

# CURRENT ISSUES IN CANADIAN AGRI-FOOD POLICY

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POSTER 10

## **Inter-Regional Trade Model of the Canadian Dairy Industry Impacts of the Trans-Pacific Partnership (TPP12)**

Presenter: Scott Biden, Research Assistant  
Co-Authors: Alan Ker and David Jacques  
Food, Agricultural and Resource Economics  
University of Guelph

In an increasingly globalized world in which free trade and protectionism are becoming more prevalent and impactful to Canada, this research sets out to model the Canadian dairy industry under supply management to assess the impacts of new Canadian trade agreements and policies. To evaluate these impacts, we have developed a static, constrained optimization, inter-regional trade model. This model is composed of three sectors; three Canadian regions and the international market; three dairy components; and ten processed products. The maximization problem evaluates the objective function solving for 339 variables, subject to 136 constraints. Within this framework we estimate a base line scenario that approximates the 2015/16 dairy year, with which we are then able to ask 'what if' questions and evaluate counterfactual scenarios. This research evaluates the impact of the Trans-Pacific Partnership, in the original 12 country context (TPP12), to see how Canada's regional producers, processors, and consumers would be affected by the agreement through changes in prices and quantities. In a comparison of the TPP12 scenario to the base line, the relative magnitude of impacts offers an insight into the impact this trade agreement would have had on Canada. These results offer a reference point for comparison to the ongoing negotiation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, often referred to as TPP11, and how those results differ from TPP12.