



Trans-Pacific Partnership (TPP)

Canadian Meat Industry Position

Meat Industry Position on the Trans-Pacific Partnership (TPP):

The Canadian Meat Council represents Canada's federally inspected meat packers and processors. Canadian meat packers and processors strongly support ratification of the Trans-Pacific Partnership (TPP).

TPP Key Messages:

The current and future viability of the Canadian livestock and meat sector is profoundly dependent on international trade. In the absence of competitive access to critical export markets, including those in the TPP region, the sustainability of the Canadian meat industry would be quickly and seriously imperilled.

Producers, processors, workers, innovation, investment, exports, rural communities, and domestic food security in every region of Canada would gain measureable benefits from implementation of the TPP. All would suffer severe, rapid, and enduring negative consequences should the TPP be implemented without Canadian participation.

Participation in the TPP offers significant benefits for the Canadian agri-food sector. The status quo will not exist in international markets following implementation of the TPP. Non-participation in the TPP would have devastating consequences for farmers, food processors, and rural communities across Canada.

Participation in the TPP is crucial for farmers, food processors, workers and rural communities. Abstention or indecision by Canada is not a viable option.

TPP Quick Facts:

- The Trans-Pacific Partnership (TPP) is a comprehensive regional trade agreement between Canada and 11 other countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam) that collectively represent 800 million consumers and account for 40 percent of global Gross Domestic Product.
- In 2015, Canada exported 322.4 thousand tonnes of beef products, valued at \$2.2 billion, to fifty-eight different countries
 - Of this value, 82 percent was exported to current TPP partners while another 12 percent was sold to countries that are candidates to join the Partnership
- In 2015, Canada exported 1.2 million tonnes of pork products, valued at \$3.4 billion, to ninety-five different countries
 - Of this value, 82 percent was exported to current TPP partners while another 13 percent was sold to countries that are candidates to join the Partnership

- Food processing supports more jobs for Canadians than any other component of this country's Canadian manufacturing sector. Providing 65,000 jobs, the meat industry is the largest component of the Canadian food processing sector.

TPP Benefits for the Meat Industry:

- 1) Preservation of Canada's ability to export to the vital Japanese market on terms that are competitive with those of the United States and other TPP member countries
 - Current Canadian meat exports to Japan exceed \$1 billion annually
- 2) Preferential terms of access to Japan relative to non-TPP competitors
 - Under the TPP, Canadian meat exports to Japan are projected to increase by \$500 million (\$300 million for pork and \$200 million for beef)
- 3) Improved terms of market access into other TPP countries
 - With a population over 90 million, Vietnam offers important export opportunities as import tariffs of up to 27 percent on pork and 31% on beef will be eliminated
 - With a middle income economy of 30 million consumers, Malaysia offers opportunities to increase current exports of \$1.3 million of beef and pork products
- 4) As a founding member of the TPP, ability to negotiate terms of accession for other countries that are expected to seek admission to the Partnership
 - Elimination of remaining South Korean tariffs on imports of Canadian meat
 - Improved access for Canadian meat exports in countries such as Indonesia, the Philippines, Taiwan, Thailand, and perhaps China, that may seek to join the TPP
- 5) Avoidance of the costly experience of South Korea where Canadian exports collapsed after other major meat exporting countries signed trade agreements before Canada
 - Meat exports have tumbled by 56% since competitors gained preferential access
 - Canadian market access disadvantage will endure for the entire fifteen year implementation of the Canada-Korea Free Trade Agreement

TPP Potential Advocacy Statements:

- Canada has one of the most trade-dependent agriculture and agri-food sectors in the world. In the livestock and meat sector, exports account for half of Canadian beef production and two-thirds of Canadian pork production.
- Canadian participation as a founding member of the TPP is of crucial importance to the sustainability of this country's livestock and meat producers and processors as well as to the thousands of rural and urban communities and tens of thousands of workers whose prospects for the future are dependent upon it.

- The moment that the TPP enters into force the status quo will no longer exist. The global trading environment will have changed dramatically and permanently. This country's export dependent agriculture and agri-food sector will either be in a position to benefit from the new world reality - or it will retract under the enduring cost of a historic opportunity forever squandered.
- The only option that will permit continued Canadian competitiveness in vital trans-Pacific markets is equivalent terms of access. A level playing field with our competitors can be sustained only through full participation in the TPP.
- Maintaining market access parity with TPP competitors will allow the livestock and meat sector to: expand production and profitability for Canadian farmers; strengthen exports and international competitiveness for the meat industry; and, increase jobs and economic growth for Canadians. 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 the meat industry creates.
- Countries participating in the TPP represent not only 40% of world economic output; they account for \$4.6 billion (81 percent) of Canadian meat exports. The loss of competitive access to the critical TPP markets would be devastating for feed grain and livestock farmers, meat industry workers, and the numerous municipalities across Canada in which they live, work and pay taxes.
- Failure to participate in the TPP would forfeit not only \$500 million in new export market potential, it would place at serious risk \$1 billion of current meat exports.
- Japan is the world's most significant importer of pork as well as the third largest importer of beef. Last year, Canadian exports of meat products to Japan were valued at \$1.1 billion. In 2015, Japan was Canada's number one export market for horsemeat, second most important foreign customer for pork (after only the United States) and fourth largest international destination for beef (after the United States, China, and Mexico). The loss of competitive access to the critical Japanese market would be devastating for farmers, meat packers, workers and rural communities from coast to coast across Canada.
- Japan is not the only TPP country of importance to the Canadian livestock and meat sector. Last year, Canadian exports of meat products to Malaysia, Singapore and Vietnam totalled \$1.4 million, \$12.0 million, and \$5.8 million, respectively. As is the case for Japan, it is anticipated that Canadian meat exports to these countries will grow significantly following the implementation of the Trans-Pacific Partnership.
- Canadian livestock farmers and meat processors cannot afford to relive the destructive experience of South Korea to which Canadian meat exports have plummeted by 56 percent since competitors leapfrogged Canada in negotiating preferential access. Notwithstanding entry into force of the Canada-Korea Free Trade Agreement on January 1, 2015, Canada will remain at a competitive disadvantage throughout the remainder of the fifteen year implementation period.

- Other countries, including important meat importing nations, are expected to join the TPP in the coming years. The terms and conditions of accession will be established by the original members of the TPP. It is important that Canadians realize that it is preferable to be a founding member and to establish the conditions for new entrants than it is to pay the initial members for participation at a subsequent date.