



The Trans-Pacific Partnership: Implications for Canadian Agriculture

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TPP: small or big deal for Canadian agriculture?

- TPP-11: modest opportunities, modest challenges
- Add Japan and Korea: TPP expansion provides major opportunities, more significant but manageable (?) challenges



US still dominates Canada's agricultural exports

Canada's Agricultural Exports 2011 (billion)

Total	-	\$44.4	Japan	-	\$3.9
US	-	\$22.1	Korea	-	\$1.1
Mexico	-	\$1.7			
Australia	-	\$0.4	China	-	\$3.1
Malaysia	-	\$0.14			
Vietnam	-	\$0.13	EU-27	-	\$3.1
Singapore	-	\$0.06			
Chile	-	\$0.13			
New Zealand	-	\$0.06			
Peru	-	\$0.2			



Doha impasse encouraging preferential FTA's

- Canada cannot afford to be at competitive disadvantage, especially in growing Asian markets
- Preferential FTA's can provide more ambitious market access than WTO but do not deal with domestic support and export subsidies



Why modest agricultural results likely in TPP-11?

- Canada already has FTA's with US, Mexico, Chile, and Peru
- Limited access gains to be had in Australia, New Zealand, Singapore, Vietnam, Brunei and Malaysia
- Relatively small gains for US agriculture means limited pressure on US dairy and sugar lobbies



Much bigger deal if Japan (and Korea) join TPP

- TPP would provide better market opening opportunities than bilateral FTA's
- Japan and Korea highly protected agriculture
- US agricultural export gains in Japan (already have FTA with Korea) would help to moderate sugar and dairy lobby influence



TPP Implications for supply managed (SM) products

- How far Canada liberalises dairy in TPP will depend on how far US willing to go vis a vis NZ and Australia
- Continued use of TRQ's to handle sensitive products would allow SM to continue
- Size of TRQ expansion likely modest in TPP-11, larger with addition of Japan



Calls for end of SM because of TPP unhelpful and unnecessary

- No political appetite for internal SM reform, TPP results would be catalyst for incremental SM reform
- Main interest of trade partners is Canada's import barriers, not production and marketing systems
- Politicians (federal, provincial and farm) need pragmatic advice (not ideological strictures) on how TPP results can be integrated to allow SM system to coexist with more open trading system