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# **Canada's Changing International Trade Landscape Opportunities, Threats and Forgone Opportunities for the Beef Industry**

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# Canada's Changing International Trade Landscape- Opportunities, Threats and Forgone Opportunities for the Beef Industry



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## Introduction

Canada's beef industry competes internationally with other large beef producing countries. Global trade is important for Canada as exports account for 45% of production, with most of those exports headed to the U.S.

This trade landscape under which the beef industry must operate may change in important ways in the near future. The Trans Pacific Partnership agreement provided additional opportunities for the beef industry. However, those opportunities those may now be forgone in the wake of the recent US election.

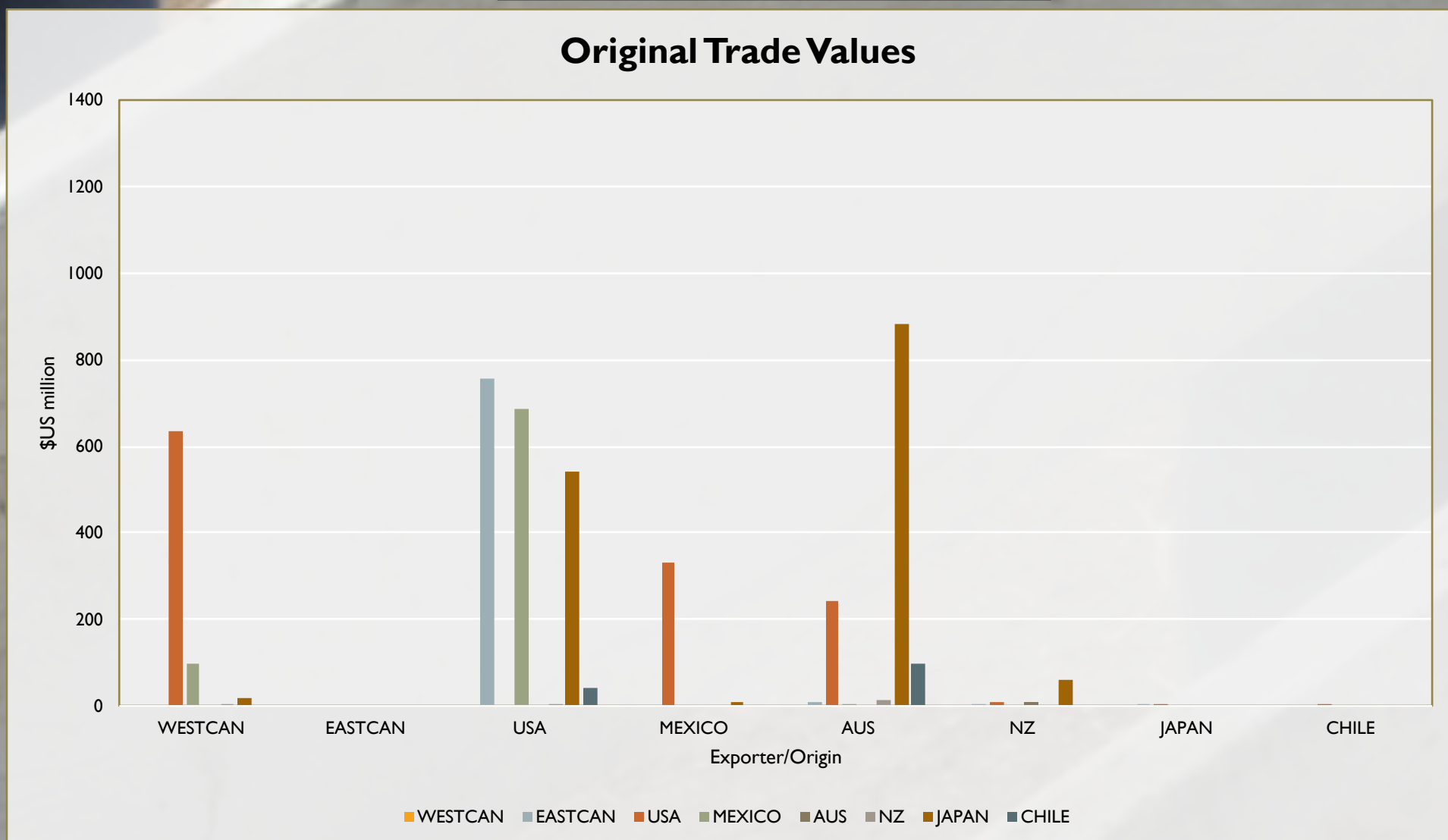
The future of the TPP is currently undecided, however both Japan and the U.S. must join, or else it cannot happen. Canada's beef industry experiences tariff-free access to the U.S. under NAFTA, which, during the US election, was threatened by the President-Elect to be renegotiated or to "tear it up". There are many different ways that the trade landscape could change given the numerous ongoing trade agreements and political events.

This thesis provides an analysis of the various possible effects on Canadian beef trade based on a variety of trade agreement outcome scenarios.

## Results

Large beef exporting countries would benefit from the full implementation of the Trans Pacific Partnership agreement due to the improved market access created by trade liberalisation. It is most distorting when large producing countries do not enter the agreement.

### 2012 Trade Values



## Method

Research used the Global Simulation, or GSIM, Model (Francois and Hall, 2003). Used 2012 data and trade data for chilled boneless beef. Single product, multi-region model focusing on various possible outcomes involving the TPP and NAFTA trade agreements.

This single product, multi-region model provided trade and welfare results that can be compared between scenarios that depend upon the retaining of NAFTA and the potential evolution of the TPP.

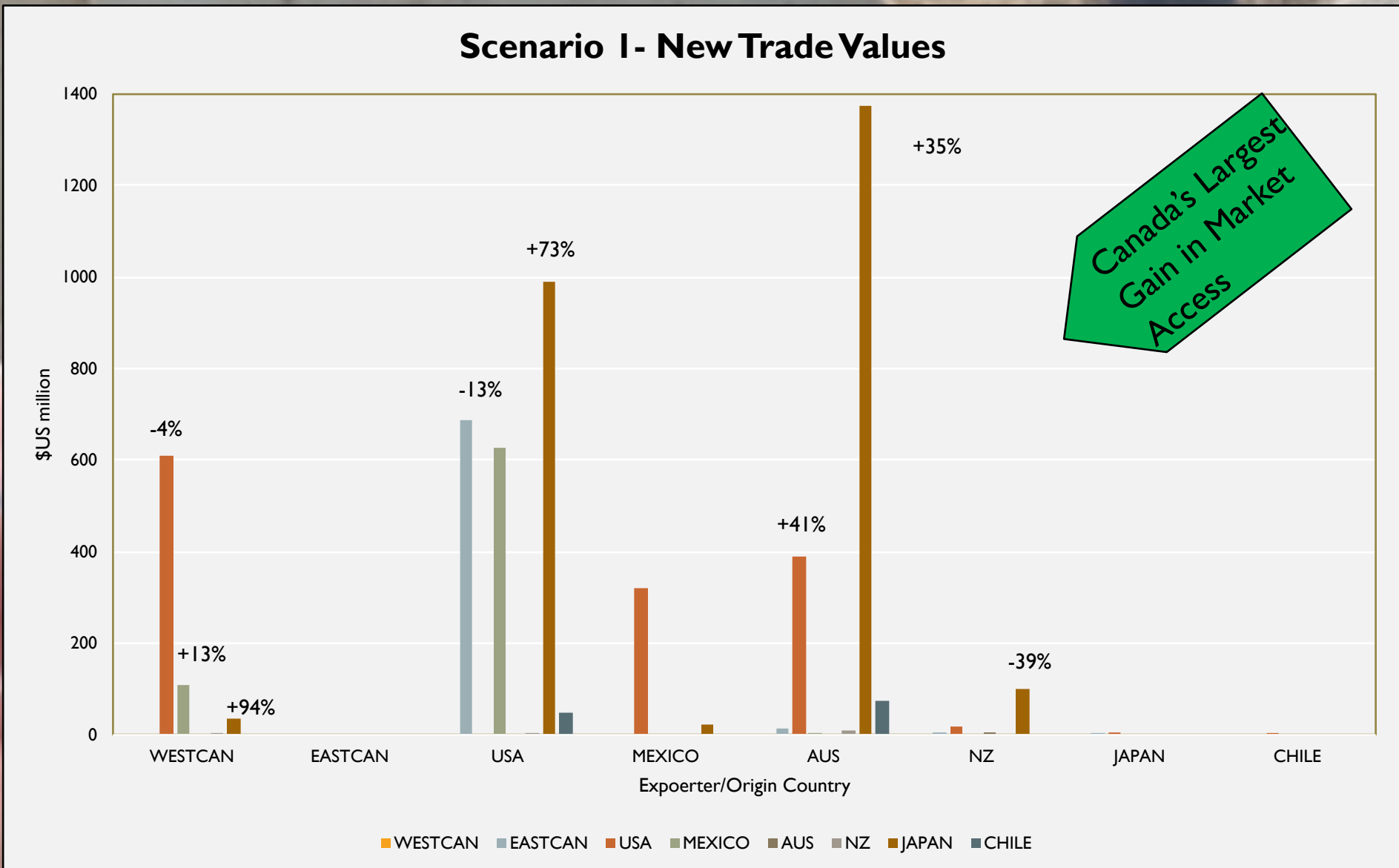
## Scenarios

1. All TPP members enter agreement
2. U.S. stays out, rest stay with TPP
3. Non-TPP gets more competitive
4. No more NAFTA & no TPP for U.S.
5. Canada stays out of TPP
6. No NAFTA & no TPP for anyone

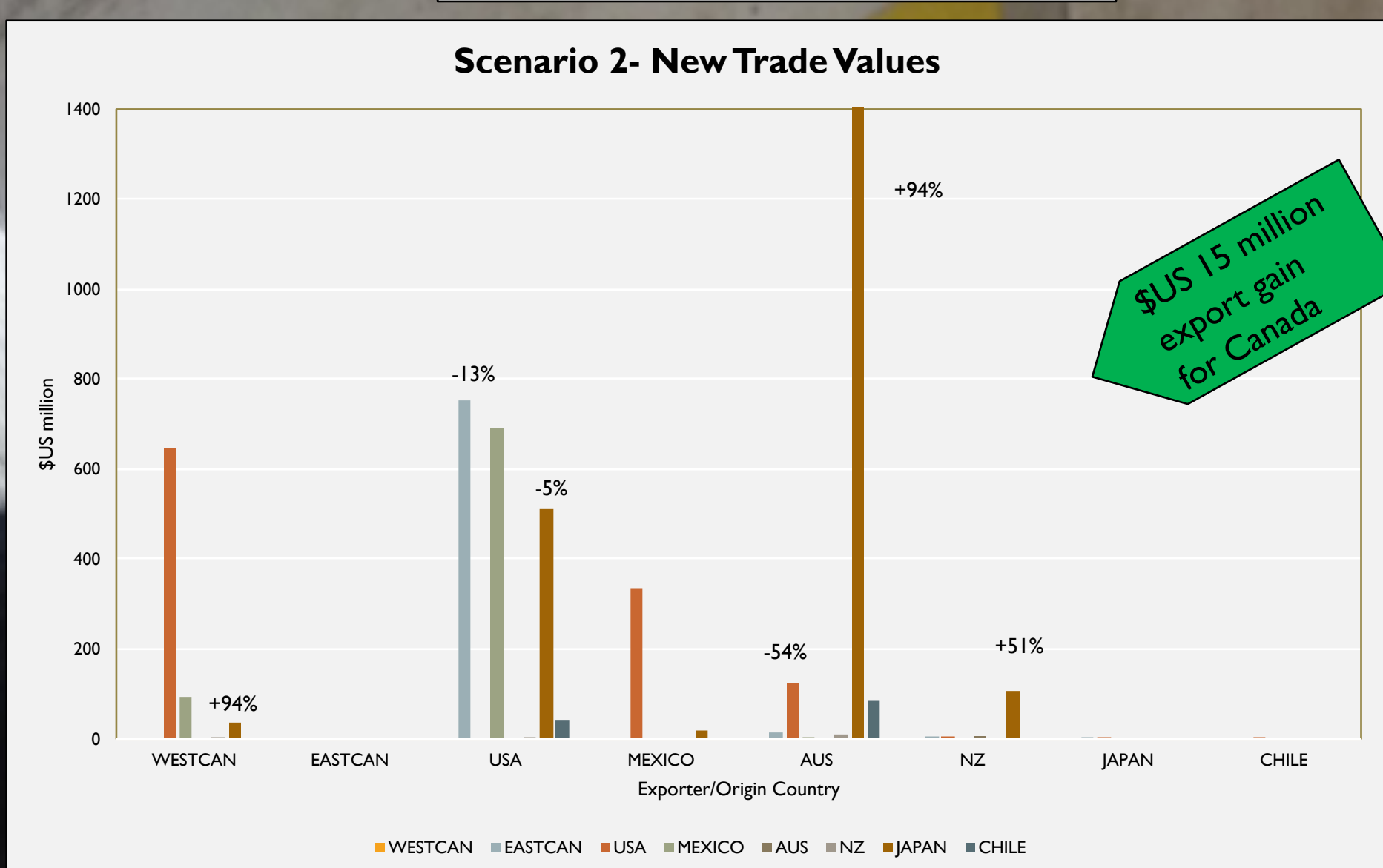
### TPP Members: Canada, U.S., Mexico, Australia, New Zealand, Japan, Malaysia, Singapore, Peru, Chile, Vietnam, Brunei



### All TPP Members Enter Agreement



### No TPP for U.S., TPP members continue



## Trade Policy Implications

First of all,

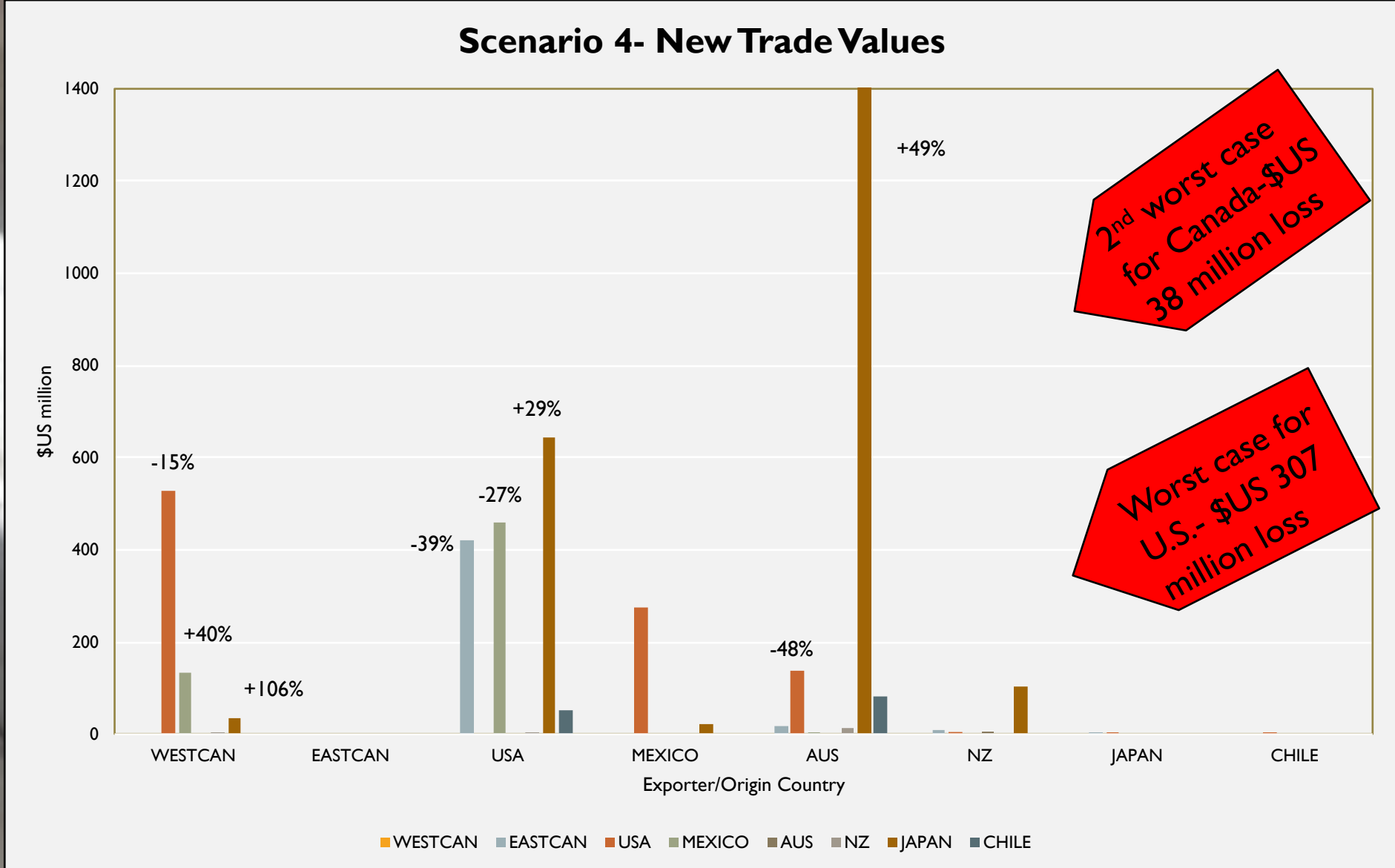
- Trade is complicated
- Canada and the U.S. are dependent and integrated
- Current events could alter global beef trade
- TPP members were hoping to get better access to the U.S. and Japan market
- Protectionism Vs. Globalization

Are large multi-nation trade agreements still possible?

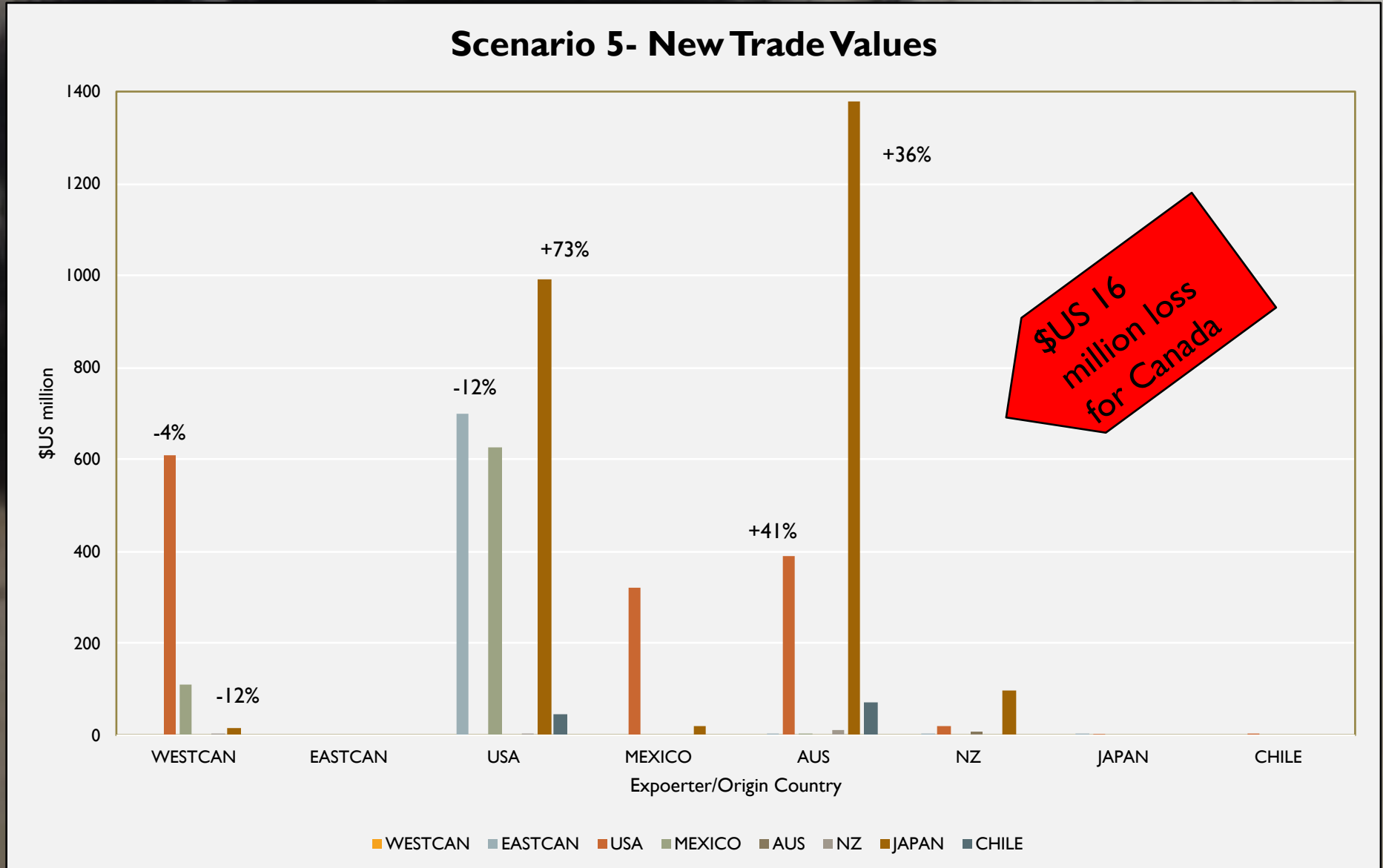
### What happens next?

- Complete the Canada-Japan Economic Partnership Agreement
- Explore new markets and opportunities
- Fight to maintain/improve NAFTA/CUSTA conditions for Canada

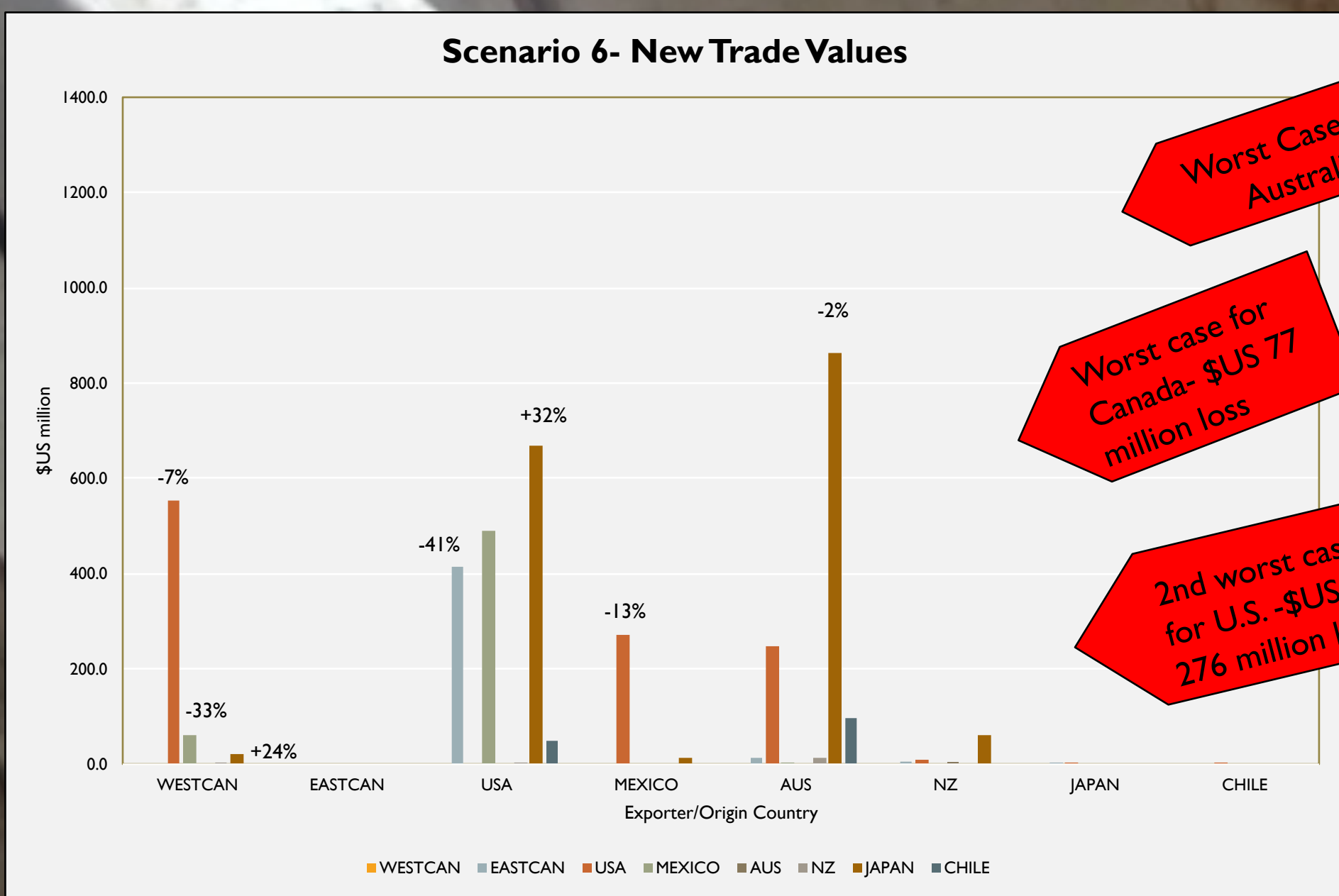
### U.S. stays out of TPP- PLUS no more NAFTA



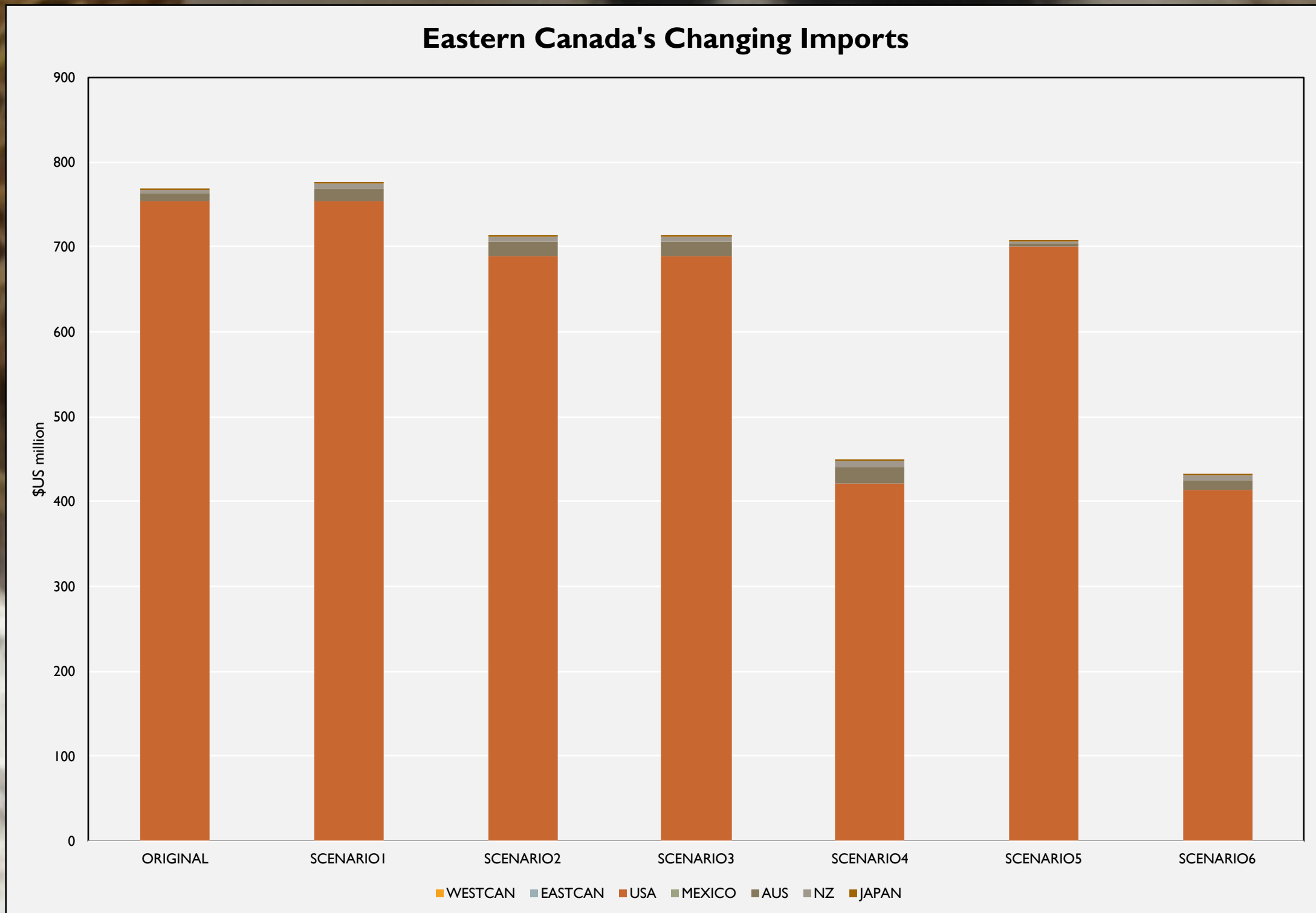
### Canada Does not Join TPP



### No NAFTA and No TPP



### Change in Imports for Eastern Canada



## Canada and the U.S.- History of Beef Trade

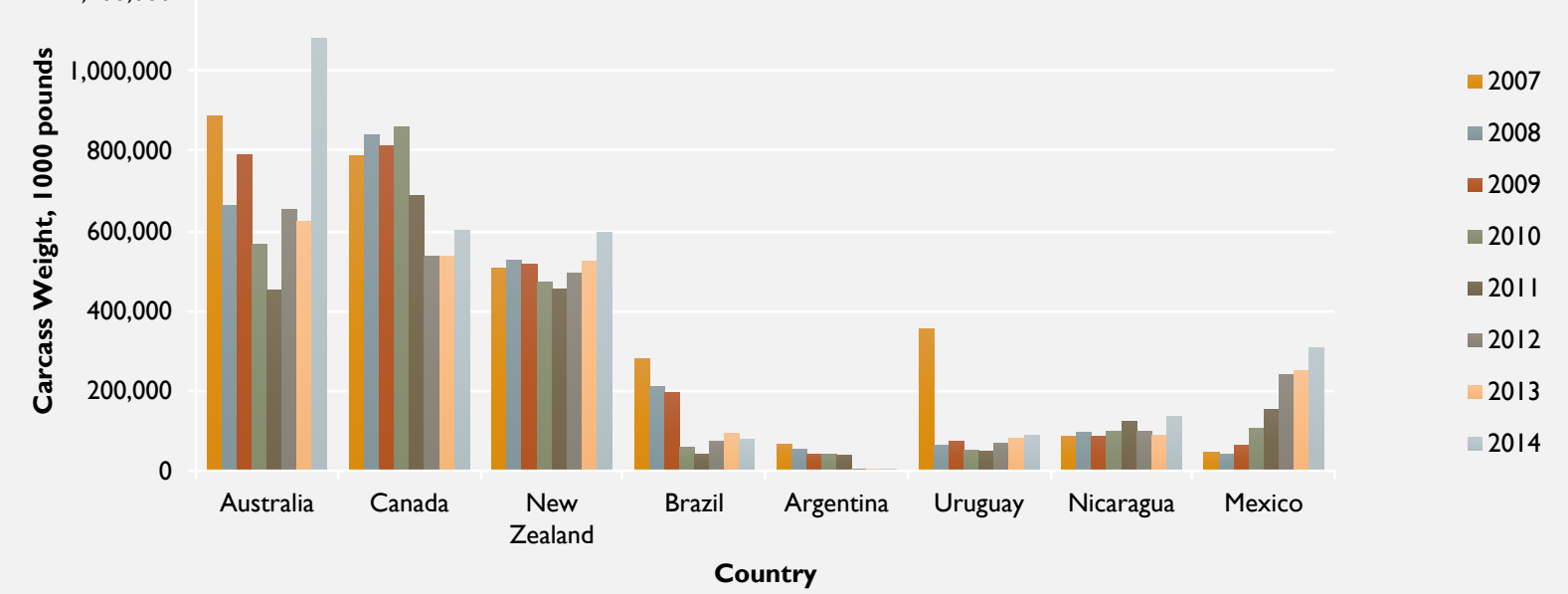
In 2011, Canada exported 45%, or 336 million kg, of total beef and cattle production, 75% was destined for the U.S.

In 2011, Canada imported 206 million kg, of which 73% from the U.S.

(Canadian Beef, 2012).

The U.S. is Canada's largest source of exports, followed by Mexico, but Japan is the largest market opportunity.

### US Beef and Veal Imports by Country, carcass weight (1000 pounds)



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