

60. Prepare Business for the Trans-Pacific Partnership

Issue

Prepare Canadian businesses to take advantage of opportunities provided by the trans-Pacific partnership (TPP) and better compete with foreign firms that will have increased access to their traditional markets.

Background

Canada is an exporting country. In October 2015, it ratified the TPP with eleven (11) other countries with 800 million people and 40% of the world's GDP. The agreement should abolish 18,000 customs duties. These removals affect 98% of customs duties between signatory countries. The final text of the agreement must be ratified by each member country, a complex process which will take at least two years.

The Canadian Chamber of Commerce has long recognized the importance of agreements which eliminate tariff barriers and other obstacles hindering access to international markets for Canadian products and services.

Free trade agreements benefit the Canadian economy to the extent that businesses can market innovation-driven world-class products and services. Therefore, government support for innovation is an essential tool for exporting firms. The federal government will announce its innovation policies over the next few months.

Until now, few studies have evaluated the TPP's impact on various sectors of the Canadian economy. There is an important lack of information and business awareness of the challenges of new trade agreements. Because they are ill informed, SMEs do not prepare to take advantage of new markets or deal with new competitors in their traditional markets.

Until the TPP is ratified, the Canadian government must allocate resources to inform businesses of the short and medium term opportunities and challenges resulting from the implementation of the TPP.

Under the proposed agreement, agricultural markets subject to the supply management system will be partially open to foreign countries over five years. Going forward, foreign producers can capture up to 3.25% of the dairy market. The percentage will be 2.3% for eggs, 2.1% for chicken, 2% for turkey, and 1.5% for broiler hatching eggs. The federal government is committed to compensating affected producers after the agreement is signed.

Recommendations

That the federal government:

1. Actively participate with all Provinces and Territories in the ratification process of the trans-Pacific partnership.
2. Undertake studies of the impact of the TPP on various sectors of the Canadian economy.
3. Disclose in the near future an innovation support strategy.
4. Prepare an information plan for businesses on the challenges of the TPP and include its partners from the business world in the implementation of this information and awareness plan.
5. Work with chambers of commerce and industry associations to build knowledge within Canadian businesses relating to acceptable business practices, cultural etiquette and relationship building in the Trans Pacific partner countries
6. Announce any compensation measures to be offered to agricultural producers affected by the increase in imports resulting from the implementation of the TPP.