

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

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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 (NAFTA), trade with Mexico by both countries is also growing rapidly. The United States, Canada and Mexico are evolving into one of the worlds prominent trading blocs. Agricultural and food products are important today and much of the growth will occur in these areas.

Usually with increased trade comes elements of trade stress and sometimes 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 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, avoid and prevent stress from reaching the point of a full blown dispute. It is the need for analysis and understanding of trade stress and disputes in the agriculture and agri-food industry that lead the group of agricultural economists identified at the end of this section to initiate this workshop project. Our objective is use economic information to attempt to reduce policy and trade stress, and allow the welfare advantages of increased trade to be played out.

It is the belief of the organizers of these policy and trade workshops that some of the stress and disputes have their origins in lack of information, incorrect information and posturing that may not stand tests of logic and accuracy. As a consequence, we set out in 1995 to run a series of workshops focused on trade and policy disputes, to produce timely, accurate economic information, and to distribute the information as widely as possible. The first workshop and publication dealt with grain disputes between Canada and the United States. The second in 1996 dealt with dairy disputes.

We have learned a lot in this process about disputes and their resolution. Of course, information is only one contributor to most public policy decisions, and most information strategies have a long gestation period. Some may never produce. As well, it became obvious in both workshops that we can no longer treat Canada and the United States in isolation of our neighbour (actually several neighbours) to the south. As a result, the 1997 workshop was expanded to incorporate Mexico, and there is no doubt that subsequent workshops will follow this approach. And we have learned that the overall policy framework within countries, as they relate to the interface between countries, is also an important factor in determining the degree of harmony or disharmony between trading nations. This latter point raises the important issue of **policy harmonization** between and among trading partners, and in trade agreements.

The 1997 workshop and this publication began with the concept of policy harmonization. At the end of the workshop on the Canadian and U.S. dairy industries in 1996, Kempton Matte who is with the National Dairy Council in Canada observed....

We need to define in common terms what we mean by “harmonization” so that analysts, negotiators and stakeholders speak the same language with the same meaning.

Major areas requiring “harmonization” include the whole area of product labeling, nutritional claims, plant inspection procedures, farm inspection methods, process methodologies, and product standards.

The organizing committee took this statement as the basis for the next workshop and set out to formulate a program around Mr. Matte’s comments. Policy harmonization in many respects seems to be, or should be, the flip side of trade disputes. Surely if policies were “harmonized” trade disputes would decline or disappear. In this context then, the focus of our workshops changed from dealing with negative reality of disputes, to more pro-active prevention in the form of “harmonization”. That juxtaposition is fully consistent with our workshop objectives. But the notion of “harmonization” by itself did not sustain. Indeed it took only part of one planning meeting to determine that Matte was extremely prophetic in his call for definition and clarification. That is how the cumbersome title(Harmonization/Convergence/Compatibility) emerged. We tried several different combinations of wording to capture the meaning that we sought. In the end we settled on **Harmonization/Convergence/Compatibility (H/C/C)** as indicative of the scope of the policy issue and left it to authors, discussants and discussion to flush out the full meaning.

THE PROGRAM

The lead paper by Tim Josling 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. Certainly Josling is of the view that

harmonization is not to be taken as “identical” nor “sameness” in policy, programs and regulation which was the view of the organizing committee and one of the reasons for the extended title. Perhaps this point should be obvious but it may not be in many stakeholders minds; this point was made repeatedly throughout the workshop. This point is likely to occupy analysts, negotiators, stakeholders and political time into the future. Josling’s paper and the discussion comments by Kelly White and Don McClatchey provide a thorough treatment of many of the important issues in defining the problem identified by Matte in 1996.

The paper by Mike Gifford, an experienced negotiator in trade agreements for Canada, deals with the implications of H/C/C for dispute settlement mechanisms. Combining the Josling and Gifford papers provides a substantial backdrop for the framework of H/C/C, or the general issues, and set up the need to move to more specific issues in the agricultural and agri-food industry.

The next section contains four papers on more specific and sectoral issues. Dan Sumner addresses the general implications of H/C/C for the agricultural sector. Antonio Yunez-Naude 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. Policy differences in relation to treatment of the environment have given rise to trade disagreements in the 1990s. Patricia Lindsey and Mary Bohman present a penetrating paper benefiting from their research in this area, and from comments by Glenn Fox. And finally, reflecting the reality that the competitive conditions within countries are crucial to determining benefits, and their distribution, associated with freer trade, Robertson and Stanbury discuss the role and status of competition policy in the three countries. Tom Sporleder’s discussion comments include a short discussion on investment policy.

The fourth section extends the sectoral theme into livestock and meats, dairy and poultry, grains and oilseeds, and horticultural products. Authors took different approaches to dealing with their subject matter but the information contained in this section could justify a publication on its own.

In the last section we have provided comments by a group of participants who were asked to summarize their views and the workshop by addressing Impacts, Research Needs, and Future Directions of harmonization, convergence and compatibility of agricultural and agri-food programs. We have not written a concluding chapter to this book because discussants and the wrap-up speakers served that role extremely well.

AN EDITORS FINAL COMMENT

As senior editor on our three workshop publications, I will take editorial license at this stage to convey a few personal comments. First, I extend my own thanks to the three original funders of this project — the Farm Foundation and Walter Armbruster, United States Department of Agriculture through Fred Woods, and Agriculture and Agri-Food Canada through Jack Gellner. And as indicated earlier the Royal Bank of Canada through John Murphy provided financial support for the 1997 workshop and publication.

Without repeating, but rather reinforcing, acknowledgments made earlier, the people who prepare and revise these papers, and the industry people who participate at their own expense are essential to our process and to the quality of our output. The format was changed for the dairy workshop to include dairy industry representatives. That decision proved to be very positive and continued with industry representatives at the third workshop.

The coordinating committee that does the planning, organizes finances and expedites these workshops are:

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

It has been a pleasure to be associated with the coordinating committee over almost four years. It has been a genuine pleasure to participate in this process of information generation where some of our professional energy is directed toward improved economic conditions within three important countries. The level of success may never be known, but the attempt has been gratifying. When agricultural economists publish relevant and timely information on policy issues, they often find themselves at odds with members of the public or interest groups. That is especially true in Canada. This process has been almost devoid of negative feedback. Perhaps that is one measure of the success of meeting our objective.

**I. HARMONIZATION/CONVERGENCE/COMPATIBILITY:
DEFINITIONS AND CAUSES**

