

The Trans-Pacific Partnership and Canada's Dairy Industry



Briefing Note

Unifor and the Dairy Industry

Unifor represents more than 10,000 workers in Canada's food and beverage processing industries, including thousands in the dairy sector. Unifor members work at some of Canada's largest dairy processing facilities, including Nestlé, Parmalat, Saputo and others.

Trouble with the TPP

The TPP was negotiated behind closed doors, with no analysis of its impacts on Canada's economy and without any meaningful input from the public. Recent studies predict the TPP will have a negative effect on Canada's economy. Even in best case scenarios, the TPP will have little to no impact at all. In either case, the risks to Canada's public policy and decision-making appear to be real and raise serious concerns for Canadians on a number of fronts. For instance:

- The inclusion of investor-state dispute settlement (ISDS) will grant extraordinary and extra-judicial rights to private corporations, allowing them to sue governments over public policy decisions;
- A "negative-list" approach that opens markets to foreign investors and all service suppliers, unless explicitly excluded from the deal, promotes permanent deregulation and limits government decision-making over the long term;
- Patent reforms and new digital policy rules risk everything from higher Canadian drug prices to data privacy.

The Impact of TPP on Canada's Dairy Industry

Canada's dairy processing industry is a world-leader in both product safety and quality standards. In 2014, more than \$17 billion worth of fluid milk, cheese and other products were shipped across Canada and to other parts of the world (although most dairy production is aimed at domestic consumption), from nearly 450 processing facilities. The industry employs nearly 45,000 farmers and factory-workers and is the third largest component of Canada's agricultural industry¹.

The dairy sector operates under a system of supply management, used to manage production levels, set industry price standards and control import flows. Despite initial concerns, the TPP did not result in the wholesale dismantling of Canada's supply management system. However, the final agreement did include significant concessions to import quotas for all dairy products (phased in over various timeframes). The Dairy Farmers of Canada² estimate that up to 3.97% of domestic production will be displaced through new import quotas (not including the import penetration outcomes of the Canada-EU CETA, if ratified) - representing an annual industry revenue loss of up to \$250 million. We can anticipate that a significant rise in processed dairy goods will further displace production jobs in Canada, over the long term.

Unifor is urging federal Members of Parliament not to ratify the Trans-Pacific Partnership agreement. Canada's approach to global trade and investment must serve to enhance our collective economic and social development, and must be guided by progressive, fair trade principles.

Additional concerns have been raised with respect to the application of health, safety and phytosanitary regulations and standards. Unlike other TPP nations (including the U.S.), Canada bans the use of rBST hormones in dairy cows. And while reports³ suggest Canada's food safety standards will remain intact under the TPP, those same rules will not apply to dairy imports - despite Health Canada's ban.

Protecting Canada's Dairy Processing Industry

1. The TPP is a bad deal for Canadians, including dairy workers. Unifor believes that:
2. Annual industry revenue losses will be irreversible, despite any assumed export opportunities for Canadian dairy products; Job losses in the dairy industry are imminent;
3. Canadian health and phytosanitary standards must apply to all dairy products sold in Canada, whether produced here or elsewhere - there can be no double-standard for imported dairy products, and Canadians need assurances that current standards will be upheld.

The Trans-Pacific Partnership treaty is **fundamentally-flawed** and a **missed opportunity** for Canada to facilitate global trade that is fair, ethical and of benefit to all. Unifor urges the federal government not to ratify the TPP.

¹ Canada's Dairy Industry at a Glance, produced by Agriculture and Agri-Food Canada:

http://www.dairyinfo.gc.ca/pdf/At_a_glance_e_2014.pdf

² Dairy Farmers of Canada presentation to Standing Committee on International Trade, February 25, 2016:

<http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=e&Mode=1&Parl=42&Ses=1&DocId=8126607>

³ CBC News Report (October 23, 2015), TPP would allow milk from cows receiving hormones into Canada:

<http://www.cbc.ca/news/politics/trans-pacific-partnership-milk-imports-hormones-1.3276739>

