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### **Abstract**

## **Changes in Canada's Preferential Trade Network and the Welfare Effects in Agricultural Markets**

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There have been some important changes in Canada's preferential trade network over the last few years. At the regional level, the renegotiations over the NAFTA produced the generally similar USMCA. At the inter-regional level, the CETA and the CPTPP marked significant steps toward promoting Canada's trade with distant countries. This article overviews the corresponding regional and inter-regional trade preferences for agricultural products. It examines the welfare effects of the USMCA and more pronounced regional preferential schemes, and those of the CETA and the CPTPP for Canada in the agricultural markets. It assesses the welfare outcomes from different scenarios involving various combinations of presence and absence of regional and inter-regional trade preferences. The analysis underlines that the deepening of North American market integration would lead to increases in Canada's welfare. It shows that inter-regional trade preferences could exceed the USMCA/NAFTA in promoting imports in some cases, resulting in increases in Canada's welfare. However, inter-regional trade preferences may not entirely substitute for the welfare losses resulting from the absence/elimination of regional trade preferences in some other cases. This article suggests that Canada would generally benefit from higher welfare levels across agricultural markets through a simultaneous network of regional and inter-regional trade preferences.

Keywords: agricultural trade, CETA, CPTPP, NAFTA, preferential trade agreement, trade barriers, USMCA, welfare

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