



January 21, 2019

**TURKEY FARMERS OF  
CANADA**

**IMPACT OF THE CANADA-UNITED STATES-MEXICO  
AGREEMENT (CUSMA) AND THE COMPREHENSIVE  
AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC  
PARTNERSHIP (CPTPP) ON THE CANADIAN TURKEY  
SECTOR**

**To: Standing Committee on Alberta's Economic Future**

**Re: Inquiry into the Impact of the United States-Mexico-Canada Agreement  
on Alberta Agriculture**

#### **About Turkey Farmers of Canada (TFC) and the Canadian Turkey Industry**

Turkey Farmers of Canada (TFC) was created by proclamation of the Canadian Parliament under the federal *Farm Products Agencies Act (FPAA)* in 1974 as the Canadian Turkey Marketing Agency (CTMA). We appreciate the invitation to provide input to the Standing Committee on Alberta's Economic Future.

A primary responsibility of TFC is to ensure that our farmers produce the right amount of turkey to meet consumer needs and obtain a fair return on their labour and investment, through the national supply management system. Under the umbrella of TFC, farmers, processors and further processors determine anticipated market requirements and it is the responsibility of TFC to set production levels accordingly, in accordance with the *FPAA*. In that capacity, TFC represents the interests of Canadian turkey farmers and the interests of the sector generally, in collaboration with downstream stakeholders.

The turkey industry's contributions to the Canadian economy, based on a 2015 study by Kevin Grier, Market Analysis and Consulting Inc., include:

- a contribution of \$1.1 billion to Canada's gross domestic product (GDP);
- total economic activity of \$3.3 billion; and
- total employment, including direct, indirect and induced impacts, is estimated at approximately 14,300 jobs.

The output of an average Canadian turkey farm is approximately one-third of a U.S. turkey operation for a number of reasons, not the least of which is the federal-provincial nature of supply management, with its emphasis on sustaining family farms and a domestic marketing focus, nationally and provincially.

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## **Canada-United States-Mexico Agreement (CUSMA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**

While recognizing the importance of maintaining a stable trading relationship with the United States and Mexico, it must be noted that the new CUSMA will have a significant and negative impact on the Canadian turkey sector, especially when combined with the impact of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Within this context, TFC is providing details specific to the repercussions of both these agreements for the Canadian turkey sector.

### **On the Positive**

Both the CUSMA and CPTPP agreements preserve Canada's existing over-quota tariffs for turkey. This provides a fairly high level of assurance that imports of turkey meat, in excess of Canada's minimum access commitments, will not occur under normal domestic and international market conditions.

### **On the Negative – CUSMA**

- The CUSMA guarantees the United States with new market access to the Canadian turkey market.
- It will result in a 29% increase in U.S. access to Canada, relative to the current NAFTA market access; and, an 18% increase relative to current WTO minimum market access.
- This will allow the U.S. to export an additional 1,000 metric tons of turkey products each year for the next 10 years above current access levels, with potentially (presumably) more after that.
- This represents an annual loss in Canadian domestic production and income of just over 1.0%.

### **On the Negative – CPTPP**

- The CPTPP agreement will provide a 71.0% increase in import access to the Canadian turkey market.
- This equates to:
  - \$270 million in lost farm cash receipts over the CPTPP implementation period of 19 years;
  - A farm output loss of at least 4.5%;
  - Commensurate farm income losses (without accounting for downward pressure on farm prices created by low-priced imports and additional supply from CPTPP jurisdictions);
  - Total economic activity losses in the order of \$111 million per year throughout the value-chain; and,
  - Domestic market growth forgone and assigned to CPTPP trading partners.

### **Combined – CUSMA and CPTPP**

- It is estimated that in total, the two agreements will increase import access to the Canadian turkey market by almost double (89.2%) (i.e., 71% under CPTPP and 18% under CUSMA).
- The concessions made, come at a substantial cost for our farmers and rural Canada, estimated at:

- national farm output loss of close to 6.0% (i.e., 4.5% under CPTPP and 1.0% under the new CUSMA);
- over the next six (6) years, in terms of volume, market access under the two (2) agreements equal 8.6 Mkg of eviscerated whole bird production (CPTPP = 6.7 Mkg and CUSMA = 1.9 Mkg) or 10.4 Mkg of live production;
- \$366 million in lost farm cash receipts over the 19 year CPTPP implementation period;
- Total economic activity losses in the order of \$145 million per year throughout the value-chain.

### **Few Export Opportunities**

It should be noted that the Canadian turkey industry does not see or anticipate any major export opportunities emerging under the provisions of either the CUSMA or the CPTPP.

U.S. turkey production was 2.7 billion kg in 2017, about 15 times Canada's production. The U.S. turkey industry is the primary supplier to Mexico, which leaves little opportunity for Canada to access this market.

Although there may be niche opportunities for Canadian turkey in the U.S. and Japan, there is nothing evident within the two agreements that provides benefit.

Non-tariff and Sanitary & Phytosanitary Barriers to trade remain in other CPTPP jurisdictions (e.g., Australia and New Zealand) as far as we understand the agreement at this point in time.

### **Closing**

We understand the difficult situation the Canadian government faced during the CUSMA negotiations and, the potential impact to the Canadian economy, should the negotiations fail and the U.S. withdraw from NAFTA without a replacement agreement. However, we are deeply disappointed at the direct reduction on turkey farm and processing plant throughput, on the heels of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

As an imperative, these two agreements have to be the last where access to the Canadian turkey market is used to settle terms and finalize a trade agreement.