

Open Letter to All Federal Party Leaders

September 24th, 2015

Re: The Importance of Concluding an Ambitious Trans Pacific Partnership

September 23rd, 2015

The Canadian Agri-Food Trade Alliance, whose members contribute billions to the economy, are responsible for 80 per cent of Canada's agriculture and agri-food exports and generate economic activity supporting more than 750 000 jobs in agriculture and food manufacturing, asks that all party leaders support Canada concluding an ambitious Trans Pacific Partnership (TPP) when negotiators and trade Ministers gather next week. As leaders seeking to form government in Canada's 42nd Parliament, it is more important than ever that you express your support for Canada remaining fully engaged in TPP negotiations.

As negotiations reach a critical juncture with the other 11 countries at the table ready to conclude an agreement, it's clear that a TPP may be concluded – with or without Canada. The ongoing election campaign is stimulating important discussions about Canadian policy choices. While some choices can wait until October 19th, the choice to participate fully when the TPP concludes must be made now. If Canada is not committed to concluding an agreement, we will be either forced to accept what others negotiate or worse remain on the outside. This would be devastating.

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. Export opportunities are helping us grow. Over the last 10 years in Canada, agriculture and agri-food exports have grown by 77%, from \$31 billion to over \$56 billion – boosting farm cash receipts by 46% over the same period.

The ability of Canada's export-based agriculture and agri-food sector to continue supporting communities depends on Canada's participation in the TPP – an agreement encompassing a market of 800 million people and nearly 40 per cent of the world's economy. Without a TPP deal putting us on an equal footing in growing Asia-Pacific markets, the 90% of Canada's 200,000 farm families who rely on world markets will be disadvantaged relative to those in the US and Australia. This would lead to decreased exports, less income for Canadian

farmers to support their communities and fewer Canadian jobs provided by processors and exporters.

The potential lost opportunities and costs are real:

- Last year, Canada exported over \$2.3 billion worth of grains, oilseeds, pulses, and special crops to Japan, Malaysia and Singapore. These sales, along with the jobs and opportunity they create, could disappear without a plurilateral TPP agreement.
- For barley farmers and value-added processors the TPP could increase exports by 150,000 tonnes worth \$80 million. More export opportunities for pork and beef would also significantly increase demand for feed barley.
- For wheat growers, not being part of the agreement would put at risk 1.5 to 2 million tonnes of premium exports to Japan. If Canada is left behind when others conclude the TPP, wheat growers would cede growing premium markets to our competitors.
- For the canola sector, eliminating tariffs through the TPP would boost exports of value-added oil and meal by 1 million tonnes, worth \$780 million annually. A TPP without Canada would hamper the competitiveness of 43,000 canola farmers and the entire value chain – putting at risk \$1.2 billion in annual exports to Japan. The longer we wait, the more Canada falls behind Australia who already has a free trade agreement with Japan.
- For the refined sugar and sugar-containing products sector, the TPP is the only opportunity to address unfinished business in the NAFTA. A successful TPP could fix and grow the \$120 million annual access to the US lost through the NAFTA and WTO, supporting investment and exports from Canada's \$18 billion sugar-using food processing sector.
- For the pork sector, being outside of the TPP would place at risk \$1 billion of current exports and see a rapid decline of up to forty percent in the volume of pork exports to Japan. This would jeopardize over four thousand jobs as the importance of value-added pork is much greater in the Japanese than in most other markets and for which there are no ready alternatives.
- For the beef sector, the TPP could double or triple current exports to Japan, valued at \$100 million annually, as well as secure access to fast growing and developing markets like Vietnam. With Canada being a founding member of TPP,

we can set the terms of entry for future new entrants – such as seeking the acceleration of tariff elimination in our existing agreement with Korea.

It is clear that with hundreds of thousands of Canadian agri-food jobs tied to export markets, a plurilateral, ambitious and comprehensive TPP is critical to maintain our competitiveness. At this sensitive time, we urge all political leaders to support a TPP agreement that will allow our export oriented economy to support jobs and prosperous communities.

Sincerely,

Brian Innes

President

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About CAFTA

CAFTA members represent 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 more than 750 000 jobs in agriculture and food manufacturing. A significant portion of these jobs would not exist without competitive access to world markets.

CAFTA's membership represents a broad cross section of the agriculture value chain, and includes:

Canadian Pork Council

Canadian Canola Growers Association

Canadian Cattlemen's Association

Barley Council of Canada

Canadian Meat Council

Alberta Cattle Feeders' Association

Canadian Sugar Institute

Canola Council of Canada

Grain Growers of Canada

Cereals Canada

National Cattle Feeders' Association