

The Trans-Pacific Partnership

The Canadian Perspective

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TPP: The Canadian Perspective



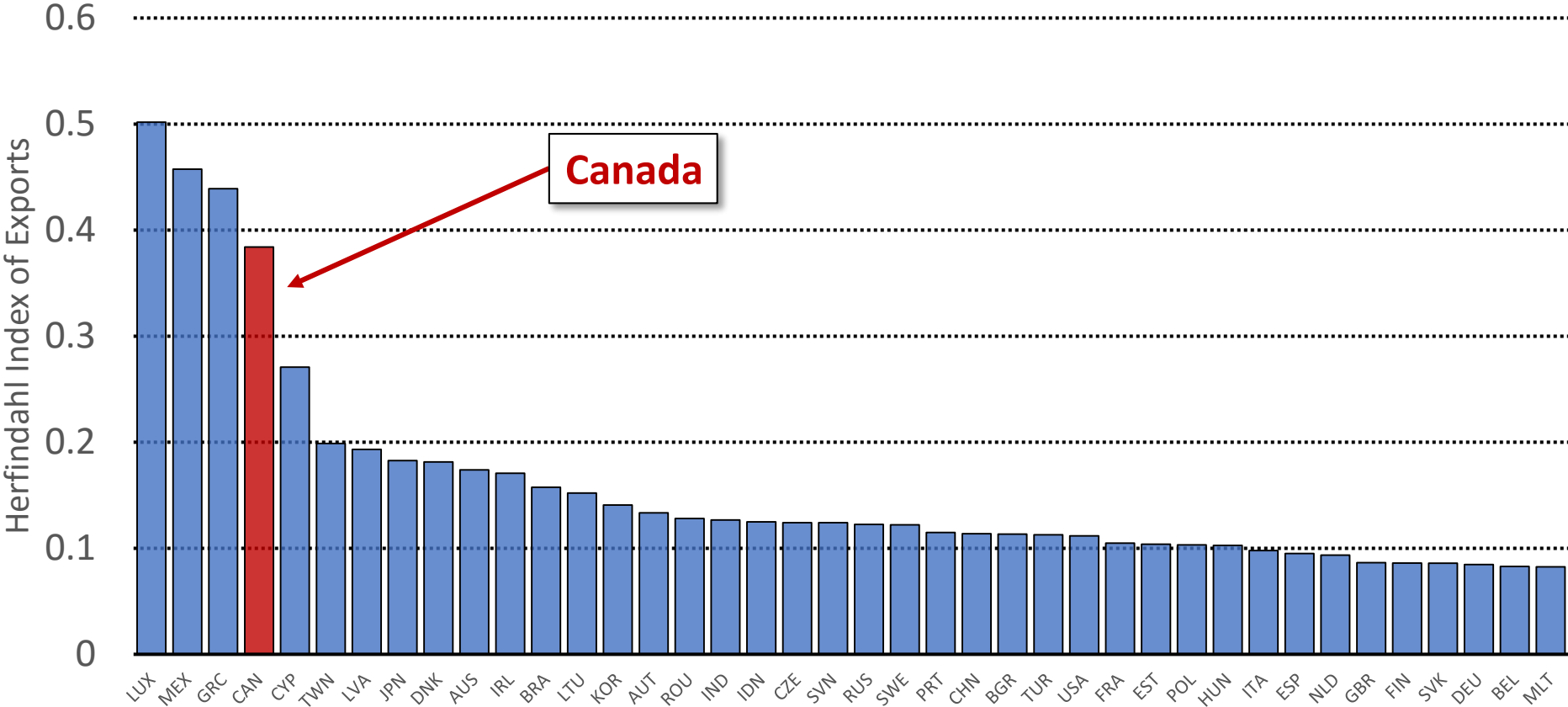
- Canada's trade challenge: **Diversification**
- **Tariff reductions are important**, but TPP goes far (far) beyond classic trade liberalization
- International **investment posed to grow**
- **Large gains from multinational production** – the case of Canada's auto sector
- The view from Canada's PNWER regions

Our Eggs are in 2.5 Baskets



Measure of Export Market Concentration

A Herfindahl Index Across Export Destinations

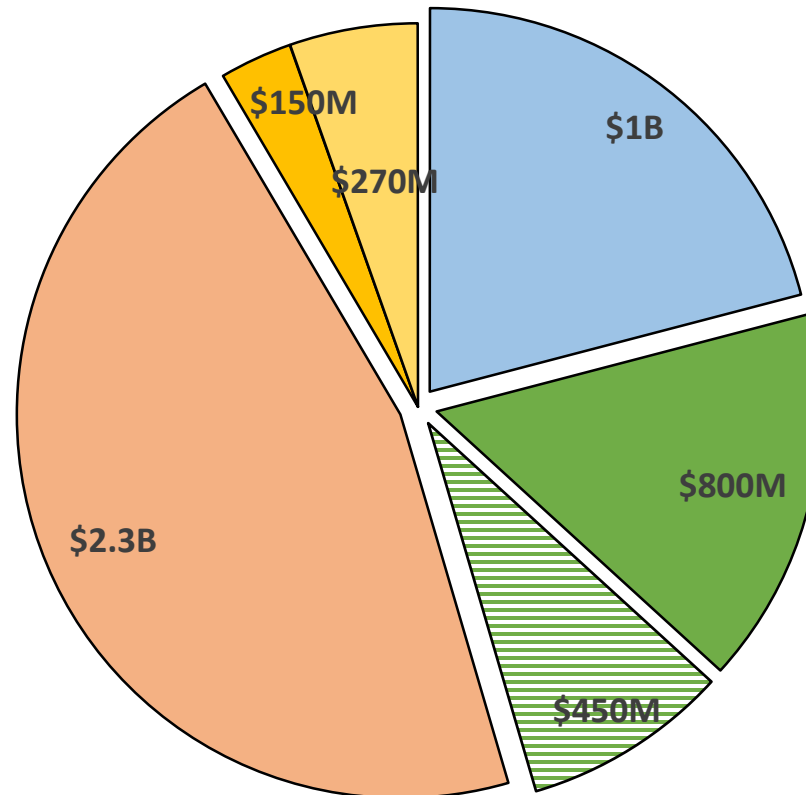


Tariffs on Canadian Imports

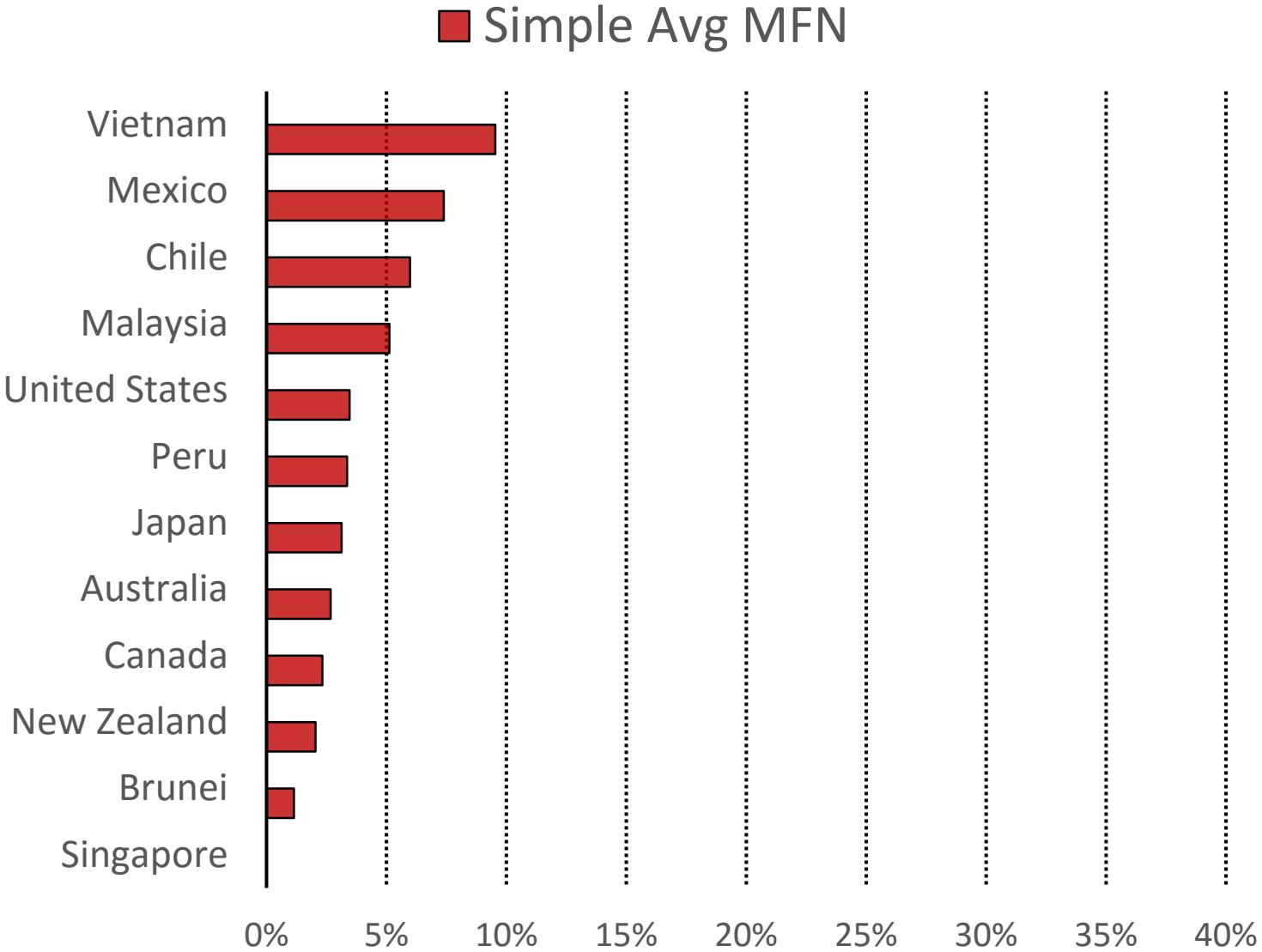
Tariffs Paid by Canadians, by Exporter (2015)

UN-TRAINS data from WITS

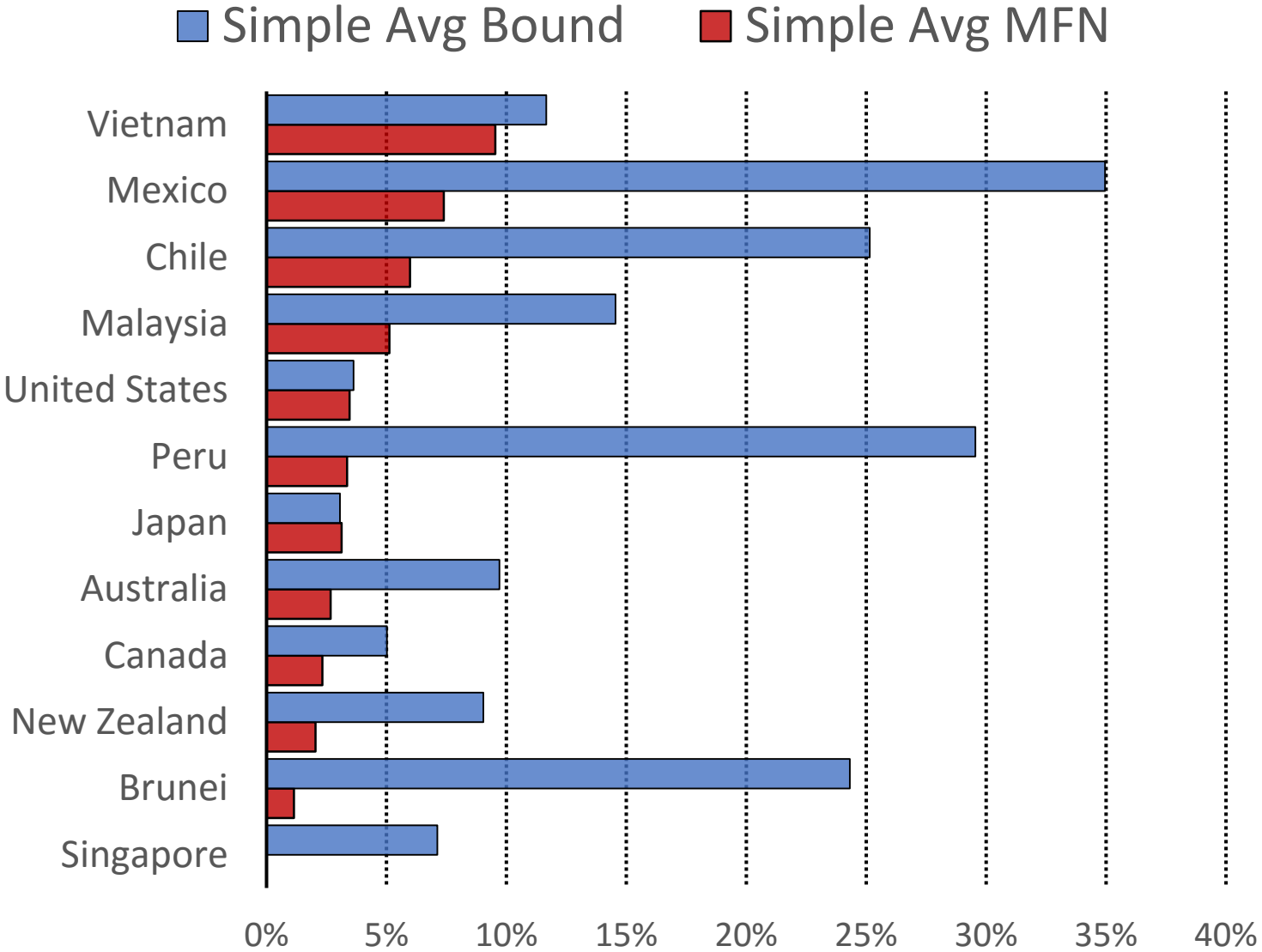
■ EU ■ TPP ■ TPP + ■ China ■ India ■ Rest of World



Import Tariffs, by Country

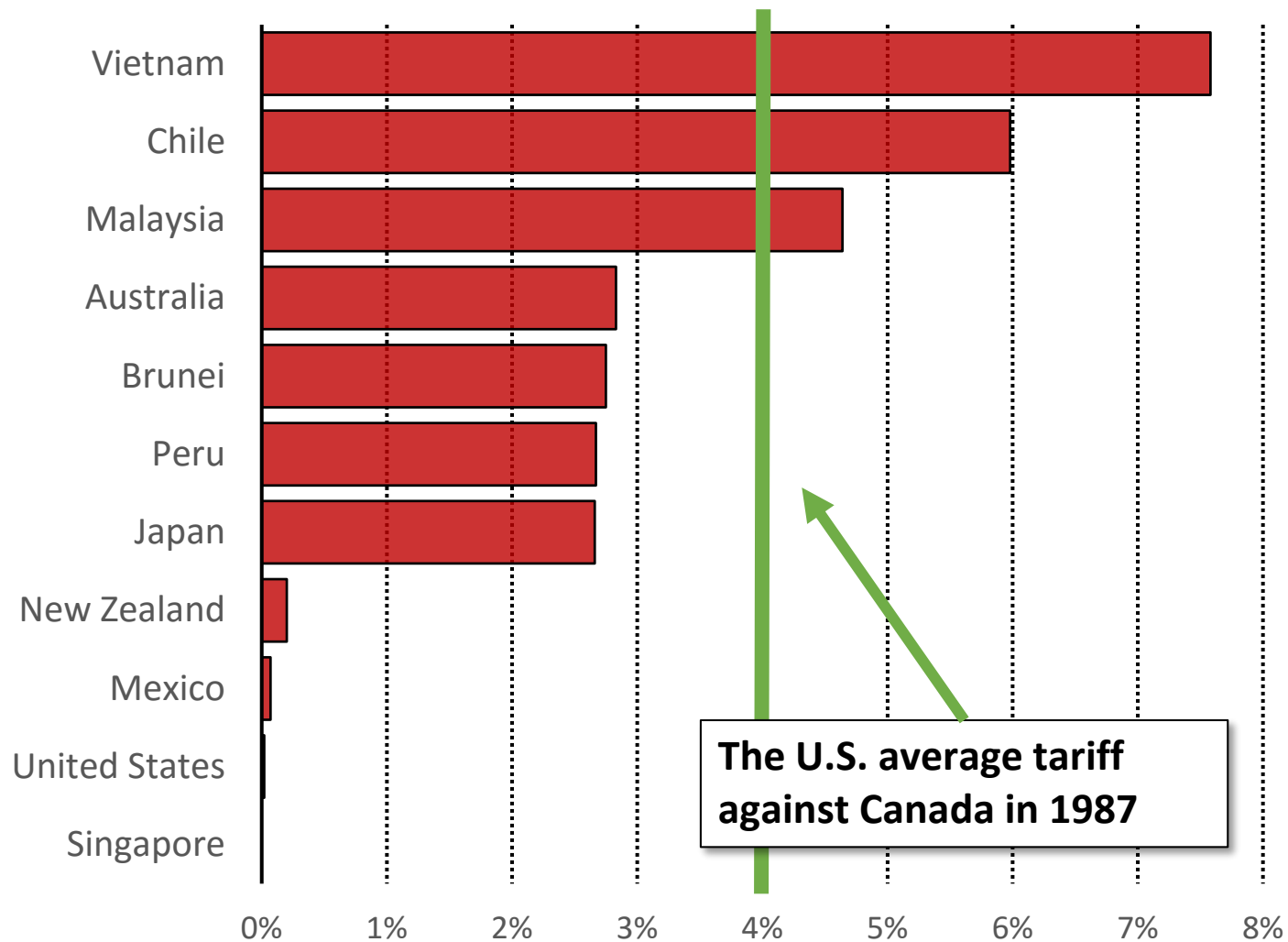


Import Tariffs, by Country



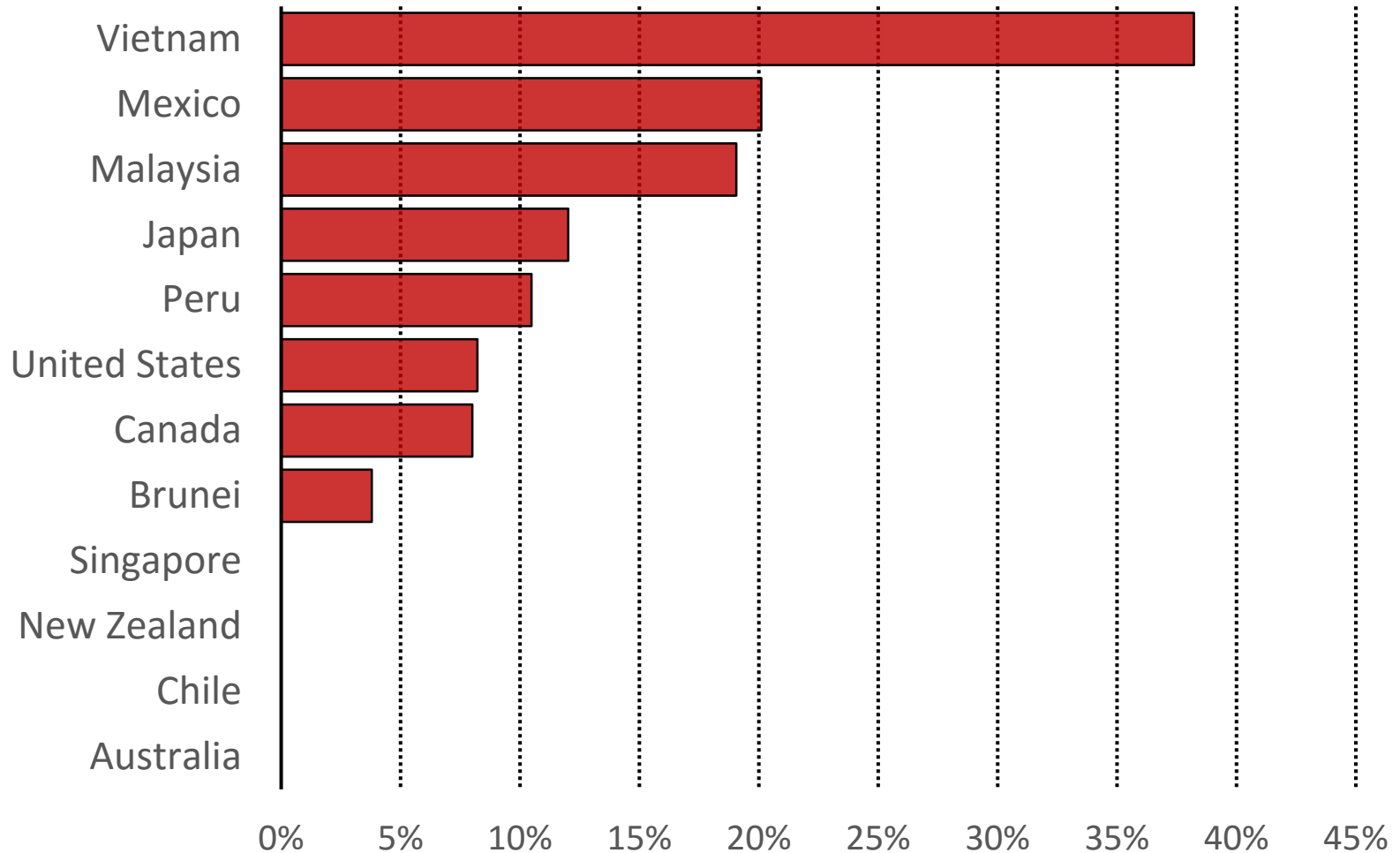
Import Tariffs, by Country

Average Tariffs Applied to Canadian Exports (2014)



Import Tariffs, by Country

Fraction of Tariff Lines Above 10% (2014)

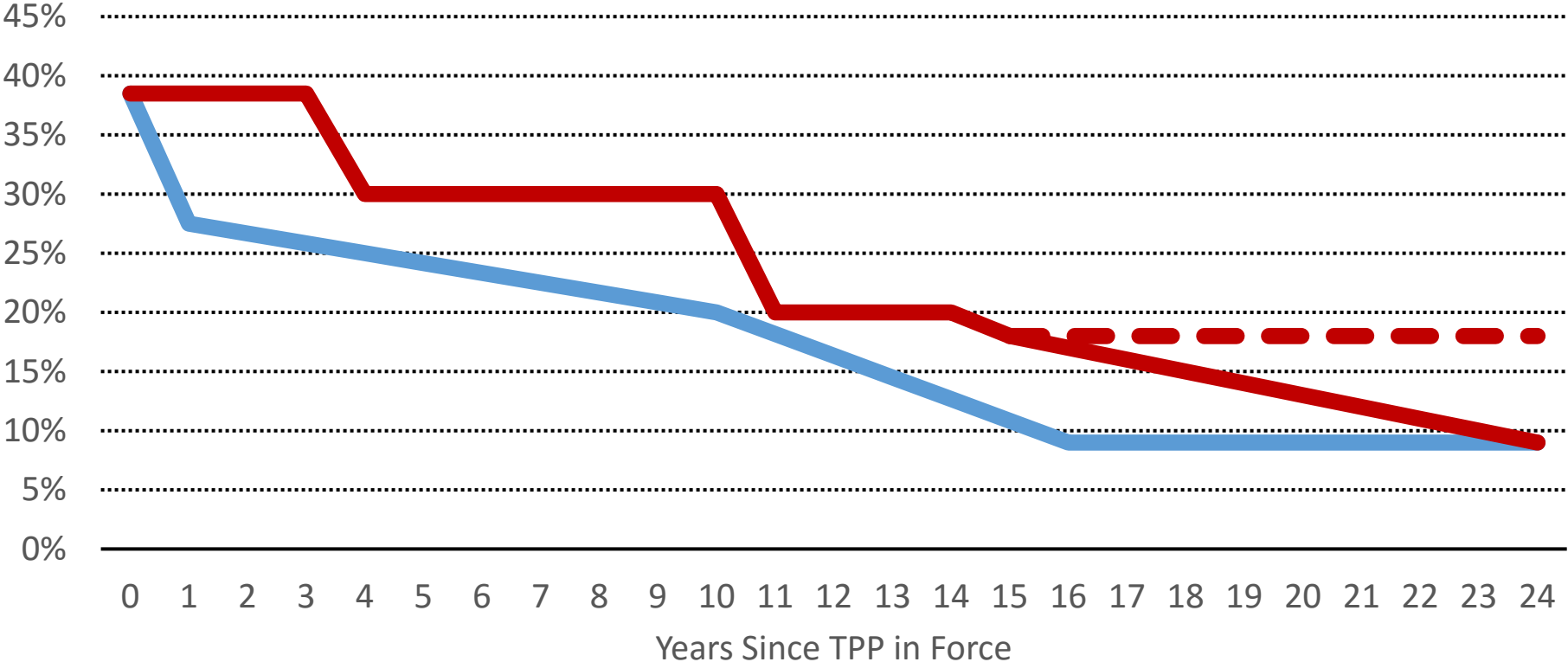


Sometimes Complex



Japan's Beef Tariff Liberalization Schedule Under TPP

- The Default Tariff Schedule
- With "Safeguard" Provisions
- With Annual Renewal of Safeguards



Trade is More Than Trade

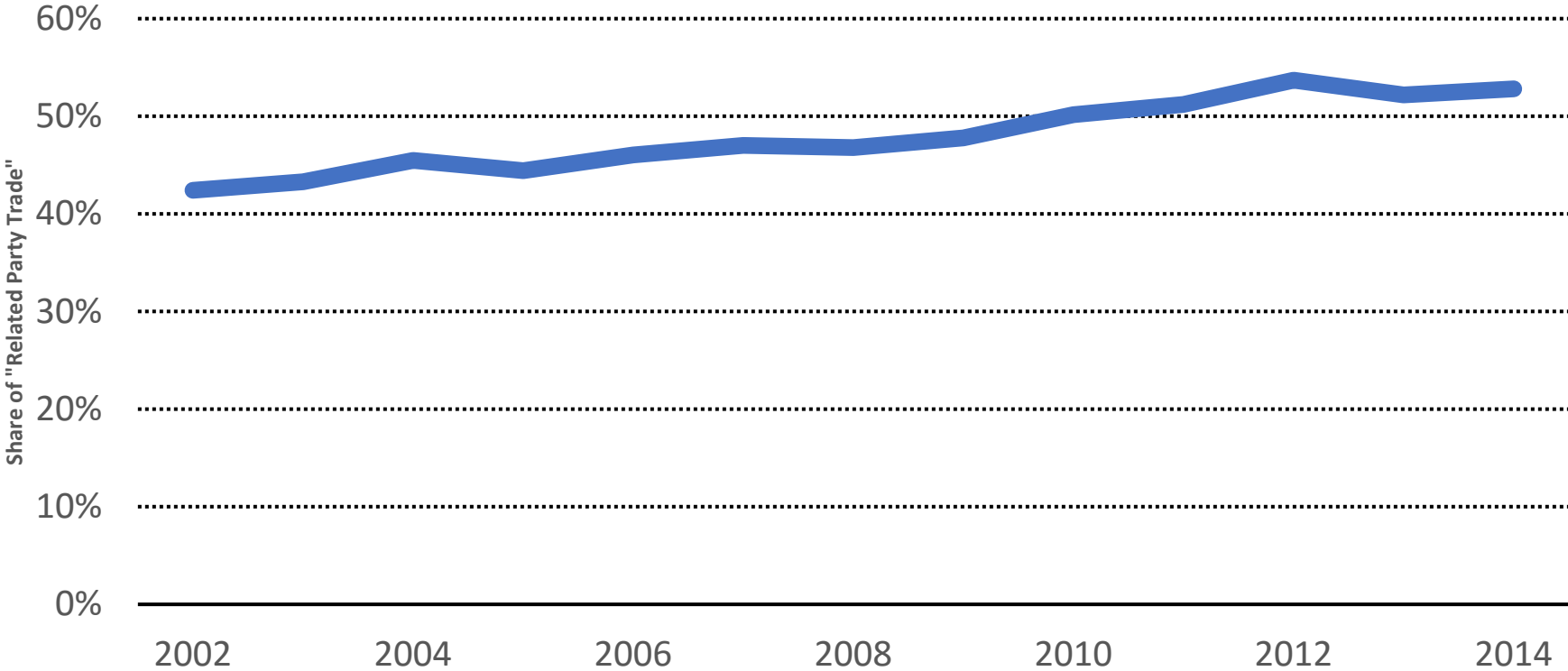


Within-Firm Trade



"Related Party Trade" as a % of Canada's Exports to the US

US Census Bureau Related Party Trade Data: <http://sasweb.ssd.census.gov/relatedparty/>

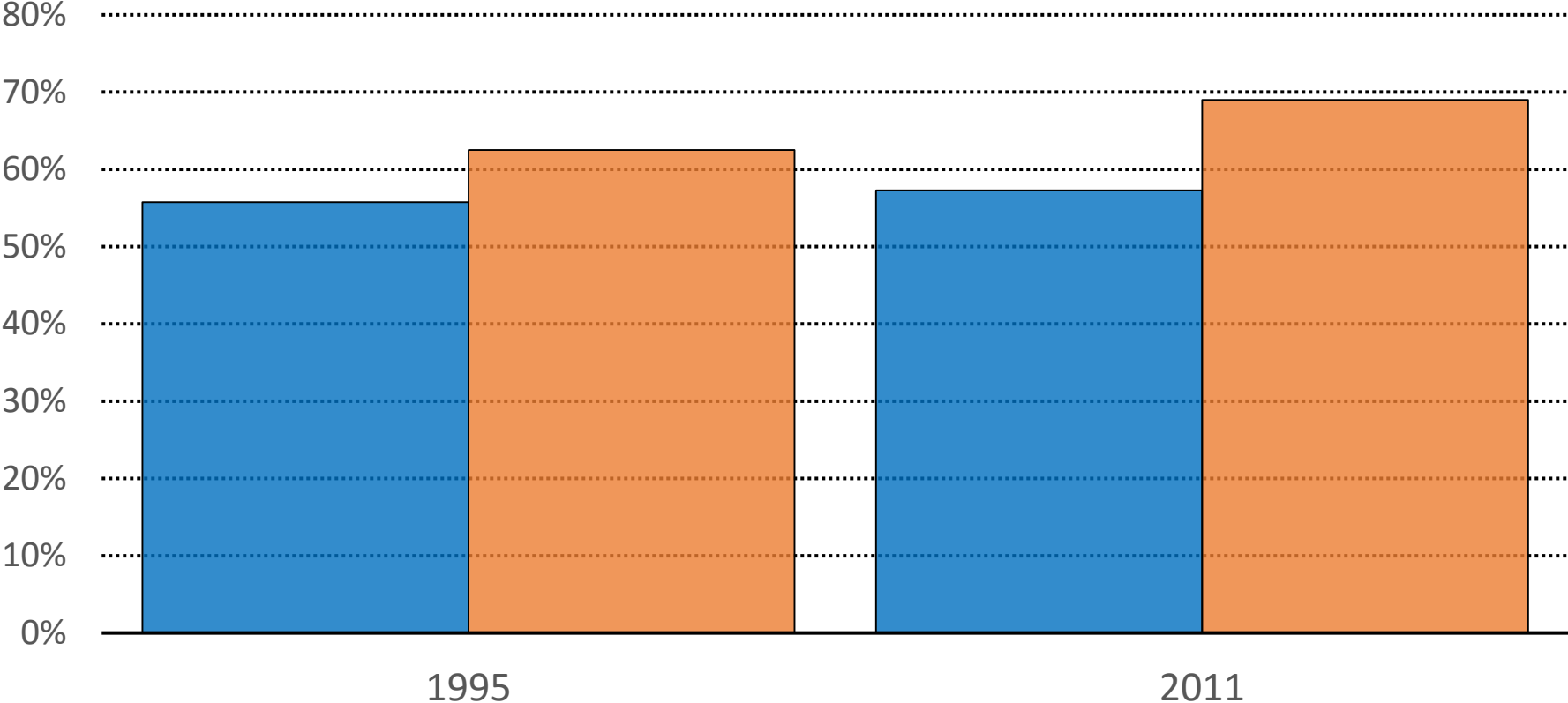


Global Supply Chains



Intermediate Inputs as a Share of Canada's Trade

Imports Exports



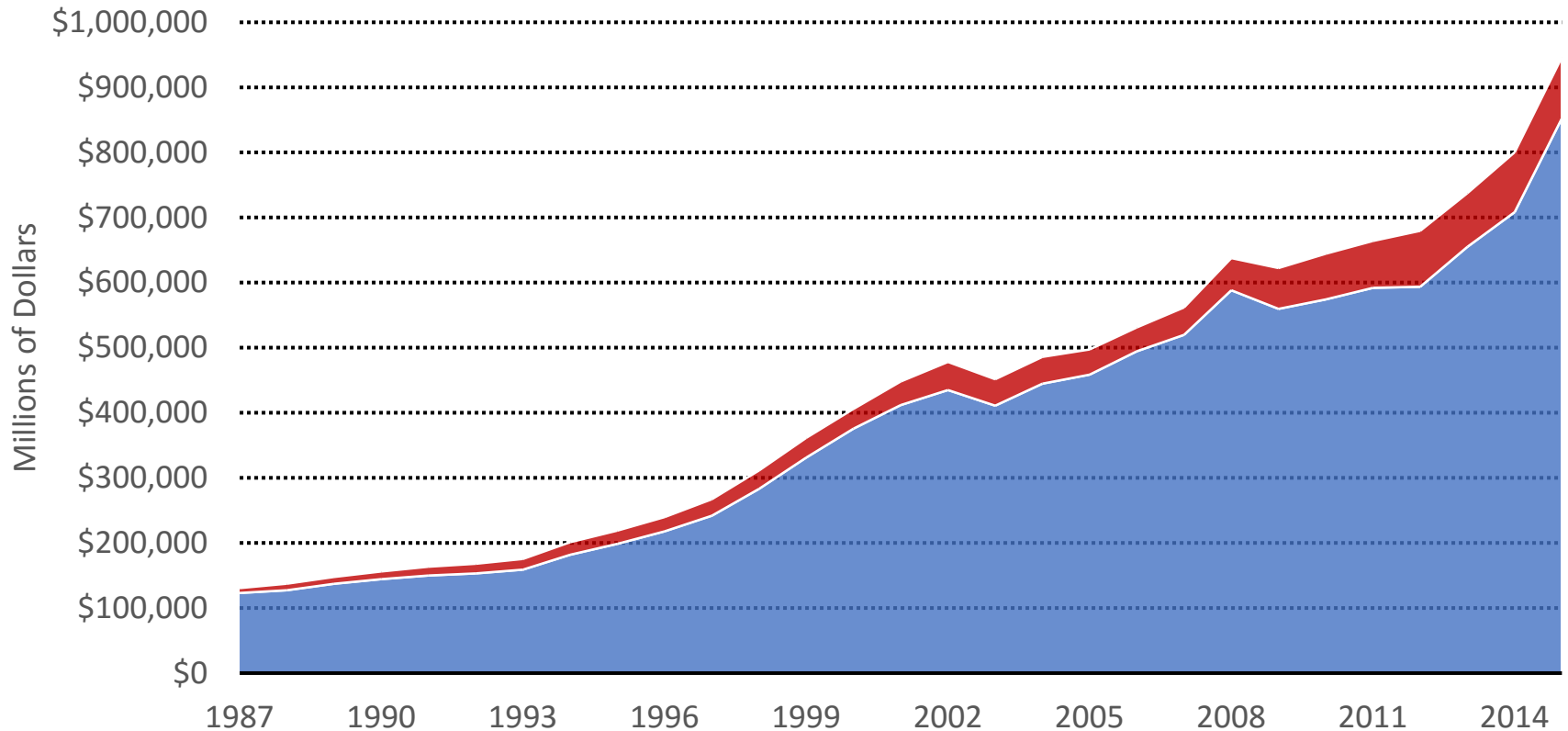
Investment Poised to Expand



Investment Flows Between Canada and TPP Countries

CANSIM 376-0051

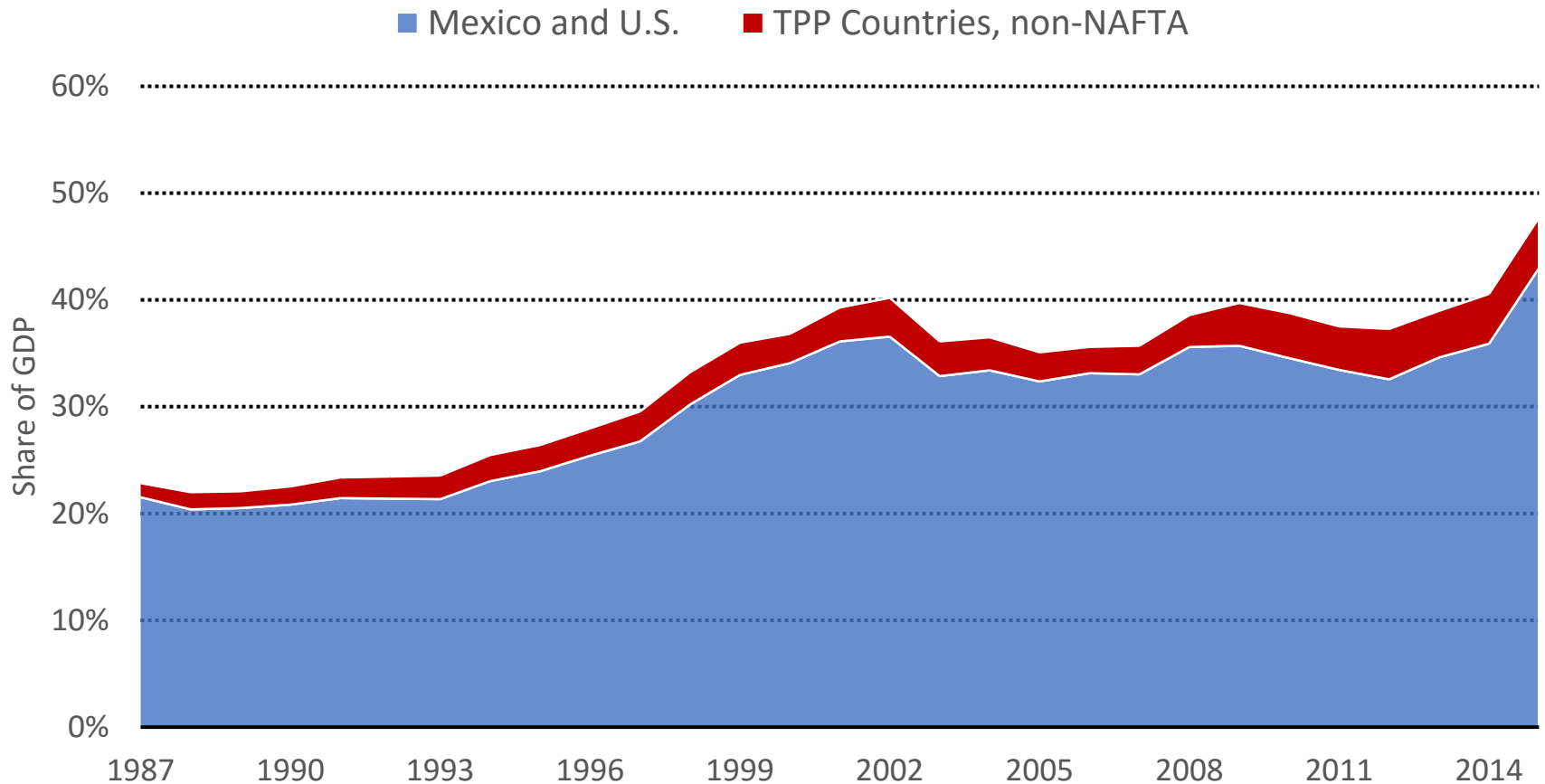
■ Mexico and U.S. ■ TPP Countries, non-NAFTA



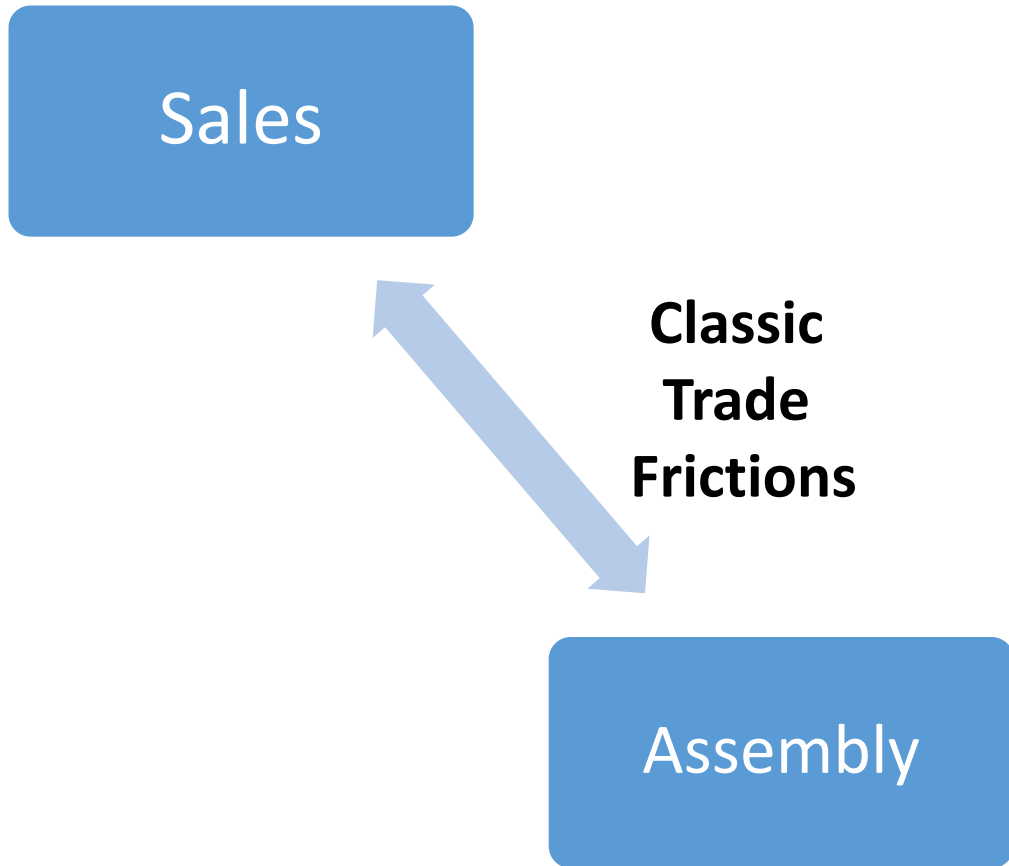
Investment Poised to Expand

Investment Flows Between Canada and TPP Countries

CANSIM 376-0051



Quantifying the Gains from Economic Integration



Quantifying the Gains from Economic Integration

Sales

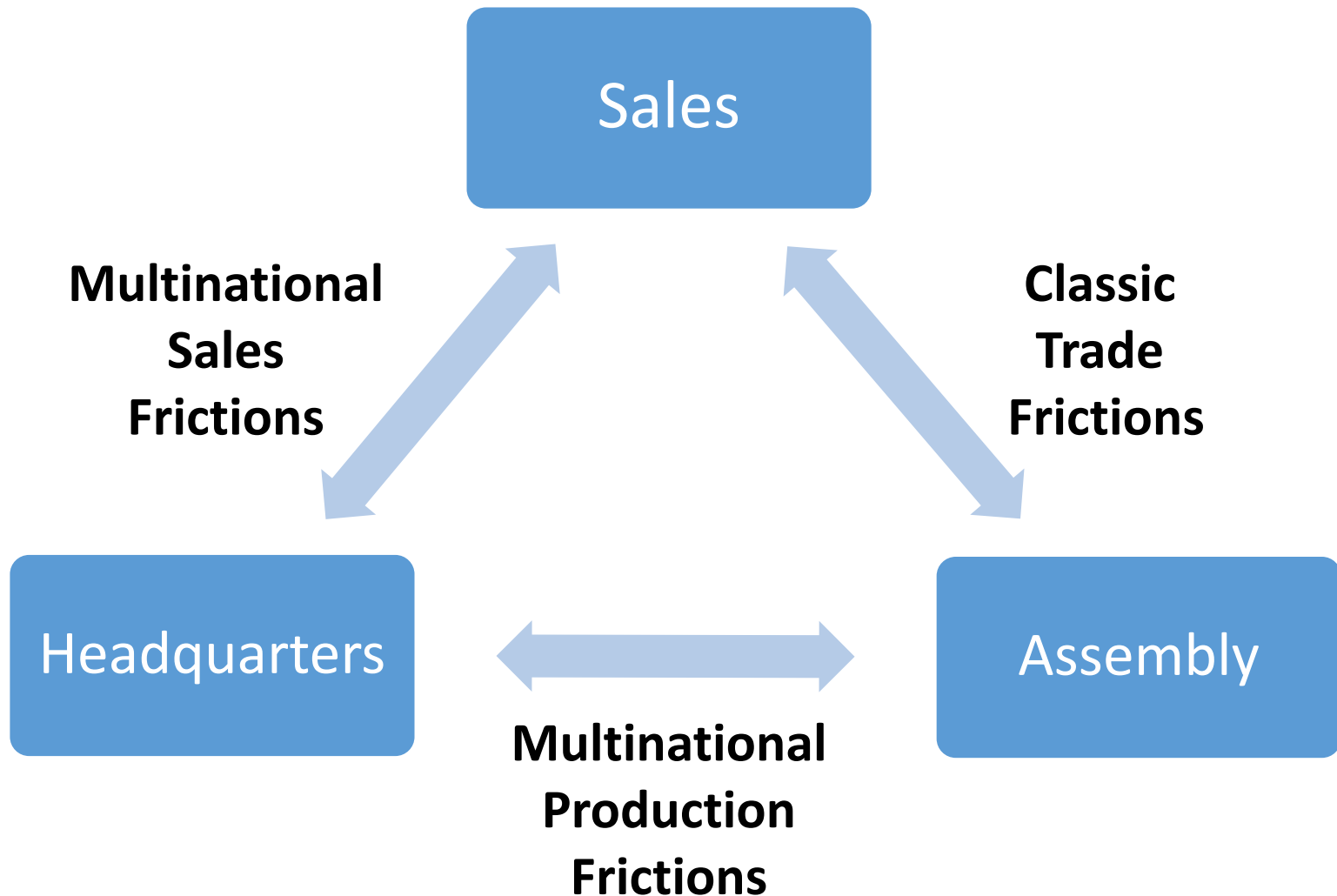
NEEDED: A model of trade, multinational production, and regulatory harmonization

Classic
Trade
Frictions

Assembly

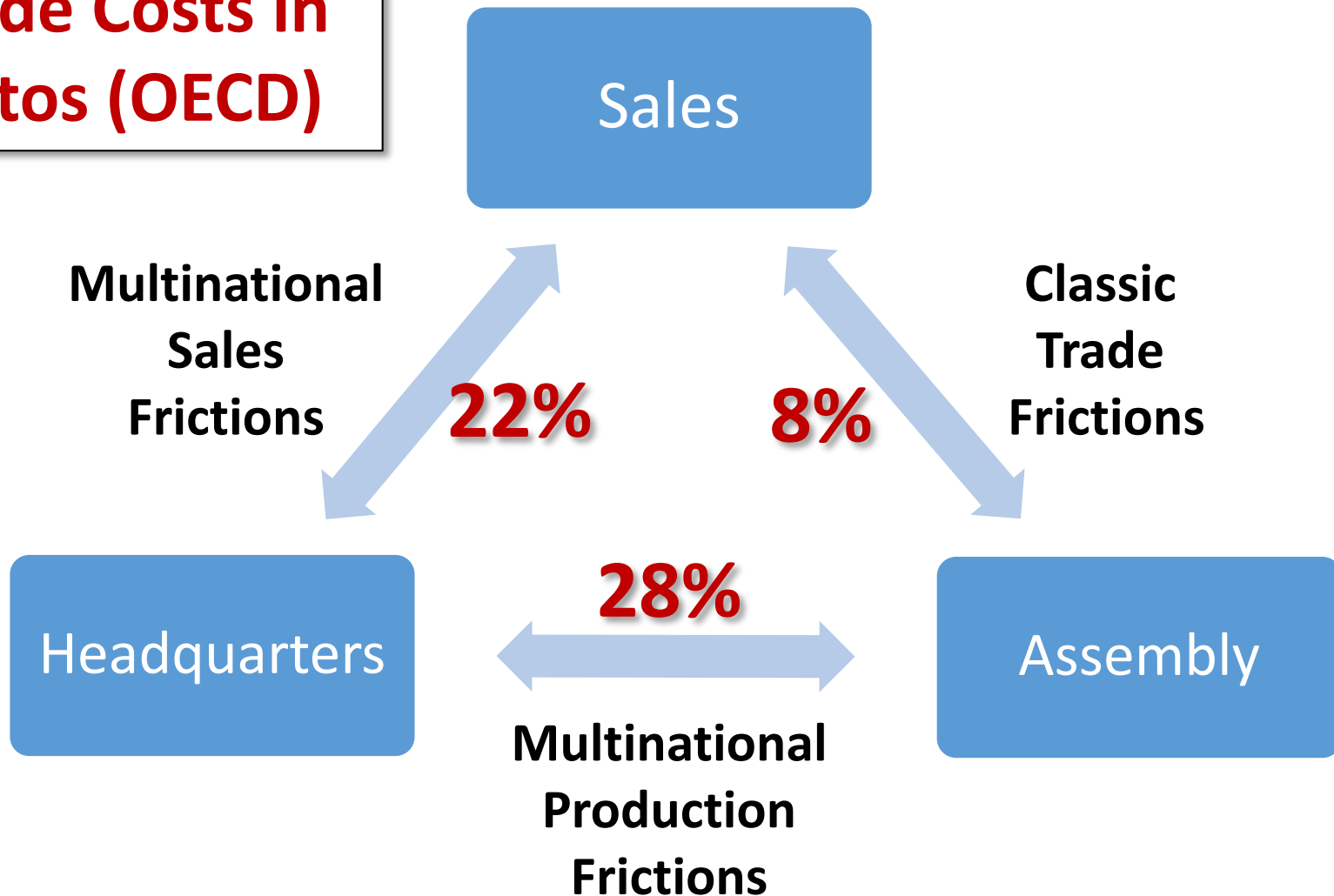


Head and Mayer (2015) “Brands in Motion”



Head and Mayer (2015) “Brands in Motion”

Trade Costs in Autos (OECD)

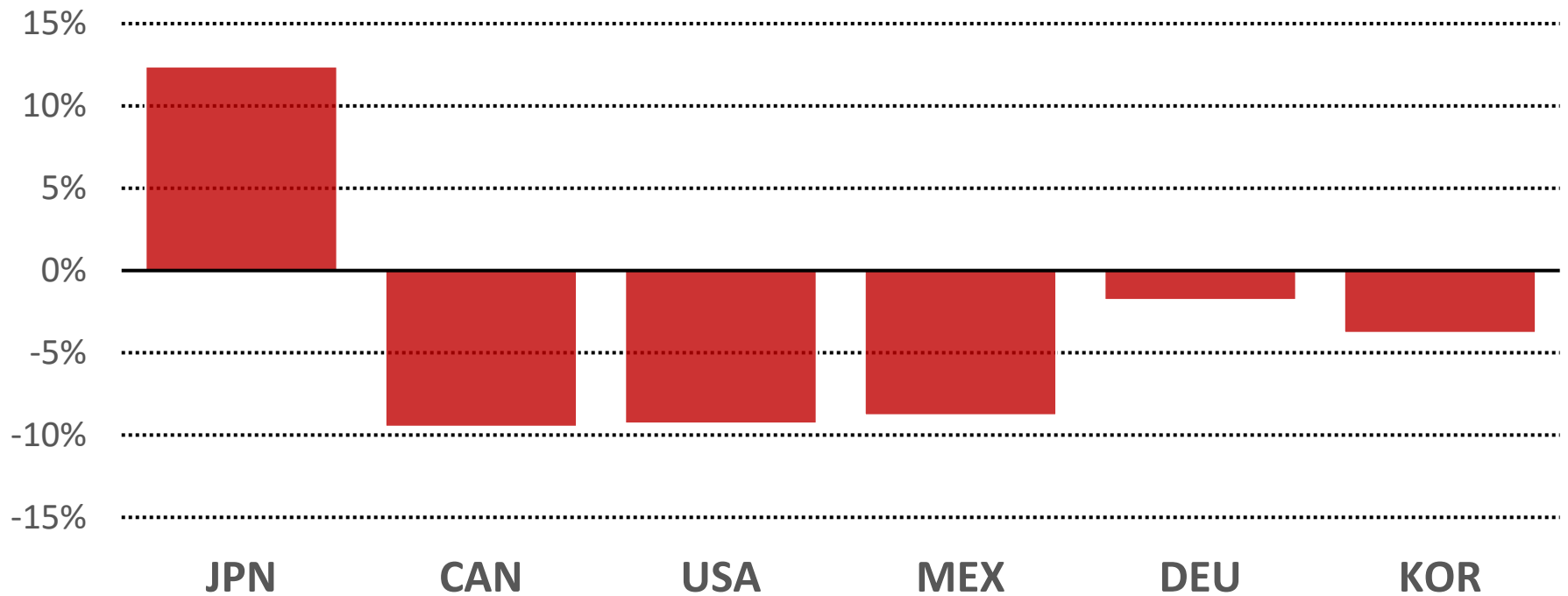


TPP and the Auto Sector

Estimated Change in Car Production from TPP

Source: Head and Mayer (2015)

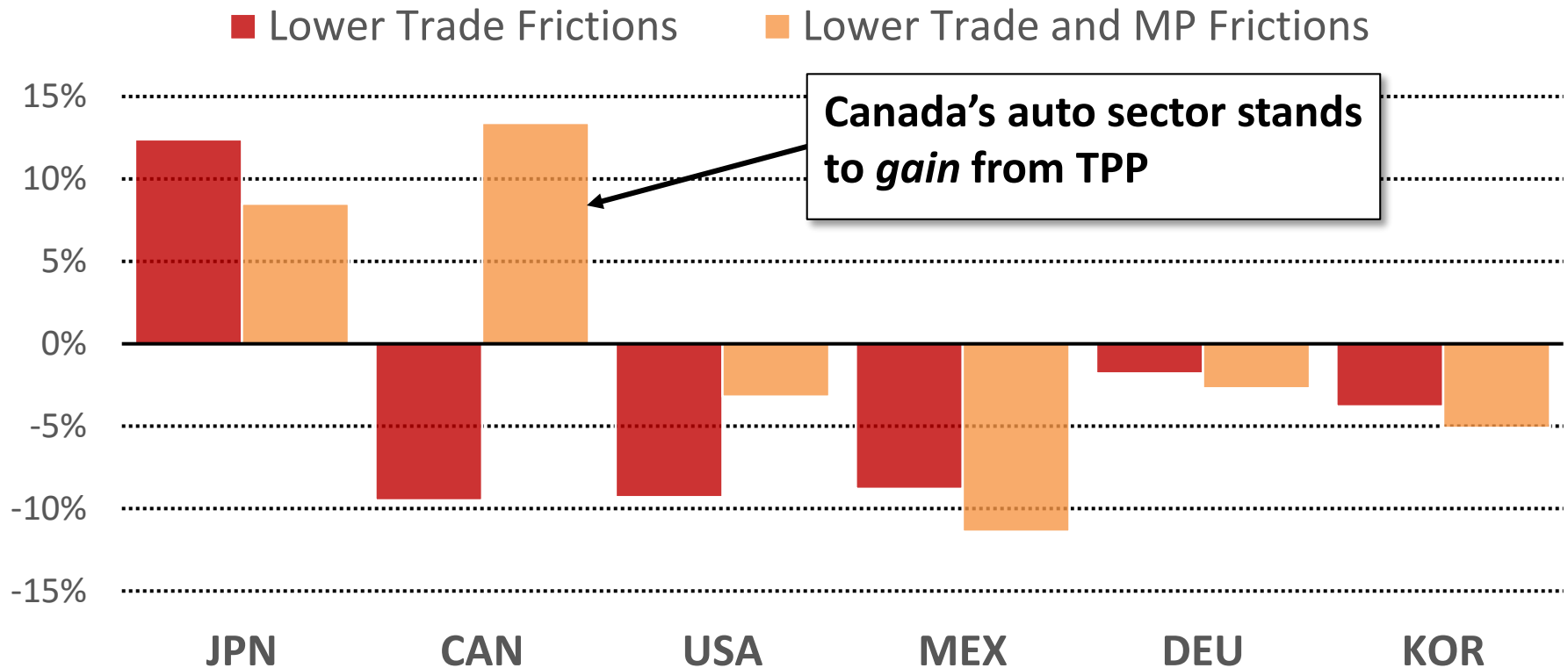
■ Lower Trade Frictions



TPP and the Auto Sector

Estimated Change in Car Production from TPP

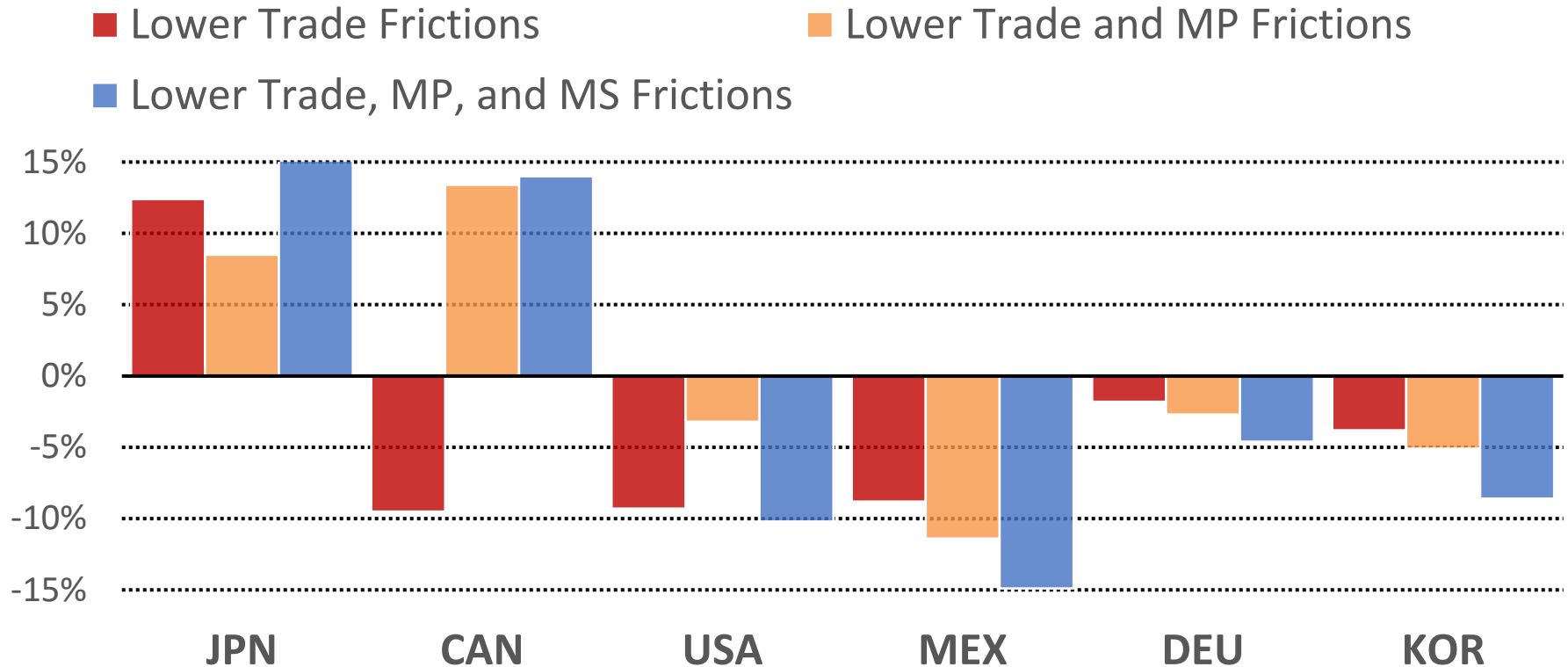
Source: Head and Mayer (2015)



TPP and the Auto Sector

Estimated Change in Car Production from TPP

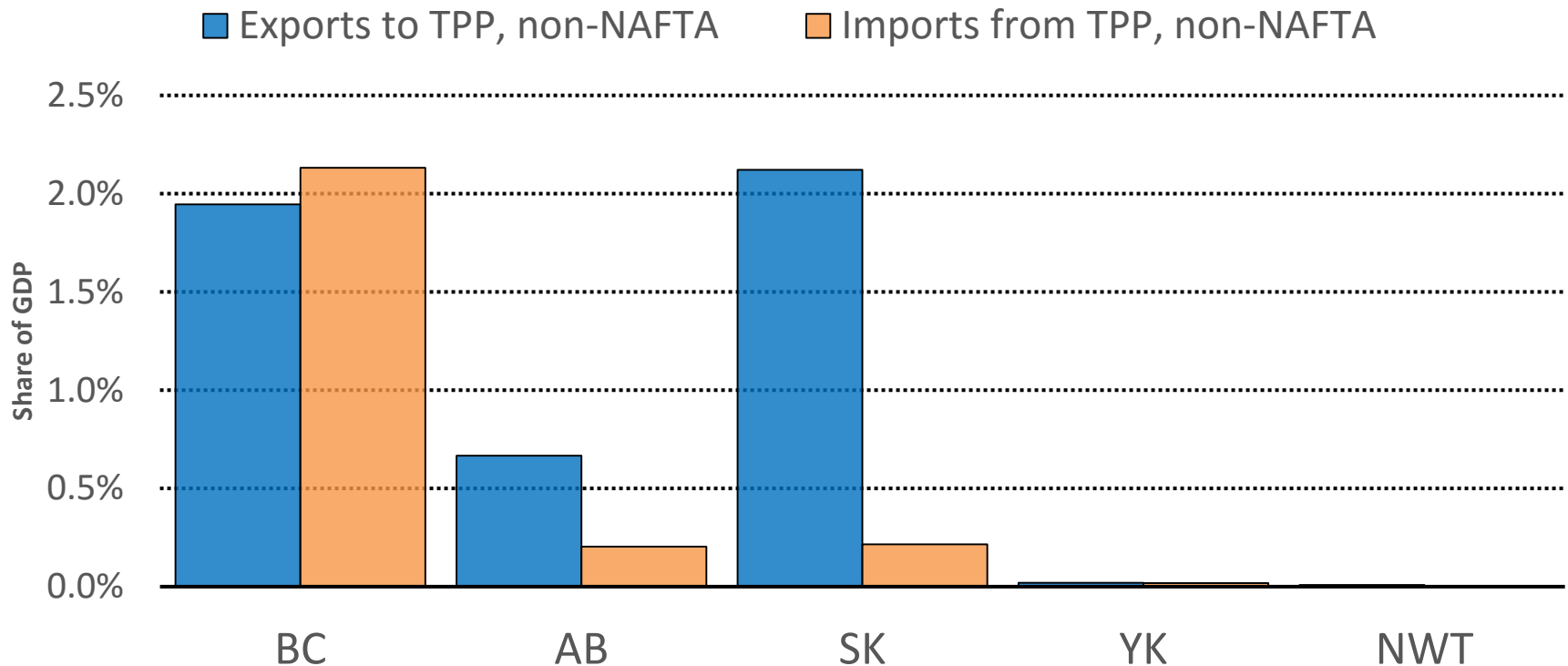
Source: Head and Mayer (2015)



The View from the Canadian PNWER Regions

Trade with non-NAFTA TPP Countries (2015)

Trade Data Online

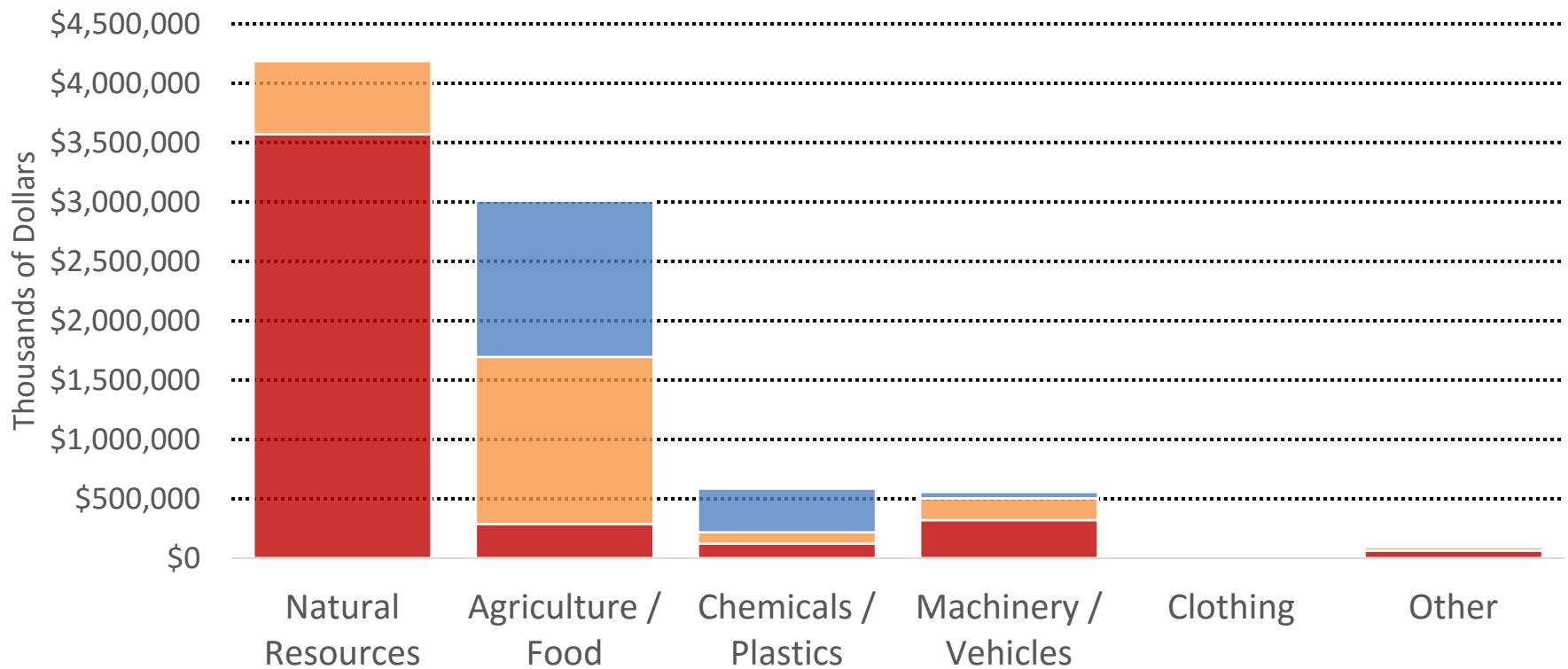


Top Product Exports

Exports to non-NAFTA TPP, Top Products (2015)

Trade Data Online

■ British Columbia ■ Alberta ■ Saskatchewan



Top Product Imports

Imports from non-NAFTA TPP, Top Products (2015)

Trade Data Online

■ British Columbia ■ Alberta ■ Saskatchewan

