor (PS/SP) <trevor.bhupsingh@canada.ca>; Potter, Mark (PS/SP) <mark.potter@canada.ca>; alison.whelan@rcmp-grc.gc.ca; sandra.lafortune@tc.gc.ca  
**Cc:** Sarah.Taylor@international.gc.ca  
**Subject:** Update: Canada-China (Travel advice, Chinese New Year, Key messages)

*Sent on behalf of Sarah Taylor, Director General, North Asia and Oceania, Global Affairs Canada*

Colleagues,

For your information, please find enclosed GAC's latest "off-the-shelf" briefs on Canada-China relations, and our latest, approved key messages on China. I hope these will be of assistance to you with any China-related engagements you may have in the days to come. I will share French versions as soon as available.

As many of you will have noted, on January 14 Global Affairs Canada updated our Travel Advice and Advisories for China to note the risk of arbitrary enforcement of local laws and arbitrary assignment of penalties. It is important to note that our overall travel advice for China remains to "exercise a high degree of caution". In other words, the overall "level" of our travel advice has not changed, and we continue to allow our own staff to travel to and from China and to work in China, as before.

Most importantly, our agreed approach is to continue to engage in contacts and cooperation with China across a wide range of fields, as much as possible, despite the difficulties in the Canada China relationship.

Lastly, many of your departments may have begun to receive invitations to Chinese New Year events – both for Ministers and officials. Please find enclosed our Deputy-approved strategy for Chinese New Year. GAC would recommend, where relevant, that your ministers consider attending a Chinese New Year event, but one driven by Canadian civil society, rather than the Government of China. As for the **annual Chinese New Year event at the Chinese Embassy**, invited officials should plan to attend, but participation should be capped at **Director-General level**. (See attached for further info).

If you require guidance on any of your China engagement activities, or have new activities to flag, please contact [ChinaCoordinationChine@international.gc.ca](mailto:ChinaCoordinationChine@international.gc.ca).

Warmest regards,

Sarah Taylor

Director General, North Asia & Oceania | Directeur général de l'Asie du Nord et de l'Océanie

Champion for Women | Championne des femmes

[sarah.taylor@international.gc.ca](mailto:sarah.taylor@international.gc.ca)

Telephone 343-203-3463 | Téléphone 343-203-3463

Facsimile 613-944-2397 | Télécopieur 613-944-2397

Lester B. Pearson Building | Édifice Lester B. Pearson

125 Sussex Drive | 125, promenade Sussex

Ottawa, Ontario K1A 0G2

Global Affairs Canada | Affaires mondiales Canada

Government of Canada | Gouvernement du Canada



Global Affairs  
Canada

Affaires mondiales  
Canada

## **Doan, Darcie (AAFC/AAC)**

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**From:** MacDonald4, David (AAFC/AAC)  
**Sent:** Tuesday, February 5, 2019 3:08 PM  
**To:** Gour, Nathalie (AAFC/AAC); Hodgson, Karen (AAFC/AAC); Merhej, Janice (AAFC/AAC)  
**Cc:** Donohue, Kathleen (AAFC/AAC); Doan, Darcie (AAFC/AAC); Fung, Bonnie (AAFC/AAC); Graham, Maja (AAFC/AAC); McKennirey, Keva (AAFC/AAC)  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

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We prepared a response in consultation with industry about the seasonality of the canola trade. Is it possible that someone in PAB can dig that up – I no longer have the input.

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Dave

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**From:** Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
**Sent:** Tuesday, February 5, 2019 2:15 PM  
**To:** Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Our current lines do not reflect any new developments. See below the last response sent last week (CTV National – Feb 1):

"Our Government is focused on trade and set an ambitious target to grow our agriculture and food exports to \$75 billion by 2025. New markets for our high quality Canadian-made food means more money in the pockets of our farmers and food businesses.

Our Government is not aware of any decision by Chinese authorities to stop its companies from buying agricultural products.

We are in regular contact with Canadian companies to discuss global, regional and bilateral market conditions. Given its importance to the Canadian economy, our Government closely follows the international trade of all agricultural exports for opportunities and potential concerns."

We will only use this on background, if she follows up:

"Canadian businesses are best positioned to speak on the status of their respective agreements."

Also including another article just out:

# Expanding Canola Pile Sparks Questions on China-Canada Trade

---

Jenn Skerritt  
Bloomberg  
2019-02-05

Oilseed inventory rises to record; is Huawei to blame?

Canola had been seen as beneficiary of U.S.-China soy ruckus

Brewing tensions between Canada and China following the arrest of a Huawei Technologies Co. executive in Vancouver has sparked a notion that another North American oilseed has become a trade target.

Canada's inventories of canola, the cop used in everything from salad dressing to deep-frying, rose to a record 14.6 million metric tons in December, largely because of lower exports, Statistics Canada said Tuesday in a report. The data may suggest that shipments to China, the biggest buyer, slowed in the weeks following the arrest in December of Huawei Chief Financial Officer Meng Wanzhou, said Brian Voth, president of Intelli Farm Inc.

"I think it's a little early to be making that conclusion yet, but given that China did make the comment that if we didn't let the CFO go that Canada would pay, this would be one way of doing it and one way of hurting Canada," Voth said Tuesday on a conference call with reporters. "If this keeps going, it could be a possibility."

Canada, the world's top canola producer, exported 5.03 million tons in the five months ended Jan. 31, down 7.4 percent from a year earlier, Canadian Grain Commission data show. China has resumed buying soybeans from the U.S. in the past few weeks after shunning the oilseed since the middle of 2018 as part of a persistent trade battle.

**From:** Hodgson, Karen (AAFC/AAC) <[karen.hodgson@canada.ca](mailto:karen.hodgson@canada.ca)>  
**Sent:** Tuesday, February 5, 2019 1:41 PM  
**To:** Merhej, Janice (AAFC/AAC) <[janice.merhej@canada.ca](mailto:janice.merhej@canada.ca)>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <[kathleen.donohue@canada.ca](mailto:kathleen.donohue@canada.ca)>; MacDonald4, David (AAFC/AAC) <[david.macdonald4@canada.ca](mailto:david.macdonald4@canada.ca)>; Doan, Darcie (AAFC/AAC) <[darcie.doan@canada.ca](mailto:darcie.doan@canada.ca)>; Fung, Bonnie (AAFC/AAC) <[bonnie.fung@canada.ca](mailto:bonnie.fung@canada.ca)>; Gour, Nathalie (AAFC/AAC) <[nathalie.gour@canada.ca](mailto:nathalie.gour@canada.ca)>  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Hi Janice,

As discussed, please advise if there have been any developments on this topic.

-Karen

**From:** News / Nouvelles (PCO/BCP) <[News-Nouvelles@pco-bcp.gc.ca](mailto:News-Nouvelles@pco-bcp.gc.ca)>  
**Sent:** Tuesday, February 5, 2019 1:24 PM  
**Subject:** Reuters: Canadian canola runs into Chinese delays after Huawei arrest

## Canadian canola runs into Chinese delays after Huawei arrest

Reuters

WINNIPEG, Manitoba/BEIJING (Reuters) - A political dispute between China and Canada over the arrest of a Huawei executive is slowing canola shipments through Chinese ports and causing some importers to hesitate to buy from their biggest supplier, according to interviews with a dozen traders.

Since Canadian authorities arrested Huawei Chief Financial Officer Meng Wanzhou in December for extradition to the United States, China detained two Canadians and escalated a drug smuggling sentence against a third Canadian to death, moves Ottawa has described as deeply concerning.

In the same period, cargoes of Canadian canola have taken longer to clear Chinese customs and GMO permits needed to import genetically modified crops, including canola, became more difficult to obtain, traders said. Back in Canada, canola stocks piled up to a record-high level at year-end, Statistics Canada said on Tuesday.

China buys some C\$2.5 billion (\$1.90 billion) of Canadian canola per year, and a slower sales pace would be another hit to exporters, which include Richardson International, Viterra and Cargill Ltd in a year when Prime Minister Justin Trudeau faces a tough race for re-election.

Spokespersons for Richardson and Viterra did not respond and Cargill declined to comment.

While several cargoes of Canadian canola have cleared customs since Meng's Dec. 1 arrest, many were unusually delayed, said traders.

One Chinese crusher that had a cargo that arrived at the end of December said it took more than 20 days to clear customs, about twice the usual time, as authorities carried out more thorough inspections related to GMOs.

A second cargo that arrived in mid January had not been cleared by the end of the month.

China is likely carrying out the heightened checks to "pressure Canada" amid the current diplomatic tensions, the crusher said, adding that it would make him "more cautious" about purchases in the future.

A Canadian exporter said canola seed that requires crushing in China into vegetable oil and meal to feed pigs and fish has faced additional inspections and tests in Chinese ports.

"There's no doubt that they are retaliating specifically against canola seed itself," the exporter said.

China's General Administration of Customs, which oversees imports, did not respond to a fax seeking comment on the issue.

The Canadian government is not aware of any decision by Beijing to stop Chinese companies from buying Canadian crops, said James Watson, a spokesman for the Canadian agriculture department.

### COOLING INTEREST

Some Canadian canola shipments are due to arrive in China this month, but Canadian exporters said most of them are deliveries of sales made before Meng's detention in Vancouver.

A dozen traders, some with direct knowledge of sales in Canada and China, and others in the United States who monitor sales, said the shipping pace has noticeably slowed since Meng's arrest.

Factors besides the political dispute may also play a role in reduced interest from Chinese buyers, such as lower demand for pig feed and weak profit margins at Chinese processors.

There is no evidence to suggest that Beijing has ordered buying to slow. But some importers say they are avoiding purchases as they pre-empt additional hurdles to trade.

Total exports of Canada's most recent canola crop are down 7 percent year over year from August through Jan. 27, according to the Canadian Grain Commission. Chinese customs data showed that China received 347,949 tonnes of Canadian canola in December, higher than the same month a year earlier, reflecting earlier sales.

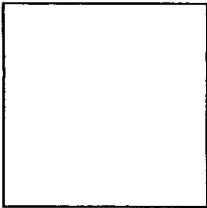
A source at a Chinese company that imports Canadian canola said it stopped buying from Canadian sources shortly after Meng's arrest.

"We are not buying now as the current situation is quite tense and sensitive," the source said. China relies on Canada to supply more than 90 percent of its canola imports. But Beijing has imposed barriers on these shipments in the past, giving reasons such as concern about fungus and foreign material in cargoes.

Canola's name itself incorporates Canada, the country where it was developed as a new form of rapeseed in the 1970s, making it a national symbol and "a weak spot where they can hit us," a Canadian exporter said, adding that other Canadian exports such as soybeans and canola meal have not faced similar obstacles in China.

Another Canadian trader said he was not aware of any Canadian export company booking a new canola shipment to China since Meng's arrest. "It brings a lump to everyone's throat."

Canola futures prices have stayed firm since the arrest, but brokers say worries about China have caused prices for canola to miss out on a rally in its oilseed cousin soyoil.



**Hodgson, Karen (AAFC/AAC)**

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**From:** MacDonald4, David (AAFC/AAC)  
**Sent:** February-05-19 6:18 PM  
**To:** McKennirey, Keva (AAFC/AAC); Gour, Nathalie (AAFC/AAC); Hodgson, Karen (AAFC/AAC); Merhej, Janice (AAFC/AAC)  
**Cc:** Donohue, Kathleen (AAFC/AAC); Doan, Darcie (AAFC/AAC); Fung, Bonnie (AAFC/AAC); Graham, Maja (AAFC/AAC)  
**Subject:** Re: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Thanks Keva

Sent from my Bell Samsung device over Canada's largest network.

----- Original message -----

**From:** "McKennirey, Keva (AAFC/AAC)" <keva.mckennirey@canada.ca>  
**Date:** 2019-02-05 6:09 PM (GMT-05:00)  
**To:** "MacDonald4, David (AAFC/AAC)" <david.macdonald4@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>, "Hodgson, Karen (AAFC/AAC)" <karen.hodgson@canada.ca>, "Merhej, Janice (AAFC/AAC)" <janice.merhej@canada.ca>  
**Cc:** "Donohue, Kathleen (AAFC/AAC)" <kathleen.donohue@canada.ca>, "Doan, Darcie (AAFC/AAC)" <darcie.doan@canada.ca>, "Fung, Bonnie (AAFC/AAC)" <bonnie.fung@canada.ca>, "Graham, Maja (AAFC/AAC)" <maja.graham@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

I also no longer have that input. 

Keva

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**Sent:** February-05-19 3:08 PM  
**To:** Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>; Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>; McKennirey, Keva (AAFC/AAC) <keva.mckennirey@canada.ca>  
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**Sent:** Tuesday, February 5, 2019 2:15 PM  
**To:** Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>; Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Graham, Maja (AAFC/AAC) <maja.graham@canada.ca>  
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**Sent:** Tuesday, February 5, 2019 1:41 PM  
**To:** Merhej, Janice (AAFC/AAC) <janice.merhej@canada.ca>  
**Cc:** Donohue, Kathleen (AAFC/AAC) <kathleen.donohue@canada.ca>; MacDonald4, David (AAFC/AAC) <david.macdonald4@canada.ca>; Doan, Darcie (AAFC/AAC) <darcie.doan@canada.ca>; Fung, Bonnie (AAFC/AAC) <bonnie.fung@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>  
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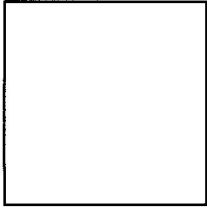
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## Hodgson, Karen (AAFC/AAC)

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**From:** Gour, Nathalie (AAFC/AAC)  
**Sent:** February-05-19 7:21 PM  
**To:** Hodgson, Karen (AAFC/AAC); Mann, Matthew (AAFC/AAC); Porter, Alison (AAFC/AAC); Hawkins, Katie (AAFC/AAC); Anderson, Oliver (AAFC/AAC)  
**Subject:** Re: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Here are the updated lines -

**Our Government is focused on trade and set an ambitious target to grow our agriculture and food exports to \$75 billion by 2025.**

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- **Our Government is not aware of any decision by Chinese authorities to stop its companies from buying agricultural products.**
- **We are in regular contact with Canadian companies to discuss global, regional and bilateral market conditions.**
- **Given its importance to the Canadian economy, our Government closely follows the international trade of all agricultural exports for opportunities and potential concerns.**
- **Monthly variances in trade exist due to the various commercial and seasonal factors.**

----- Original message -----

**From:** "Hodgson, Karen (AAFC/AAC)" <karen.hodgson@canada.ca>  
**Date:** 2019-02-05 1:43 PM (GMT-05:00)  
**To:** "Mann, Matthew (AAFC/AAC)" <matthew.mann@canada.ca>, "Porter, Alison (AAFC/AAC)" <alison.porter@canada.ca>, "Hawkins, Katie (AAFC/AAC)" <katie.hawkins@canada.ca>, "Gour, Nathalie (AAFC/AAC)" <nathalie.gour@canada.ca>, "Anderson, Oliver (AAFC/AAC)" <oliver.anderson@canada.ca>  
**Subject:** RE: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Looking into it from the policy side. Will keep Nat in the loop for any necessary line changes.

**From:** Mann, Matthew (AAFC/AAC) <matthew.mann@canada.ca>  
**Sent:** February-05-19 1:32 PM  
**To:** Hodgson, Karen (AAFC/AAC) <karen.hodgson@canada.ca>; Porter, Alison (AAFC/AAC) <alison.porter@canada.ca>; Hawkins, Katie (AAFC/AAC) <katie.hawkins@canada.ca>; Gour, Nathalie (AAFC/AAC) <nathalie.gour@canada.ca>; Anderson, Oliver (AAFC/AAC) <oliver.anderson@canada.ca>  
**Subject:** FW: Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Hi guys, does the dept have any background or info they can share from officials, Post or the canola council from the last day or two? We have lines ready to go on this that reflect the latest info we have? Thanks!

**From:** News / Nouvelles (PCO/BCP) <News-Nouvelles@pco-bcp.gc.ca>

**Sent:** Tuesday, February 5, 2019 1:24 PM

**Subject:** Reuters: Canadian canola runs into Chinese delays after Huawei arrest

Canadian canola runs into Chinese delays after Huawei arrest

Reuters

WINNIPEG, Manitoba/BEIJING (Reuters) - A political dispute between China and Canada over the arrest of a Huawei executive is slowing canola shipments through Chinese ports and causing some importers to hesitate to buy from their biggest supplier, according to interviews with a dozen traders.

Since Canadian authorities arrested Huawei Chief Financial Officer Meng Wanzhou in December for extradition to the United States, China detained two Canadians and escalated a drug smuggling sentence against a third Canadian to death, moves Ottawa has described as deeply concerning.

In the same period, cargoes of Canadian canola have taken longer to clear Chinese customs and GMO permits needed to import genetically modified crops, including canola, became more difficult to obtain, traders said. Back in Canada, canola stocks piled up to a record-high level at year-end, Statistics Canada said on Tuesday.

China buys some C\$2.5 billion (\$1.90 billion) of Canadian canola per year, and a slower sales pace would be another hit to exporters, which include Richardson International, Viterra and Cargill Ltd in a year when Prime Minister Justin Trudeau faces a tough race for re-election.

Spokespersons for Richardson and Viterra did not respond and Cargill declined to comment.

While several cargoes of Canadian canola have cleared customs since Meng's Dec. 1 arrest, many were unusually delayed, said traders.

One Chinese crusher that had a cargo that arrived at the end of December said it took more than 20 days to clear customs, about twice the usual time, as authorities carried out more thorough inspections related to GMOs.

A second cargo that arrived in mid January had not been cleared by the end of the month.

China is likely carrying out the heightened checks to "pressure Canada" amid the current diplomatic tensions, the crusher said, adding that it would make him "more cautious" about purchases in the future.

A Canadian exporter said canola seed that requires crushing in China into vegetable oil and meal to feed pigs and fish has faced additional inspections and tests in Chinese ports.

"There's no doubt that they are retaliating specifically against canola seed itself," the exporter said.

China's General Administration of Customs, which oversees imports, did not respond to a fax seeking comment on the issue.

The Canadian government is not aware of any decision by Beijing to stop Chinese companies from buying Canadian crops, said James Watson, a spokesman for the Canadian agriculture department.

**COOLING INTEREST**

Some Canadian canola shipments are due to arrive in China this month, but Canadian exporters said most of them are deliveries of sales made before Meng's detention in Vancouver.

A dozen traders, some with direct knowledge of sales in Canada and China, and others in the United States who monitor sales, said the shipping pace has noticeably slowed since Meng's arrest.

Factors besides the political dispute may also play a role in reduced interest from Chinese buyers, such as lower demand for pig feed and weak profit margins at Chinese processors.

There is no evidence to suggest that Beijing has ordered buying to slow. But some importers say they are avoiding purchases as they pre-empt additional hurdles to trade.

Total exports of Canada's most recent canola crop are down 7 percent year over year from August through Jan. 27, according to the Canadian Grain Commission. Chinese customs data showed that China received 347,949 tonnes of Canadian canola in December, higher than the same month a year earlier, reflecting earlier sales.

A source at a Chinese company that imports Canadian canola said it stopped buying from Canadian sources shortly after Meng's arrest.

"We are not buying now as the current situation is quite tense and sensitive," the source said. China relies on Canada to supply more than 90 percent of its canola imports. But Beijing has imposed barriers on these shipments in the past, giving reasons such as concern about fungus and foreign material in cargoes.

Canola's name itself incorporates Canada, the country where it was developed as a new form of rapeseed in the 1970s, making it a national symbol and "a weak spot where they can hit us," a Canadian exporter said, adding that other Canadian exports such as soybeans and canola meal have not faced similar obstacles in China.

Another Canadian trader said he was not aware of any Canadian export company booking a new canola shipment to China since Meng's arrest. "It brings a lump to everyone's throat."

Canola futures prices have stayed firm since the arrest, but brokers say worries about China have caused prices for canola to miss out on a rally in its oilseed cousin soyoil.

