

## CAFTA Trade Insights

*CAFTA: The Voice of Canada's Agriculture and Agri-Food Exporters*

### Trade Updates

#### Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

The CPTPP was signed on March 8 at a ceremony in Santiago, Chile that was attended by International Trade Minister François-Philippe Champagne and the 10 other trade ministers from the CPTPP countries. CAFTA and some of its members were there to witness the signing of the deal.

CAFTA applauded the Government of Canada for signing the final text, which represents positive progress towards the ratification of the deal. CAFTA urges Canada to be in the first wave of countries to ratify the agreement in order to take full advantage of the initial tariff cuts.

In a statement issued following the signing, CAFTA President Brian Innes stated, "Having preferential access for the first time to Japan, Vietnam, Malaysia and Singapore will fire up the agri-food sector's engine and move us toward the government's ambitious target of \$75 billion in agri-food exports by 2025."

The agreement will mean more stability and prosperity for Canada and now the Canadian government must move forward and make it happen.

#### What is the CPTPP?

The CPTPP is a new free trade agreement among Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

Following the decision in 2017 by the United States to withdraw from the Transpacific Partnership (TPP), the remaining 11 members of the partnership agreed to find a path forward for a new deal. Parties agreed on its core elements in November 2017 in Vietnam and concluded negotiations on January 23, 2018 in Tokyo.

The CPTPP will give Canada new free trade agreements with seven countries in the Asia-Pacific and update existing trade agreements with Mexico, Chile and Peru. Of particular interest to Canadian agri-food exporters, it provides unprecedented market access to key Asian markets.



Minister of International Trade François-Philippe Champagne (third from right) and (from L to R): Leah Olson (AMC), John Masswohl (Canadian Cattlemen's Association), Kim O'Neil (Canadian Meat Council), Gary Stordy (Canadian Meat Council), David Haywood-Farmer (Canadian Cattlemen's Association), Claire Citeau (CAFTA)



Once the CPTPP enters into force, it will be one of the largest free trade agreements in the world, with 11 countries representing almost 500 million people accounting for a combined GDP of \$13.5 trillion. According to a government study, Gross Domestic Product gains for Canada would total \$4.2 billion under the deal.

Currently, Canada exports approximately \$31.5 billion worth of products to the 10 other CPTPP countries. The CPTPP incorporates by reference most of the TPP provisions, with some modifications pertaining mainly to intellectual property and investor-state dispute settlement. Most important for Canadian agri-food exporters is that market access provisions from the TPP remain intact in the new CPTPP agreement.

### **Outcomes for Canadian Agri-Food Exporters**

The CPTPP will provide preferential access to large and fast-growing markets in the Asia-Pacific. Japan, Malaysia, and Vietnam are regarded as key CPTPP markets for agricultural products, where Canadian exporters currently face high tariffs and no preferential access. Canada exported just under \$4.9 billion in agri-food products in 2017 to these three markets.

The unprecedented access will boost exports of Canadian agri-food products in the region. Once it comes into force, Japan will eliminate 32 per cent of Canadian agri-food tariff lines, Vietnam will eliminate 31 per cent of tariff lines (67 per cent within 15 years), and Malaysia will eliminate 92 per cent of tariff lines. In addition, the CPTPP provides Canada with additional competitive advantage in the region over the United States since it is not part of the agreement.

Japan, as the third-biggest export market, is the big prize for Canadian agri-food exporter. It is a high value and stable market, importing \$4 billion agri-food products every year. Australia, Mexico, and Chile already have free trade agreements with Japan and the Japan-EU free trade agreement will cut 85 per cent of Japanese tariffs on European agri-food exports. The preferential access brought by the CPTPP will help us to begin catching up in the fastest-growing region in the world where our competitors are already ahead of us.

### **Entry into Force**

Each member of the CPTPP will now undertake their own domestic processes to ratify and implement the agreement. The agreement will enter into force 60 days after it's ratified by at least six members.

In Canada, the government must table the CPTPP and table the implementing legislation, which will need to go before the House of Commons and Senate.

For reference, the last major trade deal ratified in Canada was the Canada-European Union Comprehensive Economic and Trade Agreement (CETA): it was debated for 10 sitting weeks in the House of Commons and 10 sitting weeks in the Senate before it received Royal Assent.

With only 20 sitting weeks left in the 2018 House of Commons calendar and 22 sitting weeks in the 2018 Senate Calendar, the sooner the government tables the implementing legislation before the House, the sooner it can get to Committee and the sooner it can get before the Senate.



Canadian Agri-Food Trade Alliance | Alliance canadienne du commerce agroalimentaire

## The race is on

Media reports say that the CPTPP will likely be ratified by six of the agreement's members by the fall, enabling it to come into effect by the end of 2018. Reports have Australia, New Zealand, Japan, Peru, Mexico, Chile, Malaysia and Vietnam working towards this target. Australia has already tabled the treaty, Japan approved bills to ratify the CPTPP and hopes to ratify before the end of June, and Mexico has submitted the agreement to its Senate for approval.

We may lose the "first mover advantage" if Canada is not among the first countries to ratify. If our competitors ratify and implement the CPTPP before Canada, they will benefit from the initial rounds of tariff cuts and we won't, putting us at a further disadvantage.

Read statements from CAFTA and members on the signing of the CPTPP:

- CAFTA: [Canadian Agri-food exporters applaud signing of CPTPP](#).
- Canadian Cattlemen Association: [Canadian beef producers applaud signature of CPTPP Agreement](#)
- Canola Council of Canada: [Canola Industry Cheers CPTPP Signing](#)
- Canadian Canola Growers Association: [Canada's Canola Farmers Mark Milestone Signing of CPTPP](#)
- Canadian Pork Council: [Canadian Pork Industry Statement on the Signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#)
- Cereals Canada: [Cereals Canada Applauds Signing of CPTPP](#)
- Grain Growers of Canada: [Grain farmers applaud signing of CPTPP](#)
- National Cattle Feeders' Association: [CPTPP levels the playing field for Canada's Beef Industry](#)

## On the Hill

- The Standing House Committee on International Trade has agreed to undertake a study on Canada's priorities in negotiations around a free trade agreement with MERCOSUR (Argentina, Brazil, Paraguay and Uruguay). The committee will conduct at least four meetings prior to reporting its findings to the House of Commons.
- The Senate Standing Committee on Agriculture and Forestry has begun its study on how Canada's value-added food sector can be more competitive in global markets. CAFTA will be among those appearing before the committee in the coming weeks.

## In case you missed it

[Ag sector wants quick action on new TPP deal](#)

[Beyond the CPTPP: Why Canada's Relationship with Asia Needs a Long-Term Strategy](#)

[Why Canada must move quickly on the new Asian trade pact](#)

[CPTPP likely to launch early 2019](#)

[In NAFTA talks, U.S. Tries to Limit Junk Food Warning Labels](#)

[Ontario fires back at New York's 'Buy American' policy](#)

[Fifth Round of tariff cuts come into effect under Japan-Australia Free Trade Agreement](#)

[Alliance For Fair Sugar Policy Calls On Congress To Modernize Outdated And Outrageous U.S. Sugar Program](#)

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