

## **The Impact of Trans-Pacific Partnership agreement on the Canadian economy**

Topic: 514X Special session: Economic Implications of Transpacific Partnership Agreement (TPP)

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The Trans-Pacific Partnership is the most comprehensive trade agreement in the world. The TPP will help deepen Canada's trade ties in the dynamic and fast-growing Asia-Pacific region while strengthening existing economic partnerships with NAFTA partners and across Americas.

Despite the presence of many barriers to trade, Canada's exports to TPP countries averaged \$366.1 billion CAD annually from 2012 to 2014. Industrial goods cover the major part of exports i.e. \$311.4 billion CAD, followed by agriculture and agrifood (\$30.9) and forestry and wood products (\$20.4). The TPP will eliminate tariffs on almost all of Canada's key exports and offer access to new opportunities in the Asia-Pacific region. Tariffs and other barriers on a wide range of Canadian products from various sectors will be reduced, including in agriculture and agri-food, fish and seafood, forestry and wood products, metals and mining, and industrial goods. More importantly, the TPP will secure new market access opportunities for Canadian dairy, poultry and egg exports to the United States and all other TPP countries. TPP countries get duty-free access to 3.25 percent and 2.1 percent of Canada's dairy and poultry market respectively.

In this background, the current study evaluates the economic and environmental impacts of Trans-Pacific Partnership agreements on the Canadian economy by the year 2030 using a global CGE framework. This includes estimating the economic impact of the nation's industrial output, GDP, exports and imports and the resulting impact on welfare, labour growth and the environment. The study attempts a number of simulations based on the level of tariff reduction across selected commodities between Canada and other TPP Nations. The GTAP 9 Data Base with the reference year of 2011 is used for the study.

Results show that Canada stand to benefit significantly from improved access to the TPP region. Canada expects a considerable increase in the agricultural export. Canola, processed food and beverages, seafood, beef and pork sectors are expected to benefit from the deal. Industrial goods like farming and construction equipment, metal and mineral, motor vehicle as well as aerospace products would gain from TPP agreements. The agreement would help the economy to reach the goal of doubling Canada's manufacturing and exporting output by 2030. Further, banking sector is also expected to benefit from the deal.