Canadian Pork Council
Conseil canadien du porc

Canada Must Negotiate To Be Part Of The TPP

by CPC Chair Rick Bergmann

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Canada is one of twelve countries negotiating the Trans-Pacific Partnership (TPP) with other major trading countries like the United States, Australia and New Zealand. The prospects of a TPP agreement being reached, and soon, appear favourable and can happen with or without Canada's participation. As discussions near the finish line, the Canadian Pork Council wishes to point out how crucial it is for our industry that Canada be a part of such an agreement.

Canadian pork exports to Japan - one of the major players in the TPP - could very quickly grow by 10% given the improved access provided by the deal to the Japanese market. That alone adds up to an additional 1,000 jobs and $87 million a year for the Canadian economy. Our exports will continue to grow over the phase-in period of the agreement, easily reaching, in our view, $300 million in sales and another 4,000 jobs.

The TPP also would open doors for us to countries like Vietnam and Malaysia, and give Canada an opportunity to negotiate improved terms of trade with potential new entrants in the TPP like South Korea and the Philippines.

However, Canada missing out on being a part of the TPP would create enormous challenges for us. We would quickly see a deterioration in our ability to compete within the market composed of TPP member countries, which collectively make up almost 40% of the world's gross domestic product.

As a trade-dependent sector – exports are well over 65% of Canada's total pork production – we cannot afford for Canada to be left out of an important deal. Our industry has already been there, done that.

In 2007, Canada left unfinished FTA negotiations with South Korea that had begun in 2004. Soon after that, we saw our competitors, including the United States, complete trade deals with Korea. Canada's pork exports to South Korea plummeted by more than two-thirds within just two years of the implementation of the Korea-United States Free Trade Agreement, falling from a quarter-billion dollars in 2011 to only $76 million in 2013. Thankfully, Canada and South Korea last year resumed talks and we were very pleased that the Canada-Korea FTA was implemented at the start of this year.

However, it will take several years for Canada to catch up with its competitors on access to South Korea. If a Trans-Pacific Partnership agreement is reached which includes the U.S. and

Japan, but not Canada, the impact on the Canadian pork industry would be much worse and our lost competitiveness likely would be much longer lasting. That's because the Japanese market is several times larger for Canadian pork exports – close to $1 billion annually – and our exports to Japan are more concentrated in higher valued products for which no ready alternative markets exist that offer comparable returns. Independent analysis performed for the Canadian Pork Council estimates that if Canada was left out of a TPP that includes Japan, Canadian pork producers would lose about $5 per animal and the volume of pork exports to Japan would in short order decrease almost 40% - that's $330 million in sales. Furthermore, 4,500 jobs would be in jeopardy

The long-term results would be even more serious. The diminishing economic viability of Canada's pork sector would lead to permanent cutbacks and closures for Canadian pork producers, processors and exporters.

We learned from our experience with South Korea how quickly we can lose a market when our competitors gain tariff advantages through comprehensive trade deals. Canada must negotiate to be part of the TPP.

Rick Bergmann
Chair, Canadian Pork Council

The CPC serves as the national voice for hog producers in Canada. A federation of nine provincial pork industry associations, the organization's purpose is to play a leadership role in achieving and maintaining a dynamic and prosperous Canadian pork sector.

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