EXECUTIVE SUMMARY
AGRICULTURE AND FOOD POLICY SYSTEM INFORMATION WORKSHOP
ON HARMONIZATION/CONVERGENCE/COMPATIBILITY
IN AGRICULTURAL AND AGRI-FOOD POLICY
IN CANADA, THE UNITED STATES AND MEXICO

BACKGROUND

Trade in agricultural and food products between Canada and the United States has been significant over the years and it is growing. As a consequence of the North American Free Trade Agreement, trade with Mexico is also growing rapidly. The United States, Canada and Mexico are evolving into one of the world's prominent trading blocs. Agricultural and food products are important today and much of the growth in trade in the years ahead will occur in these areas.

Usually increased trade is accompanied by elements of trade stress and sometimes there may be full blown trade disputes. The United States and Canada have had their share of trade disputes both pre and post NAFTA. Similarly there are stresses and strains in relations with Mexico over some products and in policy issues such as environmental protection. Stress among and between countries resulting from trade relations produces the need for dispute settlement mechanisms. But it also creates a need for vehicles and mechanisms to understand, prevent and avoid stress reaching the point of a dispute.

The need for analysing and understanding trade stress and disputes in the agriculture and agri-food industry is the motivating force behind a series of workshops and publications on trade and policy disputes in North America. The objective of this initiative is to use timely and relevant economic information to reduce policy and trade stress, to influence policy development and enhance the economic gains from increased trade.

The workshop on harmonization/convergence/compatibility of agricultural and agri-food policy among Canada, the United States and Mexico was the third in the series. The first workshop and publication dealt with grain disputes between Canada and the United States. The second in 1996 dealt with dairy disputes. The proceedings of each workshop are published and distributed in a timely fashion as part of the objective of influencing trade relations and policy development.
CONTENTS OF THE PUBLICATION

The book consists of thirteen major papers presented in five thematic sections. Each section contains one or more discussion comments. Authors and discussants are drawn from among agricultural economists knowledgeable in the particular area of analysis, and working in government, academic or research positions, or in business or interest group organizations related to the particular policy or trade issue. The extended title for this workshop — **Policy Harmonization/Convergence/Compatibility** — indicates that the organizers viewed the process of achieving harmony in trading relationships as a complex process, indeed a process partly in search of definition.

The lead paper by Tim Josling (Stanford University) addresses in considerable detail the definitional issues involved in searching for policy harmonization among countries, and he addresses some of the practicalities of sovereign nations like Canada, the United States and Mexico altering their policy frameworks to achieve H/C/C. Josling presents the view that harmonization is not to be taken as “identical” nor “sameness” in policy, programs and regulation. Perhaps this point should be obvious but it may not be in many stakeholders minds; this point was made repeatedly throughout the workshop. Josling also distinguishes among the three terms in the title of the workshop — harmonization, convergence and compatibility — and argues that there is a “strong” and a “weak” form of each in relation to interpreting international linkages in domestic policies. Josling’s paper and the discussion comments by Kelly White and Don McClatchey provide a comprehensive treatment of many of the important issues in defining the problem which is often euphemistically referred to simply as “policy harmonization”.

The second paper by Mike Gifford, an experienced negotiator in trade agreements for Canada, deals with the implications of H/C/C for dispute settlement mechanisms. The paper reviews trade tension experiences under GATT, and more recently under NAFTA. His overall conclusion is that formal dispute settlement mechanisms are a necessary and positive component of trade agreements, but knowledge of trading partner programs and negotiation prior to formal application of these mechanisms are the preferred means for resolving conflict. Meilke (University of Guelph) discussion comments complement Gifford’s development of the disputes settlement process and provides a comprehensive list of references for those who may wish to research these developments further. The Josling and Gifford papers, and discussion comments, provide a substantive framework for understanding the broad issues involved in “harmonizing policy and trading relations among nations”.

The next section contains four papers on more specific and sectoral issues. Dan Sumner (University of California, Davis) addresses the general implications of H/C/C for the agricultural sector. Antonio Yunez-Naude (El Colegio de Mexico) discusses Sumner’s paper and provides a short but valuable description of the agricultural and agri-food policy situation in Mexico. Technical standards, grades, sanitary and phytosanitary requirements are all part of the regulations that emanate from agricultural and food policy. This is a broad but critical component, and often highly technical and highly controversial component of trading
relations addressed by Maury Bredahl (University of Missouri). Policy differences in relation to treatment of the environment have given rise to trade disagreements in the 1990s. Patricia Lindsey (Oregon State University) and Mary Bohman (University of British Columbia) provide a conceptual framework for consideration of environmental issues in trade harmonization and review institutional arrangements in the three countries, including those encompassed by the NAFTA. These two areas, i.e., technical standards and the environment, are characterized by wide diversity among countries in policies and programs and, therefore, particular challenges to trade harmonization. Finally, reflecting the reality that competitive conditions within countries are crucial to determining benefits, and their distribution, associated with freer trade, Robertson and Stanbury (Industry Canada) discuss the role and status of competition policy in the three countries. Tom Sporleder's (Ohio State University) comments include a short discussion on investment policy and its role in trade harmonization.

The fourth section extends the sectoral theme into livestock and meats, dairy and poultry, grains and oilseeds, and horticultural products. Dermot Hayes (Iowa State University) and Bill Kerr (University of Calgary) apply a transaction cost framework to analysing the impacts of freer trade conditions in the livestock and meats sectors where formal trade barriers are already low but where non-tariff barriers are significant and not easily removed. De Gorter (Cornell University) and de Valk (a private consultant) provide an interesting chronology and commentary on disputes between Canada and the United States in the Canadian supply managed sectors. Gray (University of Saskatchewan) and Smith (Montana State University) examine changes in Canadian and U.S. programs in the grains and oilseeds sectors over the period 1985-1996 and assess the convergence of programs in the context of emerging harmonization. The last set of three papers in this section by Fairchild and colleagues (University of Florida), Schildroth (Government of British Columbia), and Hope (Government of Ontario) discuss and illustrate the problems, needs, and progress achieved towards "trade and policy harmonization" in the horticultural sector. Each paper is accompanied by discussion comments.

The last section of the publication includes reaction comments of a panel directed toward overall implications of the workshop, research needs and future directions for policy development. Views are presented by John Murphy (a Canadian banking representative), Fred Woods (USDA), Hal Harris (Clemson University) and Tom Richardson (AAFC).

The coordinators of this workshop were:

Dan Sumner, University of California, Davis
Ron Knutson, Food and Agricultural Policy Center, Texas A&M
Karl Meilke, University of Guelph
Jack Gellier, Agriculture and Agri-Food Canada, and
Al Loynis, University of Manitoba