

# Canadian exports at risk when America is first to free trade agreements

February 22nd, 2017

News that the U.S. is poised to launch a bilateral trade deal with Japan after bowing out of the Trans-Pacific Partnership should be a wake-up call for Canada to implement trade agreements with Asia-Pacific economies or we'll be left behind.

The Trump administration is working at breakneck speed on a number of files, and trade agreements will be no different. They're charging towards new free trade agreements in the Asia-Pacific – starting with the lucrative Japanese market. For Canada, this means there is serious risk to our exports and the jobs they support if we don't step up our game.

While threats about NAFTA and other policy changes south of the border are critically important in Canada, equally important is the need to focus on the pace at which others are moving on with their own bilateral trade deals.

Our global competitors in the Japanese market already have better access than Canadian exporters – and it's getting worse. Australia recently implemented a free trade agreement with Japan and the E.U. is close to concluding a deal of its own. Canadian agri-food exporters are getting squeezed because we're facing higher tariffs than our largest competitors – a disadvantage that will only grow over time if it's not addressed.

Canadians should care deeply about the planned meeting between Japanese Prime Minister Abe and U.S. President Trump in February. A Japan-US bilateral agreement would leave Canada behind. Japan was the crown jewel of the now-shelved Trans-Pacific Partnership (TPP) and a premium market that buys \$4 billion per year in Canadian agri-food products. It's a large predictable market for Canadian canola, ranks second for Canadian malt and Canadian pork, fourth for Canadian beef and is important for Canadian wheat and pulses. It is no surprise that things go awry when a trade-dependent country like Canada tries to compete in markets where our global competitors have preferred access. We lost badly in South Korea when Canadian agri-food exports plunged by \$500 million after 2012 as we lagged our U.S., Australian and E.U. competitors in striking a deal. What the TPP promised was a level playing field for Canadian exporters. And while the U.S. seems committed to pursuing bilateral deals that put America first, they tend to only focus on tariffs, and do little to break down non-tariff barriers that prevent real access to markets. Canada is

threatened on both fronts: potential unequal access and more limited agreements that provide fewer benefits.

Whatever path our political leaders and negotiators come up with to secure competitive access

to markets in the Asia Pacific region, they had better do it soon.

The signal is clear. The world is not standing still, and the time is now to be a leader in implementing trade agreements with the Asia-Pacific, starting with Japan, China, India, Vietnam, Malaysia, Singapore and the Philippines. What's at stake are hundreds of thousands of jobs in communities across the country – especially those engaged in the agri-food industry.

Fully 90 per cent of our farmers depend on export markets and more than half of everything we produce goes beyond our borders. Better access to international markets through trade agreements has helped Canadian agriculture and agri-food exports grow by 77 per cent to over \$56 billion over the last ten years.

To keep thriving, we need a plan for competitive access to Asia-Pacific markets, and we need it now.

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