The Trans-Pacific Partnership: Implications for Canadian Agriculture

Mike Gifford
Comments at the CAES Policy Conference, January 24, 2013
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

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports (billion)</th>
<th>Country</th>
<th>Exports (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$44.4</td>
<td>Japan</td>
<td>$3.9</td>
</tr>
<tr>
<td>US</td>
<td>$22.1</td>
<td>Korea</td>
<td>$1.1</td>
</tr>
<tr>
<td>Mexico</td>
<td>$1.7</td>
<td>Australia</td>
<td>$0.4</td>
</tr>
<tr>
<td>Vietnam</td>
<td>$0.13</td>
<td>China</td>
<td>$3.1</td>
</tr>
<tr>
<td>Malaysia</td>
<td>$0.14</td>
<td>EU-27</td>
<td>$3.1</td>
</tr>
<tr>
<td>Singapore</td>
<td>$0.06</td>
<td>Chile</td>
<td>$0.13</td>
</tr>
<tr>
<td>New Zealand</td>
<td>$0.06</td>
<td>Peru</td>
<td>$0.2</td>
</tr>
</tbody>
</table>
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