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## **Trans-Pacific Partnership (TPP)**

### **Background**

The Trans-Pacific Partnership (TPP) is a complex regional trade agreement that aims to expand trade and further liberalize the economies of the Asia-Pacific region. The TPP began in 2005 as the Trans-Pacific Strategic Partnership Agreement (TPSEP or P4) and has since expanded to become an ambitious regional free trade agreement that is currently being negotiated by the United States (US), Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. Canada joined the TPP trade negotiations in October 2012.

The TPP is one of the most significant trade initiatives around the globe. Collectively, the TPP countries have a Gross Domestic Product (GDP) of U.S. \$21 trillion and represent over 65% of Canada's \$56 billion in agriculture and food exports. This trade deal has the potential to move beyond its current membership and draw in additional emerging and developed economies in the Asia-Pacific region — one of Canada's key export markets.

Leaders in the Trans-Pacific Partnership (TPP) countries are advocating for a comprehensive and ambitious, next-generation regional trade agreement that liberalizes trade in goods, services and investment, and that addresses existing and emerging trade issues in a way that meets 21st-century objectives. CAFTA and its members support this goal.

The Canadian Agri-Food Trade Alliance supports Canada's participation in the TPP and believes it will significantly contribute to the growth and competitiveness of the agricultural sector.

CAFTA believes that to achieve its objectives, the TPP must eliminate tariffs and quantitative import restrictions on all goods. The agreement must also include new and sustainable approaches to deal with today's critical trade issues, including non-tariff barriers, sanitary and phyto-sanitary measures, rules of origin, customs administration and other measures that can be critical to ensuring that market access commitments are real.

### **Quick Facts**

- The Trans-Pacific Partnership (TPP) is a complex regional trade agreement that Canada is negotiating with 11 other countries that collectively represent 40 per cent of global GDP, or around \$28 trillion, as well as 800 million people.



- In 2014, Canada's agriculture sector exported over \$56 billion.
- TPP member countries represent over 65% of Canada's agri-food exports.
- TPP countries include Canada's largest importers of agriculture and agri-food products such as the United States, Japan and Mexico as well as emerging countries that have strong economic growth such as Vietnam, Singapore and Malaysia.
- Specifically, Japan is our 3rd priority export market and a premium market that demands \$4 billion per year in Canadian agri-food products – about 10 per cent of Canada's total agri-food exports. Japan is the largest predictable market for Canadian canola seed, the second largest market for Canadian malt and Canadian pork, the fourth largest market for Canadian beef and an important high-value market for Canadian wheat, pulses and sugar.

#### **CAFTA Position**

- CAFTA members have consistently expressed strong support for an ambitious TPP agreement that achieves comprehensive market access opportunities for agriculture through the removal of import tariffs and non-tariff trade barriers.
- CAFTA supports a plurilateral TPP agreement where each country provides the same tariff phase out period and reduction in tariffs for each tariff line. Without a level playing field, the TPP could actually create imbalances between exporters if some TPP members achieve more favourable access to specific countries than others.
- CAFTA continues to seek an ambitious outcome in the TPP that does not exclude products.
- Regardless of when a deal happens, Canada must be prepared to stick to an ambitious, comprehensive, plurilateral outcome for Canada's agriculture sector.

#### **Views of the Members of The Canadian Agri-Food Trade Alliance**

- The Barley Council of Canada states that, for Canadian barley farmers, over 50 per cent of their barley production is currently exported to TPP countries either as barley, malt, or as barley-fed beef and pork. Japan for instance is their 2nd largest malt export market, our 2nd largest pork market and our 4th largest beef market.
- The Canola Council of Canada and the Canola Growers Association emphasize that ninety percent of Canola grown in Canada is exported as either seed or processed products such as oil and meal. Yet, many of our country's trade relationships face trade barriers in the form of tariffs on imported products. Non-tariff barriers also exist in the form of trading rules for biotechnology and sanitary and phytosanitary standards. If tariffs on canola oil and meal were



eliminated completely in the TPP region, exports could grow by the equivalent of one million tonnes of additional oil and meal exports.

- For the Canadian Meat Council, the only avenue that will permit continued Canadian competitiveness in vital trans-Pacific markets is equivalent access and this can be achieved only through full participation in the TPP negotiations and ultimate agreement. Conversely, the loss of market access parity would immediately place at risk not only more than \$1 billion of current Canadian meat exports, but also the producer revenues, the many thousands of jobs, and the local economic wealth that they create.
- The Canadian Pork Council released a study showing that in the event Canada is not part of the TPP agreement, pork producers would see a significant decline in the value of their pigs and the Canadian pork sector could see, in short order, a decline of almost 40% in the volume of pork exports to Japan. This is because other markets cannot make up the loss of Japan as a market: the value of Canadian pork in Japan is so much higher than most other markets that returns to Canadian pork producers and exporters would greatly decline and the economic viability of the industry would be severely impacted.
- The Canadian Cattlemen's Association states that, with TPP Canada could eventually double or triple beef exports to Japan valued at more than \$100 million of beef in 2014.
- For the Canadian Sugar Institute, the TPP presents opportunities increase capacity utilization, to diversify products and markets and represent significant potential commercial benefits across Canada. The TPP also represents a critical opportunity to build on the NAFTA platform and address outstanding market access barriers constraining Canadian sugar and sugar products as competitive inputs in the North American food supply chain.
- According to Cereals Canada and the Grain Growers of Canada, Asian-Pacific countries are top buyers Canadian grains and oilseeds. Countries in the TPP are not just importing more, they are importing higher quality. TPP is an ideal opportunity for Canadian farmers and the entire agriculture value chain.
- For the National Cattle Feeders Association, access to Pacific Rim markets on level playing field – and particularly the Japanese market — is of vital importance to the Canadian beef industry. This market is even more significant for Canadian agriculture than the market of the European Union.

## The TPP

**Market Access:** To achieve the full potential of this regional trade deal, TPP countries must, over time, eliminate import tariffs and quotas on all products. The TPP should establish commitments that extend



beyond existing Free Trade Agreements (FTAs) among the TPP members, and enhance and equalize trade opportunities among the partners.

**Customs Administration:** To facilitate trade, the TPP must ensure that customs procedures are clear, transparent and predictable.

**Rules of Origin:** Rules of origin should be consistent across the TPP countries and should result in one regional rule of origin. This would allow for regional integration and cumulation of inputs, and permit greater efficiency in production and trade across the TPP region.

**Regulatory Coherence and Technical Barriers to Trade (TBT):** The TPP should enhance cooperation in the development and enforcement of regulatory systems and requirements, including greater transparency and regional consultation on the development of regulations, and strict disciplines around trade-distorting TBTs.

**Sanitary and Phytosanitary (SPS) Measures:** The TPP must include robust systems to ensure that SPS measures are managed in a way that facilitates trade, that regulations are grounded in science, and that member countries consistently adhere to sound and up-to-date policies developed by international bodies such as the World Organisation for Animal Health (OIE) and the Codex Alimentarius Commission.

**Dispute Resolution and Enforcement:** The TPP must include mechanisms that ensure adherence to TPP requirements and that allow for a timely and cost-effective response to disputes, including a rapid-response mechanism for perishable agriculture and agri-food products.

**Living Agreement:** The TPP must be a “living agreement” that provides the flexibility to evolve in response to new developments in trade and technology and to other emerging issues. It must also permit expansion to allow for new members who will commit to a high-standard agreement and existing TPP obligations, while demonstrating a willingness to negotiate on all issues, including sensitive issues.

**Relationship to the Multilateral Trading System:** A successful TPP negotiation and outcome should be viewed as an opportunity to help shape the future agenda for multilateral (WTO) trade liberalization. The TPP should take advantage of opportunities to break new ground on difficult issues and build momentum towards multilateral trade liberalization.

## About CAFTA

*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 farmers,*



*producers, processors and exporters from the major trade dependent sectors including; the beef, pork, grains, oilseed, sugar and malt. Together, CAFTA members account for 80 per cent of Canada's agriculture and agri-food exports totalling \$50 billion dollars in exports annually, and directly employ half a million Canadians.*