



Canadian Agri-Food Trade Alliance (CAFTA)

REFERENCE DOCUMENT – TRANSPACIFIC PARTNERSHIP (TPP)

BACKGROUND

Canadian Agriculture Depends on Trade

- In 2014, Canada exported \$56 billion dollars in agricultural and agri-food products.
- The Canadian agri-food sector is by and large an export-focused one, as we export over half of everything we produce: that includes over half of our beef, 70% of our pork, 65% of our soybean, 75% of our wheat, 90% of our canola, 95% of our pulses and 40% of our processed food products.
 - 90% of farmers across Canada either export their products directly or sell them domestically at prices set by international markets;
 - 1 in 2 jobs in crop production are export-dependent, and 1 in 4 jobs in food manufacturing;
 - Export opportunities are helping us grow: over the last 10 years in Canada, agriculture and agri-food exports have grown by 77%, from \$31 billion to over \$56 billion - boosting farm cash receipts by 46% over the same period.
- Our agri-food exports are critical to national, provincial and rural economies and hence the hundreds of thousands of farmers, producers, processors across this nation.

Competitive Access to Global Markets is a Requirement

- Today, Canada is the world's 5th largest exporter of agriculture and agri-food products in the world after the EU, the US, China and Brazil.
- As the world becomes more globalized, the competition for trade opportunities, as well as access to international markets, has become more intense.
- There are 620 bilateral and regional trade agreements registered with the World Trade Organization (WTO) and over 400 of them are in force.
- Today, the competitiveness of our sector depends on the timely negotiation and implementation of preferential or equal trade access to the markets that our competitors are after.

CANADIAN AGRICULTURE EXPORTERS & THE TRANSPACIFIC PARTNERSHIP

CAFTA's Position

- CAFTA strongly supports the TPP deal and believes it is integral to the future viability of Canada's export-based agriculture and agri-food sector.
- CAFTA urges the Canadian government to press for its quick ratification by all parties.
- We look forward to collaborating with officials to further examine specific trade opportunities and ensure that the full benefits of new access can be realized for our agriculture and agri-food exporters when the agreement is implemented.

CAFTA's Engagement

- CAFTA was in Auckland when Canada first joined the negotiations in 2012 and again in February 2016 for the signing ceremony of the historic deal.
- CAFTA and CAFTA members have attended numerous negotiating rounds and met regularly with the Canadian negotiators and the government to ensure that the negotiated outcomes would provide real benefits for Canada's agriculture and agri-food exporters.
- On October 5th 2015, CAFTA congratulated the Canadian government on concluding this critical agreement, former Trade Minister Ed Fast and former Agriculture Minister Gerry Ritz and Canada's negotiators who worked tirelessly on the negotiations.
- On February 4th 2016, CAFTA applauded the Government of Canada for signing the final text and encouraged Trade Minister Chrystia Freeland and Agriculture Minister MacAulay to move forward on the ratification of this historic deal quickly.

Highlights of TPP Outcomes for Canadian Agriculture

Upon entry into force:

- Japan to eliminate 32% of tariff lines
- Vietnam to eliminate tariffs on 31% of tariff lines (67% within 15 years)
- Malaysia to eliminate tariffs on 92% of tariff lines

Non-Tariff Barriers and New Disciplines:

- The TPP builds on the WTO SPS and TBT Agreements and establishes a series of new obligations with respect to equivalence, science, risk analysis and standardization.
- The TPP addresses modern biotechnology and emphasizes the importance of transparency in each Parties science-based approval process for biotechnology products to minimize adverse trade impacts.

Sample of CAFTA members' projections of the opportunities seen to be provided by the TPP

- **Canola:** The canola industry expects better trade security and expanded exports into Japan and Vietnam as well as an increase in the value of Canadian exports. Eliminating tariffs on canola oil and meal could increase exports by up to \$780 million per year, yielding benefits to communities across the country.
- **Pork:** For Canadian pork producers, the TPP preserves the ability to export to the billion dollar Japanese market, offers advantageous terms of access ahead of other non-TPP pork exporters and secure additional access to key markets such as Vietnam. Independent analysis indicates Canada's pork exports to Japan under the TPP could quickly climb by \$300 million.
- **Beef:** Canadian beef producers expect to double or triple annual beef exports to Japan to nearly \$300 million and look forward to the opportunity to set conditions for entry of Korea and Taiwan in particular.
- **Grains:** For Canadian grain producers the TPP preserves current exports of \$2.3 billion of grains, oilseeds, pulses, and special crops to Japan, Malaysia and Singapore.
- **Wheat:** For wheat growers, the TPP levels the playing field in countries like Vietnam which has free trade with some TPP members but not Canada. The agreement will also help ensure Canada can compete and maintain current exports into existing TPP markets, for example 1.5 million tonnes of premium wheat to Japan.
- **Barley:** For Canadian barley producers, ratification of the TPP could allow them to export an estimated additional 400,000 to 500,000 tonnes of barley in various valued added forms worth about \$100 million.
- **Soy:** Soybean producers and exporters who export over \$884 million to TPP countries will have new opportunities with the elimination of tariffs on soybean products and a more secure and equal trade environment free of tariffs and quotas.
- **Pulses:** For Canadian pulse growers, the agreement will maintain access into existing TPP markets and create new opportunities as Canadian pulse crops become subject to lower tariffs than pulse crops from several key competing exporting countries. Combined, TPP member countries represent Canada's third largest market for pulses valued at \$340 million.
- **Sugar:** For Canada's sugar and sugar-containing products sector, the TPP provides welcome, though small quota increases into the restricted US sugar market. The industry is analyzing the trade opportunities under new TPP wide quotas into Japan as well as the potential to grow exports of sugar-containing food products through tariff reductions in Malaysia and Vietnam.

Beyond tariffs, the TPP also sets a new Asia-Pacific framework for trade with rules to increase cooperation and transparency on non-tariff barriers related to sanitary and phytosanitary measures, biotechnology and plant health. These issues can often be the most significant barriers facing our exporters, as important even in some cases as the tariffs themselves.

MEMBERS OF THE CANADIAN AGRI-FOOD TRADE ALLIANCE



The Canola Council of Canada



The Canadian Meat Council



Pulse Canada



The Canadian Pork Council



The Canadian Sugar Institute



Grain Growers of Canada



The Canadian Canola Growers Association



Alberta Cattle Feeders' Association



Cereals Canada



The Canadian Cattlemen's Association



National Cattle Feeders' Association



The Barley Council of Canada



Soy Canada

CAFTA is the voice of Canada's agriculture and agri-food exporters.

CAFTA is a coalition of national and regional organizations that support a more open and fair international trading environment for agriculture and agri-food. CAFTA's members include producer organizations, processors, marketers and exporters from the major trade dependent sectors in Canada. Together, these sectors produce over 90 per cent of Canada's agriculture and agri-food exports, about \$50 billion in exports annually. The economic activity created by CAFTA members supports hundreds of thousand jobs in agriculture and food manufacturing. A significant portion of these jobs would not exist without competitive access to world markets.