

May 29, 2018

The Honourable François-Philippe Champagne  
Minister of International Trade  
Global Affairs Canada  
125 Sussex Drive  
Ottawa, ON K1A 0G2



Dear Minister Champagne,

The Canadian Agri-Food Trade Alliance (CAFTA) is the voice of Canadian agriculture and agri-food exporters representing the 90 per cent of Canadian farmers and ranchers, as well as the processors and agri-food exporters who want to grow the economy through better access to international markets.

As one of the most steadfast and vocal supporters of the CPTPP trade agreement, CAFTA applauded the news in January that Canada concluded negotiations. We were in Chile when it was signed in early March, and we were very supportive when the treaty was recently tabled in Parliament.

Access to international markets is the cornerstone of Canada's agri-food sector. Research commissioned by CAFTA shows that agri-food exports contribute \$96 billion to the Canadian economy every year and support one million jobs in urban and rural areas. The food and beverage industry is the largest manufacturing employer in Canada, responsible for nearly 250,000 jobs, more than the automotive and aerospace industries combined.

Once implemented, the CPTPP will bring more stability and prosperity for Canada. CAFTA members expect the Canadian government to ratify this trade agreement without delay. If we don't act to implement the CPTPP as soon as possible, Canada will lose the "first mover advantage" and see our competitors benefit from tariff cuts while we are taxed at a higher rate.

The race is on as other CPTPP members are moving quickly to ratify the agreement. Mexico was the first country to ratify the deal late last April. Japan's Lower House recently passed the bill paving the way for ratification before the end of June. Australia tabled the treaty in its Parliament and vows to expedite ratification. Malaysia and Chile are both expected to ratify quickly. New Zealand, Singapore, Peru, Vietnam and Brunei are all working to ratify the CPTPP by the fall.

We urge Canada to be among the first six countries to ratify this trade agreement and benefit from the initial round of tariff reductions. It should be understood that a failure by Canada to be among the first 6 to ratify the CPTPP would not result in status quo. Rather, it would constitute a needless reduction of Canadian competitiveness in the vital Asia-Pacific region:

- Australia's current free trade agreement (FTA) with Japan has already cost our barley growers 250,000 tonnes in sales each year for the last two years. Missing out on this CPTPP opportunity will compound these losses.
- Nearly all of the \$425 million worth of soybeans and soy products are shipped to CPTPP countries where we do not have FTAs. If Australia is in the first wave to ratify the CPTPP and Canada is not, this would impact the competitiveness of Canadian soy producers.

- Canadian food and consumer products from baked goods, frozen foods, prepared potatoes, processed grains, pulse products, sugar and chocolate confectionery would continue to face high tariffs in CPTPP countries such as Japan, Malaysia and Vietnam when their competitors would see tariffs reduced or eliminated.
- Our canola oil exports to Japan face higher tariffs than Australian's due to their pre-existing FTA. Currently, we have a seven per cent disadvantage, which grows to nine per cent by April 1, 2019. By then, industry expects that Japanese tariffs applied to Australian canola oil will be low enough to encourage increased shipments; this spells a tariff battle Canada will lose – eroding our current \$1.4 billion canola seed exports to Japan and squandering an opportunity for more value-added exports.
- Every quarter the Japanese government reviews the volume of beef imports and determines whether to impose a tariff safeguard. Countries that have an FTA with Japan are exempt from the tariff increase. As Japan moves forward with the CPTPP and New Zealand and Mexico join Australia with new preferential beef access to Japan, Japanese beef imports could surge and trigger the most favored nation (MFN) safeguard as it did last year caused by imports from the Australia-Japan FTA. If Canada delays implementation of the CPTPP, not only do we prolong our tariff disadvantage, but we also extend our exposure to the increased risk of Japan's MFN safeguard.

With the uncertainty created by the renegotiation of NAFTA, the potential massive competitive trade disruptions arising from the U.S.-China talks and the lack of real access to the European Union provided under the CETA, it's more important than ever to speed up the implementation of the CPTPP and secure key access to markets such as Japan, Malaysia and Vietnam.

Failing to ratify the CPTPP in a timely matter would diminish Canada's leverage for negotiating how new countries join the partnership. Canada will be in a much stronger position as one of the original six that ushered the CPTPP into force.

We look forward to meeting with you. Our executive director, Claire Citeau, can be reached at 613-560-0500 or by email at [cciteau@cafta.org](mailto:cciteau@cafta.org).

Sincerely,



Brian Innes  
CAFTA President