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## INTRODUCTION AND OBJECTIVES OF WORKSHOP

*Ronald D. Knutson and R.M.A. Loyns*

This is the fourth publication from a series of workshops which bring together agricultural economists, government officials and business people from the United States, Canada and Mexico for the purpose of enhancing communication on policy and trade issues. These workshops are designed to get participants and readers "on the same page" regarding forces and factors that give rise to policy and trade disputes. Our objective is to develop and communicate objective economic information on trade and policy issues as a means to heading off wasteful tension among our three countries. It would be unrealistic to expect economists to agree on every issue involving public policy, but at least it should be possible for the participants to understand why there are disagreements. The September 1998 actions against Canadian trucks carrying farm commodities by several border States once again indicates that much remains to be done to alter perceptions, behavior, and even conditions of agricultural policy and trade.

The first two workshops focused on grain (1995) and dairy disputes (1996). The third workshop (1997) looked at disputes from the "other side" i.e., policy harmonization in a reasonably broad sense. This workshop and publication take the harmonization theme to the next level and examine the status of policy and trade harmonization issues in grain and livestock among Mexico, Canada and the United States.

The process of producing economic information has been to assemble a small group of economists from universities, from governments, and from business to prepare original papers on topics identified by the coordinating committee. It has been our approach to have considerable free and open discussion, and to publish the proceedings within a few months of the workshop. Beginning with the dairy program in 1996 we brought in business people, and we have increased that component each year since. The participants from business and the commercial agencies have added an extremely valuable dimension to our efforts. Similarly, in recognition of the tri-national characteristics of North American trade, what began as a Canada/

United States focus in 1995 was expanded to include Mexico in 1997. Each of these changes in the program has been valuable in terms of the relevance of our work and a contribution to networking across our agricultural and food industries. Funding for the workshops comes from a variety of private and public sources. Authors of papers, discussants and workshop participants are important extra-financial contributors.

This workshop focuses on trade issues and competitiveness within the grain-livestock subsector in North America. This topic and the particular subsector were chosen for three reasons:

- The grain-livestock subsector, by its size and position, is the foundation of agriculture and the food industry in Canada, Mexico and the United States.
- Major structural changes are occurring within this subsector. The origins of structural changes are primarily technological and product uniformity-driven, but the impacts on trade are and will be substantial.
- Structural change and the policies embodied in NAFTA and WTO hold the potential for increasing trade tensions among the three North American partners to NAFTA. Tensions are already apparent in beef, pork and grains.

The workshop was designed to provide analysis of four major issues:

- What is meant by “competitiveness” as applied to the grain-livestock subsector? The term is used in economic, trade, business and policy discussions, but it is elusive in terms of both meaning and measurement.
- Can we compare competitiveness of the grain-livestock subsectors in Mexico, Canada and the United States; if we do, what are the results?
- What are the factors influencing competitiveness, how are those likely to influence geographic shifts in production and trade?
- How are these, and other factors, likely to influence policy and trade tensions among the three partners to NAFTA?

The workshop which produced the papers presented in this book was held in April 1998 at Lake Louise in Alberta, Canada.

This book is presented in the same format and sequence that the papers were presented at the workshop. The first section “*Economic Perspective on Competitiveness*” is a background treatment of the meaning and significance of the term “competitiveness”, and its importance to the world of trade agreements. The second section contains four papers on developments in the grain and the livestock industries in each of Canada and the United States, two counterpart papers on the commercial grain and livestock industries in Mexico, and a paper on non-commercial small farms in Mexico. The third section presents a paper on issues in truck and rail

transportation within NAFTA. Section four reviews some institutional forces affecting trade and policy tensions. The final section summarizes comments made by selected participants in the context of "what have we learned" in terms of implications, research needs and future directions. One conclusion drawn from this workshop was that private sector adjustment to trade liberalization may be a source of policy and trade tension. The topic "*Policy Harmonization in the North American Agricultural and Food Industry: Private Sector Adjustment*" has been chosen for the next workshop to be held in Mexico in March 1999.

These workshops would not be possible without direct financial support. Three organizations have consistently provided support for these workshops including Agriculture and Agri-Food Canada, the U.S. Department of Agriculture, and the Farm Foundation. Agencies of the USDA that have provided support for this workshop include the Cooperative State Research, Education and Extension Service (CSREES), the Foreign Agriculture Service (FAS) and the Agriculture Marketing Service (AMS). Over time, private sector support from Canada has increased including, for this workshop, the Royal Bank of Canada, Cargill Limited and the Saskatchewan Wheat Pool. The organizers of these workshops are grateful for the support which allows this program to operate and provides for publication and distribution of the results in the form of this book.



## Section 1

# Economic Perspective on Competitiveness

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*The objective of this section is to identify the economic meaning and significance of “competitiveness” in a world where trade agreements create more open trading conditions.*

