

CPTPP Comes into Force on December 30: *CAFTA Sees Major Benefits for Canada*

December 28, 2018

Ottawa – The Canadian Agri-Food Trade Alliance (CAFTA) is pleased that on December 30th the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will come into force. It’s an agreement many years in the making that will finally provide Canada significant export diversification opportunities to several important and fast-growing economies.

“We’ve got an immense opportunity,” says Brian Innes, President of CAFTA. “It’s exciting that the agreement is finally coming into force.”

CAFTA, representing the people and businesses behind Canada’s \$58 billion in agri-food exports, has long championed a trans-pacific agreement to secure improved terms of trade across the fast-growing Asia-Pacific region. With the CPTPP, Canada’s farmers, ranchers, food manufacturers and exporters will now have competitive advantages against several of our competitors, including the U.S. and the European Union. The agreement also provides a platform to include other important and growing markets such as Thailand, Indonesia and Korea.

“Agreements like this take many years and the leadership of many people,” says Innes. “The CPTPP coming into force is an event built from thousands of hours of engagement by CAFTA and its members – it’s a day for all of us to celebrate how sustained engagement can produce opportunity.”

CAFTA and its members were present at all but one of the dozens of negotiating rounds, as well as when both the TPP and the CPTPP were signed. Consistent engagement has resulted in the agreement producing real opportunity to grow Canadian agri-food exports. CAFTA estimates that the CPTPP will grow agri-food exports to CPTPP countries by \$2 billion, a 25% increase. Within a few short weeks, real opportunity will be created by the CPTPP, including:

- For beef into Japan, the tariff will drop by over 10% - reducing the cost and creating demand;
- For wheat into Japan, the markup charged by the import agency to flour mills will fall by 16%;
- For canola oil into Japan, the large tariff facing Canadian canola oil exports will be reduced, and eliminated over time;
- For pork into Vietnam, the tariff on Canadian pork will be cut by up to 25 percent.

December 30th brings the first tariff reductions, followed by a 2nd tariff cut on January 1st 2019 for most CPTPP members. Vietnamese tariffs will fall on January 14th, followed by further tariff reductions in Japan on April 1st, 2019.

In the midst of rising protectionism and growing economic uncertainty in some parts of the world, the ten CPTPP partners – Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam – provide Canada with an historic opportunity to diversify its trade. Although these countries represent well over 10% of the world’s economy, they now account for only about 5% of Canada’s exports (*IMF, RBC Economic Research*).

International trade is extremely important for Canada’s economy, with exports generally about a third of our gross domestic product (*Statistics Canada, Fraser Institute*). Opportunities to expand foreign trade are needed for future economic growth and to sustain a high standard of living.

Mr. Innes noted CAFTA’s appreciation for Canada’s swift passage this fall of legislation to ratify the CPTPP agreement which will enable Canadian exporters to benefit from two sets of tariff reductions occurring almost simultaneously; the first set on the Agreement coming into force on December 30 followed by another in 2019.

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CAFTA is the voice of Canada’s agri-food exporters, representing the 90% of farmers who depend on trade and the ranchers, producers, food manufacturers and agri-food exporters who want to grow the economy through better access to international markets. This includes the beef, pork, meat, grains, cereals, pulses, soybeans, canola as well as the sugar, malt, and processed food industries. The sectors CAFTA represents support over a million jobs in urban and rural communities across Canada.

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