

**Follow-up response provided to the committee on October 23, 2018 by the Canadian Agri-Food Trade Alliance, following their appearance before the committee on Bill C-79, An Act to implement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership between Canada, Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam:**

We urge Canada to be among the first six countries to ratify this trade agreement and benefit from the initial round of tariff reductions. It should be understood that a failure by Canada to be among the first 6 to ratify the CPTPP would not result in status quo. Rather, it would constitute a needless reduction of Canadian competitiveness in the vital Asia-Pacific region:

- **Beef:** the current Vietnam tariff on Canadian beef is 20%. If we implement CPTPP in Dec 2018, we will pay only 6.6% in 2019 and free in 2020. If we miss implementing by Dec 31, we will pay 13.3% in 2019 and push the other cuts back a year. In addition, every quarter the Japanese government reviews the volume of beef imports and determines whether to impose a tariff safeguard. Countries that have an FTA with Japan are exempt from the tariff increase. As Japan moves forward with the CPTPP and New Zealand and Mexico join Australia with new preferential beef access to Japan, Japanese beef imports could surge and trigger the most favored nation (MFN) safeguard as it did last year caused by imports from the Australia-Japan FTA. If Canada delays implementation of the CPTPP, not only do we prolong our tariff disadvantage, but we also extend our exposure to the increased risk of Japan's MFN safeguard.
- **Barley:** Australia's current free trade agreement (FTA) with Japan has already cost our barley growers 250,000 tonnes in sales each year for the last two years. Missing out on this CPTPP opportunity will compound these losses.
- **Canola:** our canola oil exports to Japan face higher tariffs than Australian's due to their pre-existing FTA. Currently, we have a seven per cent disadvantage, which grows to nine per cent by April 1, 2019. By then, industry expects that Japanese tariffs applied to Australian canola oil will be low enough to encourage increased shipments; this spells a tariff battle Canada will lose – eroding our current \$1.4 billion canola seed exports to Japan and squandering an opportunity for more value-added exports.
- **Soybeans and soy products:** Nearly all of the \$425 million worth of soybeans and soy products are shipped to CPTPP countries where we do not have FTAs. If Australia is in the first wave to ratify the CPTPP and Canada is not, this would impact the competitiveness of Canadian soy producers.
- **Canadian food and consumer products:** from baked goods, frozen foods, prepared potatoes, processed grains, pulse products, sugar and chocolate confectionery would continue to face high tariffs in CPTPP countries such as Japan, Malaysia and Vietnam when their competitors would see tariffs reduced or eliminated.