

Canadian agriculture and agri-food exporters announce strong support for TPP

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Ottawa, ON – January 11, 2016 – After a careful review of the terms of the Trans-Pacific Partnership (TPP), the Canadian Agri-Food Trade Alliance (CAFTA) today announced its formal support of the 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 sign the agreement and press for its quick ratification by all parties.

“The TPP will open new markets, provide a level playing field for our exporters and secure unprecedented access to the fast-growing Asia Pacific region,” said CAFTA president Brian Innes. “Ratifying this deal will also preserve Canada’s privileged access to our number one trading partner- the U.S. – and, most importantly, put us on an equal footing with our global competitors in the TPP region,” he added.

CAFTA immediately welcomed the conclusion of the TPP negotiations in October, which involves 12 Pacific Rim countries with the U.S. and Japan at its core. The trading block represents 800 million people and encompasses 40 per cent of the world’s economy. Through the TPP, Canadian agriculture and agri-food has an opportunity to enhance its competitive position in the region and obtain more value from rapidly growing Asian-Pacific markets like Vietnam and Malaysia and high value markets such as Japan. Canada’s participation in the TPP as a founding member also provides the opportunity to negotiate the terms of entry of potential future TPP countries such as South Korea, Taiwan, Thailand, the Philippines and others.

Additional access to the US, Japan, Vietnam and Malaysia are emerging as the major market gains for Canadian agriculture and agri-food exporters. Under a ratified TPP, tariffs will be removed or phased out upon entry into force on a wide range of export oriented agricultural commodities in key markets. Outcomes are significant for Canadian agriculture and agri-food exporters despite the U.S. and Japan continuing to maintain restrictive tariffs and tariff rate quotas on sugar products.

- **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.

Canada has one of the most trade-dependent agricultural sectors in the world -we export over half of the agri-food products that we grow – 65 percent of which goes to TPP markets. Being left on the sidelines of the TPP deal would jeopardize Canadian agriculture and agri-food exports to the region valued at \$33.3 billion in 2014 and be devastating for our sectors.

“We recognize that this agreement does more for some than others and will not eliminate trade barriers in the region but all members are united in supporting the TPP as a significant improvement on the status quo for all Canadian agri-food exporters and for our broader economy,” said Innes. “It will substantially increase opportunities for the hundreds of thousands of Canadian farmers, producers, processors and exporters who depend on trade, and without such an agreement Canada would be ceding market share to other global competitors in the region.”

“We encourage Trade Minister Chrystia Freeland and Agriculture Minister Lawrence MacAulay to move forward on this historic deal as soon as possible,” emphasized Innes. “We also 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 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 80 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.

For further information:

Claire Citeau

Executive Director, CAFTA

cciteau@cafta.org

(1) 613-560-0500