

**IATRC Organized Symposium Papers Presented
at the XV EAAE Congress, August 28 – September 21, 2017, Parma, Italy**

Four papers were presented and the abstracts are given below.

Implications of CETA for Canadian, EU, and U.S. Processed Food Markets

Stephen Devadoss (Texas Tech University) and Jeff Luckstead (University of Arkansas)

Canada and the European Union (EU) recently completed the Comprehensive Economic and Trade Agreement (CETA) to liberalize bilateral trade between these two countries. Processed food trade between Canada and the European Union is one of the fastest growing markets, in spite of large trade restrictions due to high tariffs and egregious non-tariff barriers (NTB). The processed food sector is characterized by firms of different sizes and productivities, which produce differentiated products and engage in monopolistic competition. In this study, we implement a four-region (Canada, the European Union, the United States, and the Rest of the World) model of the processed food industry, incorporating these firms' characteristics to study the effects of a Canadian-EU bilateral tariff removal. Under the CETA agreement, bilateral trade flows between Canada and the European Union expand at both the intensive and extensive margins and the number of firms operating in the export market rises. The net welfare in both these countries increases even though tariff revenues fall. Though CETA does not liberalize NTBs, we examine the impacts of a 40% cut in NTBs to highlight the benefits that would have accrued had CETA also covered NTBs. Under this scenario, the trade flows would have expanded significantly, and, more importantly, Canadian and EU welfare would have risen by 11.8- and 39.4-fold, respectively. Since CETA excludes the United States, the US processed food industry loses due to greater competition in Canadian and the EU markets, and the net US welfare declines. US firms' and welfare losses are further exacerbated under the Canadian-EU NTB reduction scenario.

Trade Effects on Agricultural Labor: Implications of CETA for U.S. Agricultural Exports

Caitlyn Carrico and Marinos Tsigas (Purdue University)

While media buzz and academic literature alike have highlighted worker displacement from import competition in manufacturing, little attention was given to the importance of agricultural exports for farmers and hired farm workers. In this paper, we examine the impact of a tariff removal under the EU-Canada Comprehensive Economic and Trade Agreement (CETA) on U.S. agricultural exports and, subsequently, on U.S. farmers and hired farm workers. We use a new multi-regional input-output (MRIO) framework enhanced with a detailed occupational database for U.S. labor.

Results from our simulation of CETA show expansion in the U.S. wheat sector with increased demand from the Canadian processed foods industry which grows in response to European demands. However, most agricultural sectors in the U.S. contract with less demand from Canada which increases its agricultural trade with Europe. The capital-intensive wheat sector's demand for hired farm labor cannot counteract the declines in demand from the contracting agricultural sectors. As a result, wages of hired farm workers in this scenario are expected to decline more as compared with wages of non-farm workers, which are more able to adjust by moving out of contracting sectors. Overall, our research illustrates how hired farm workers fit into global supply chains and, resultantly, can be affected by trade shocks.

Food Safety Standards and Trade Routes: Effects of Trade Creation and Trade Diversion?

Fabio Gaetano Santeramo (Universita degli Studi di Foggia)

The Commissioned Paper expects to contribute to the current debate on the interactions between trade restrictions and trade flows by providing new insights on how frictions to trade (via NTMs) are contributing to change trade routes, and possibly pushing toward a new era of de-globalization. The Paper assess whether and to what extent specific types of NTMs contribute to diverge or to create trade between North-North, North-South, South-North, and South-South areas. In particular, I emphasize the role that SPS measures have had (and will have) in shaping bilateral trade and allow me to conclude on how North-North, North-South and South-South trade flows have evolved, and how NTMs have influenced these changes.

Agricultural Trade Reform, Reallocation and Technical Change: Evidence from the Canadian Prairies

Mark Brown (Statistics Canada) Shon M. Ferguson (IFN Stockholm) Crina Viju (Carleton University)

We decompose the impact of trade reform on technology adoption and land use to study how aggregate changes were driven by reallocation versus within-farm adaptation. Using detailed census data covering over 30,000 farms in Alberta, Saskatchewan and Manitoba, Canada we find a range of new results. We find that the reform-induced shift from producing low-value to high-value crops for export, the adoption of new seeding technologies and reduction in summerfallow observed at the aggregate level between 1991 and 2001 were driven mainly by the within-farm effect. In the longer run, however, reallocation of land from shrinking and exiting farms to growing and new farms explains more than half of the aggregate changes in technology adoption and land use between 1991 and 2011.