

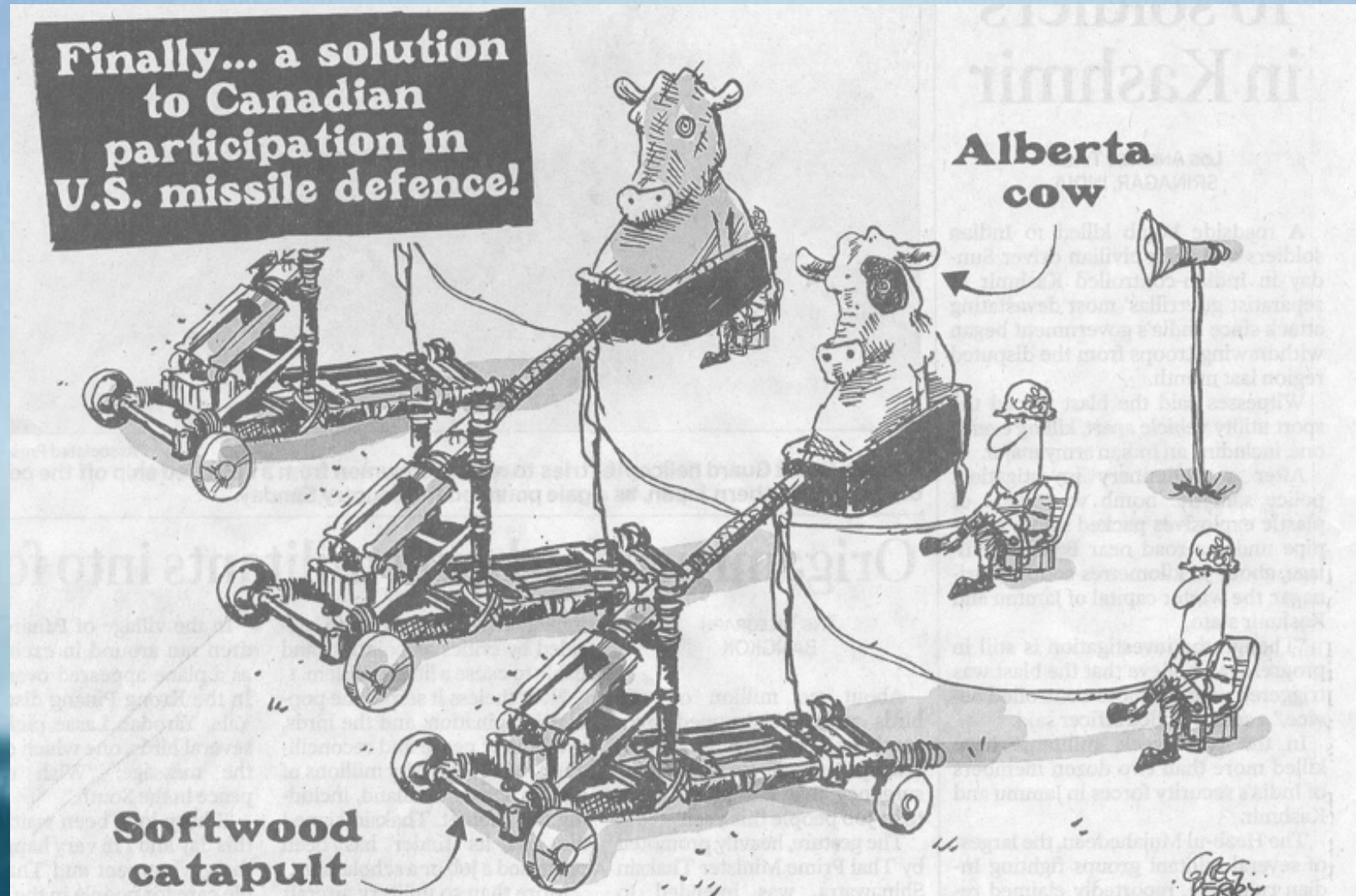
Toward a NAFTA Farm Policy?

**Kevin Muxlow
Alberta Barley Commission
NAAMIC Workshop
May 4 – 6, 2005
San Antonio, Texas**

NAFTA: Popular Impressions?



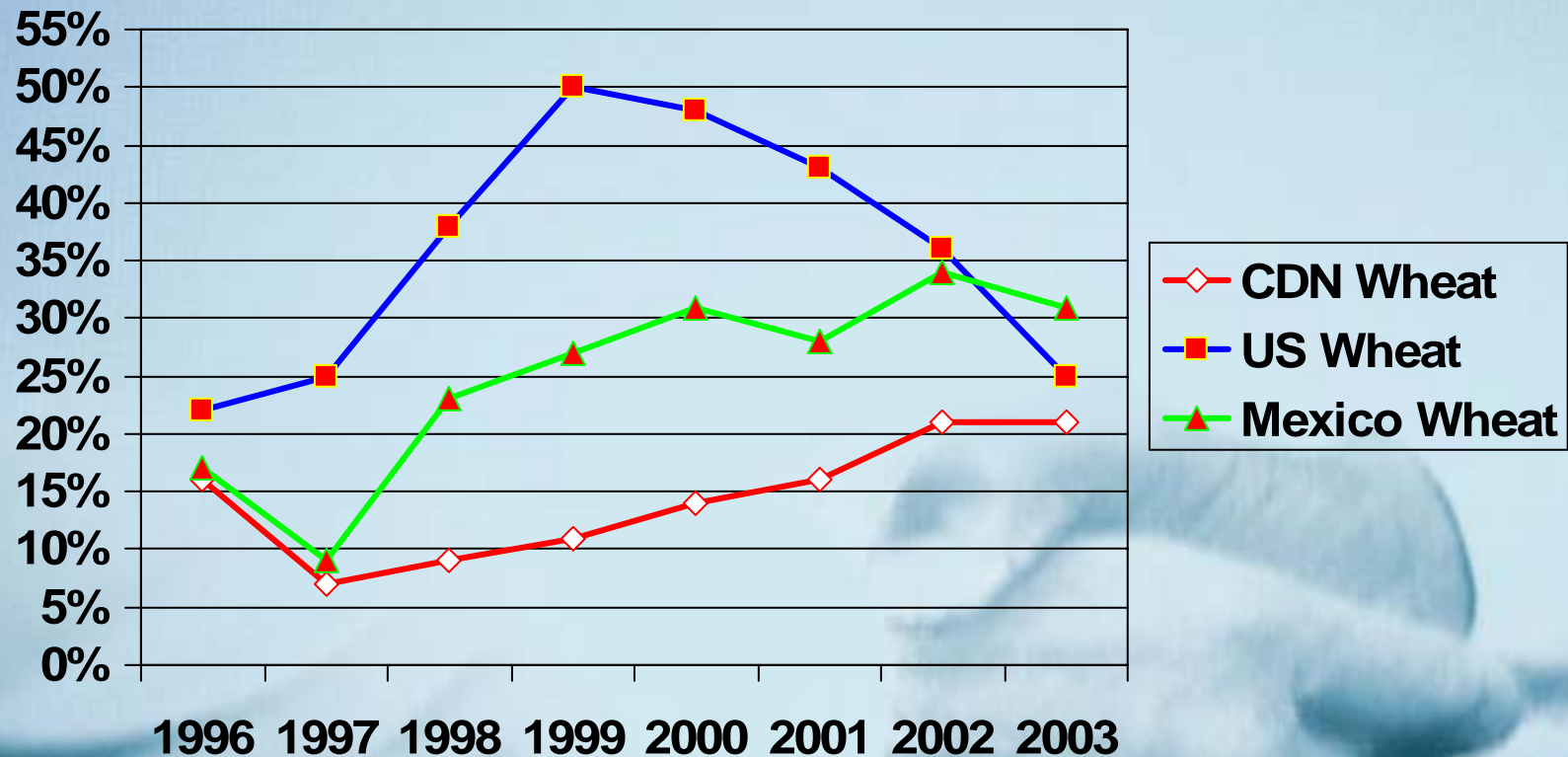
NAFTA: Creative Solutions?



Overview

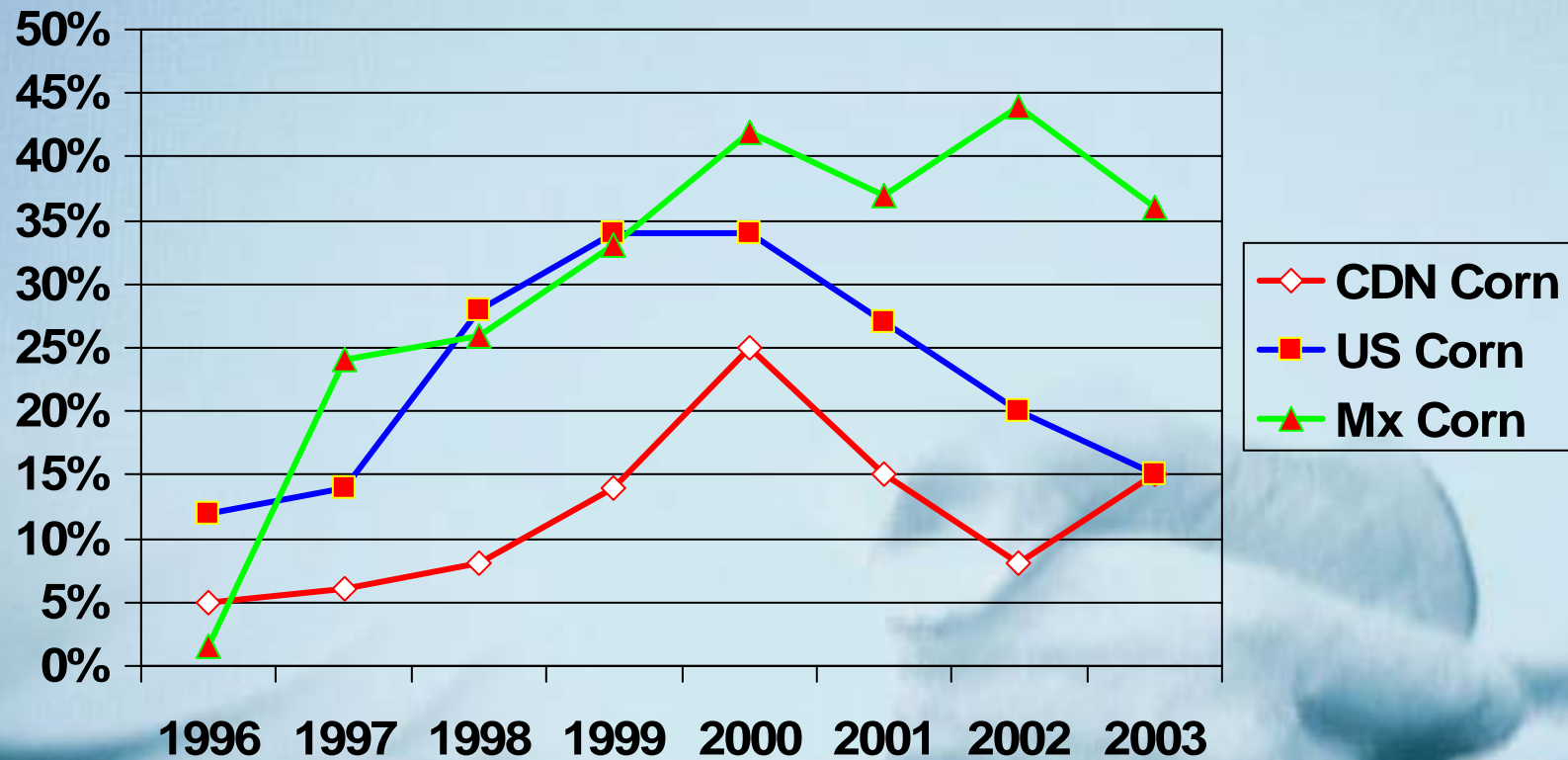
- NAFTA Grain/Oilseed Support Levels
- Policy Irritation
- NAFTA Policy Style
- Strategic Bilateralism - Industry
- Policy-making – “Summit Style”
- Conclusion

OECD PSE - wheat



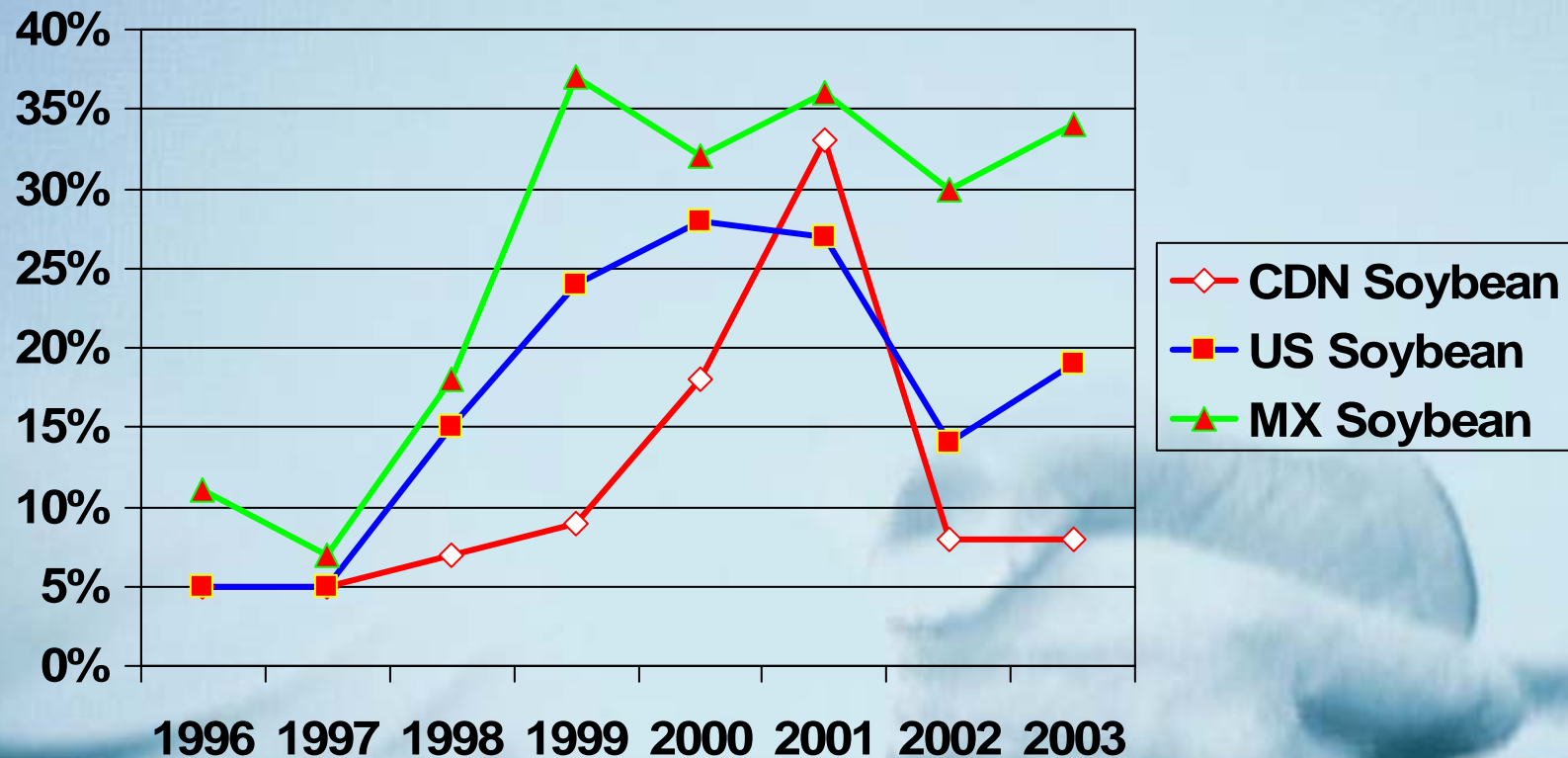
Source: *Producer and Consumer Support Estimates, OECD Database 1986-2003*

OECD PSE - corn



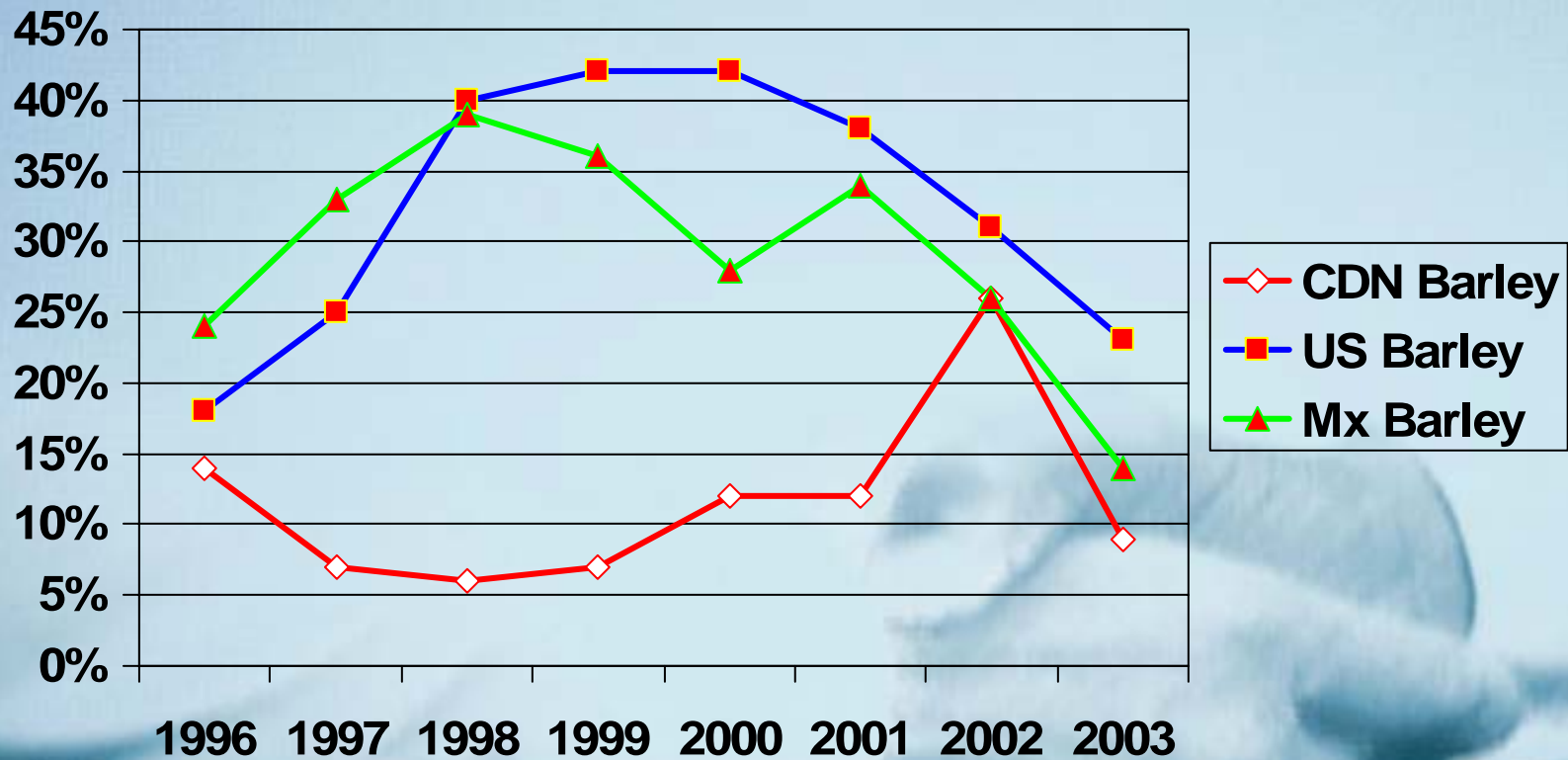
Source: *Producer and Consumer Support Estimates, OECD Database 1986-2003*

OECD PSE - soybeans



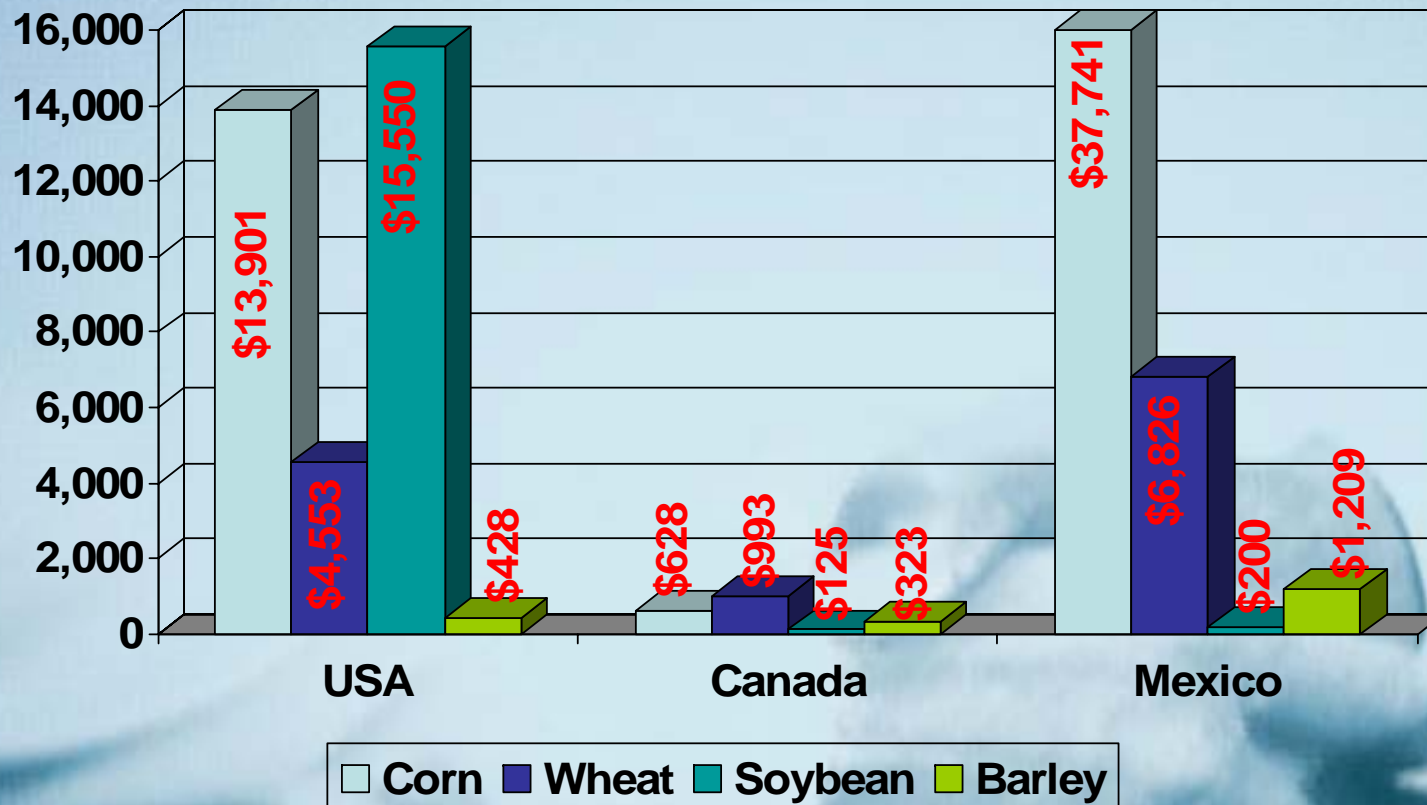
Source: *Producer and Consumer Support Estimates, OECD Database 1986-2003*

OECD PSE – barley



Source: *Producer and Consumer Support Estimates, OECD Database 1986-2003*

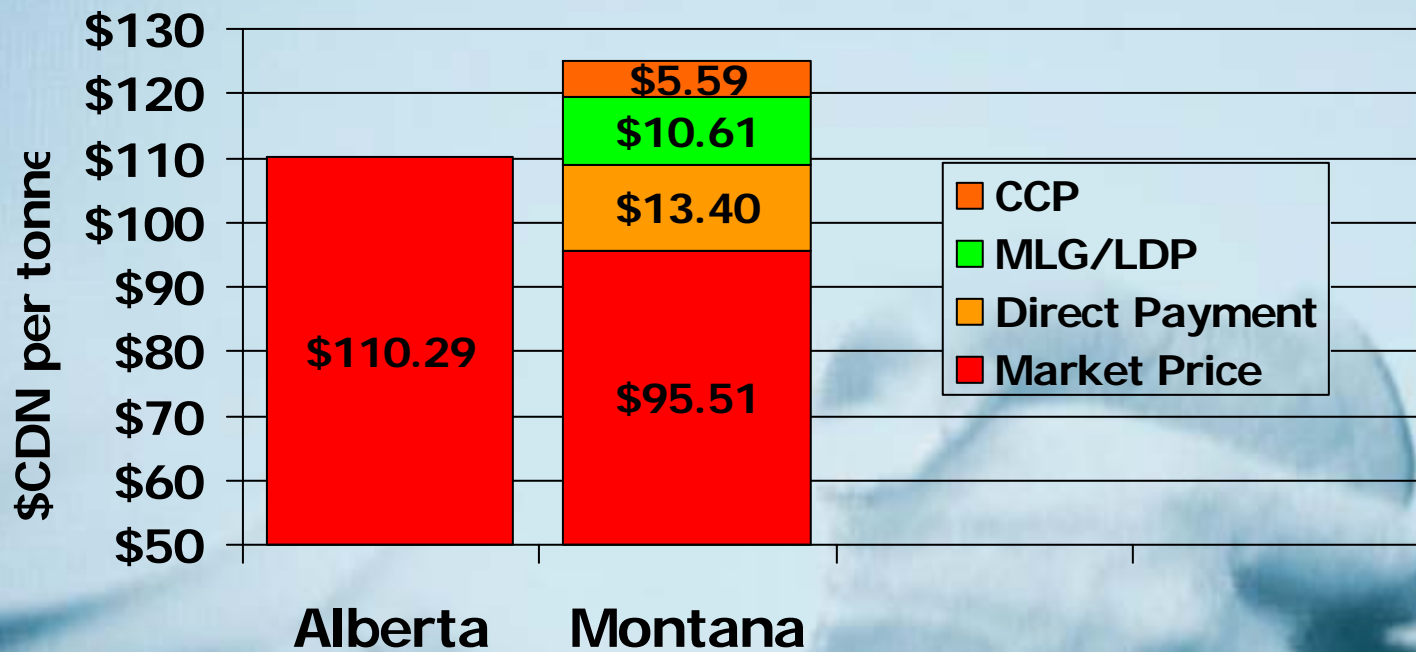
NAFTA MMD Support Totals 1996 to 2003 (national currency in millions)



Source: *Producer and Consumer Support Estimates, OECD Database 1986-2003*

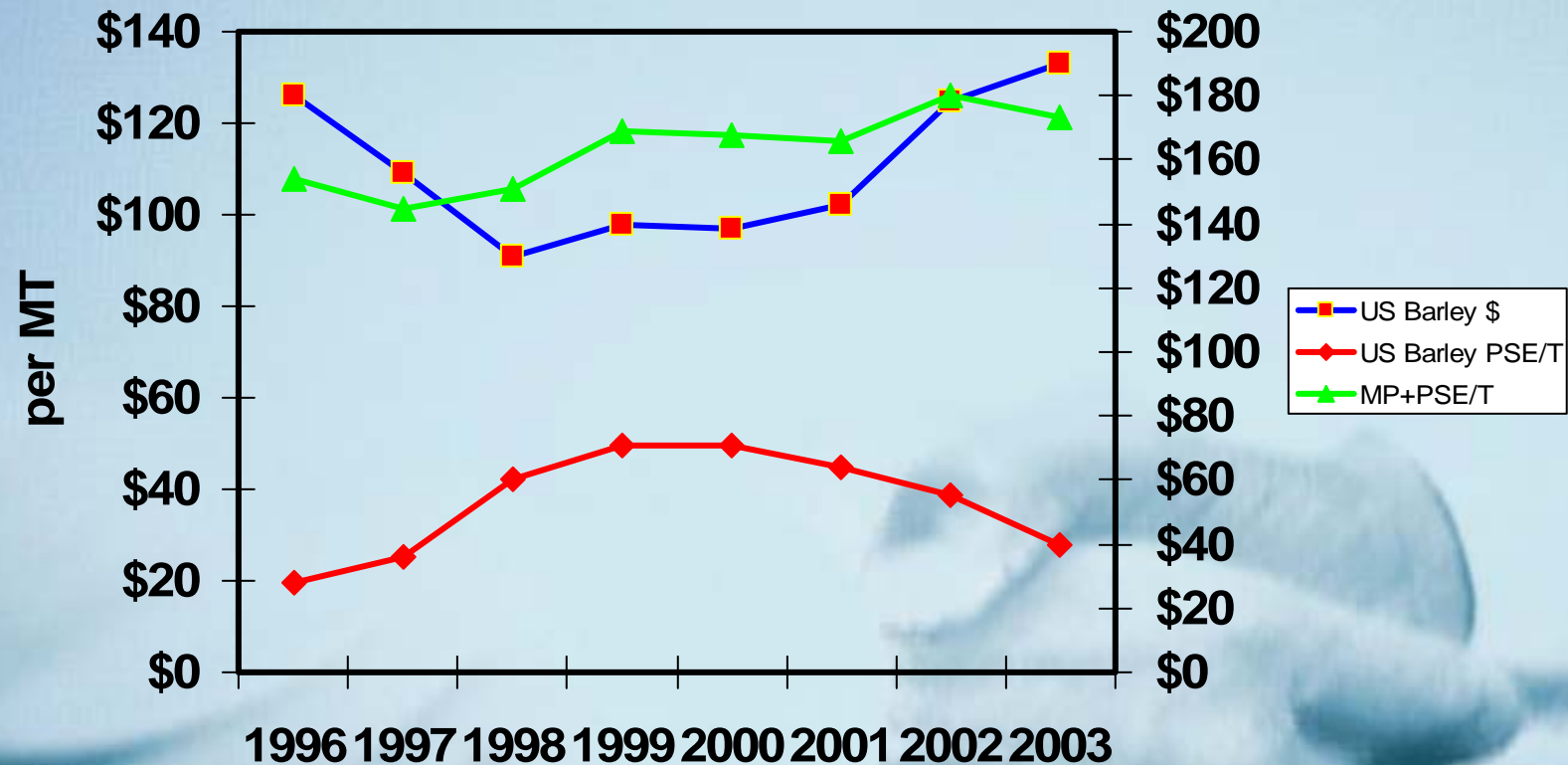
Subsidy Envy or Rules Resentment?

2004/05 Barley Price Comparison - Lethbridge, AB
& Sweet Grass, MT



Source: USDA, Alberta Grain Commission

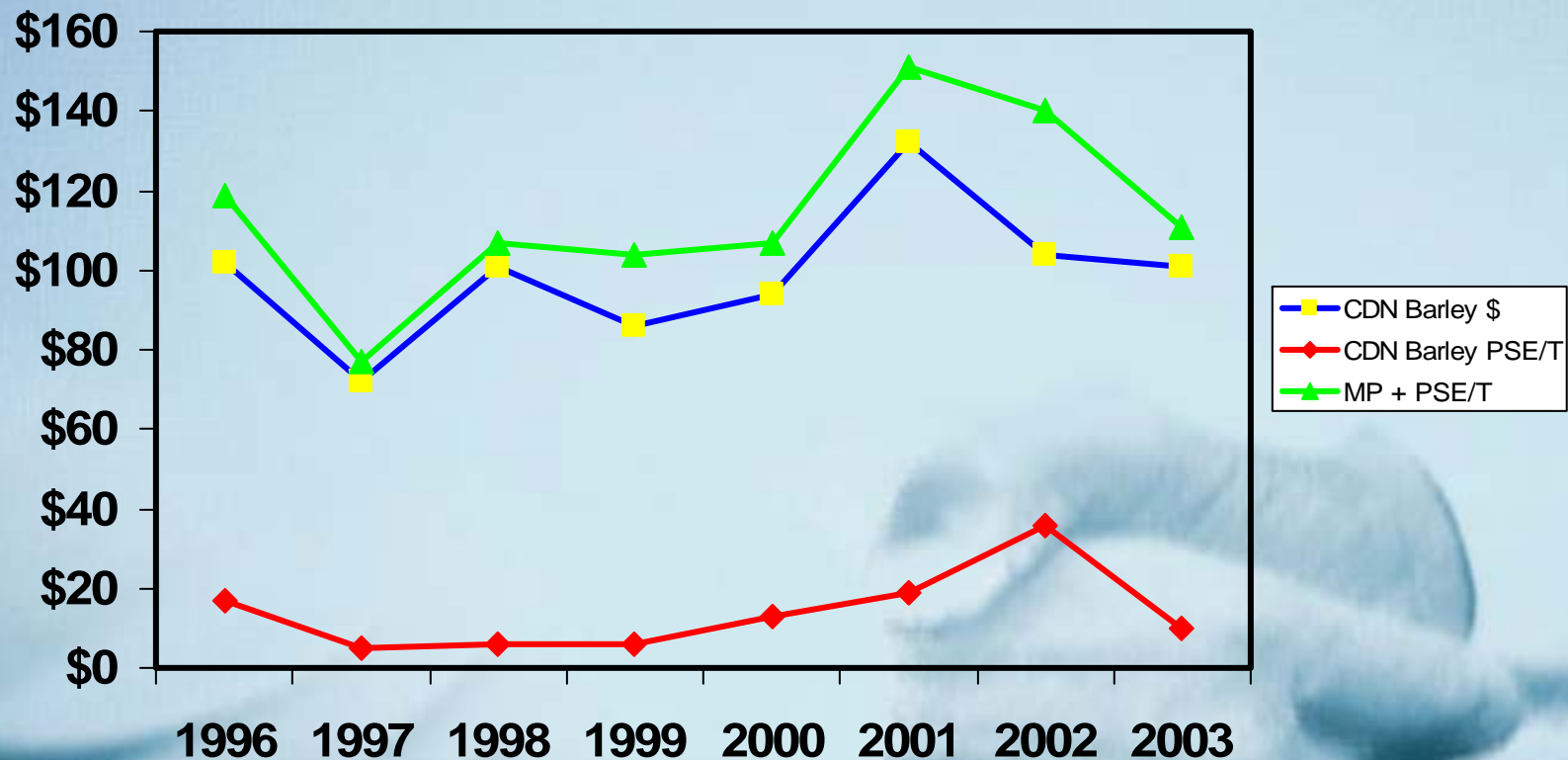
Decoupled? US Barley Price vs. Program



Source: *Producer and Consumer Support Estimates, OECD Database 1986-2003*

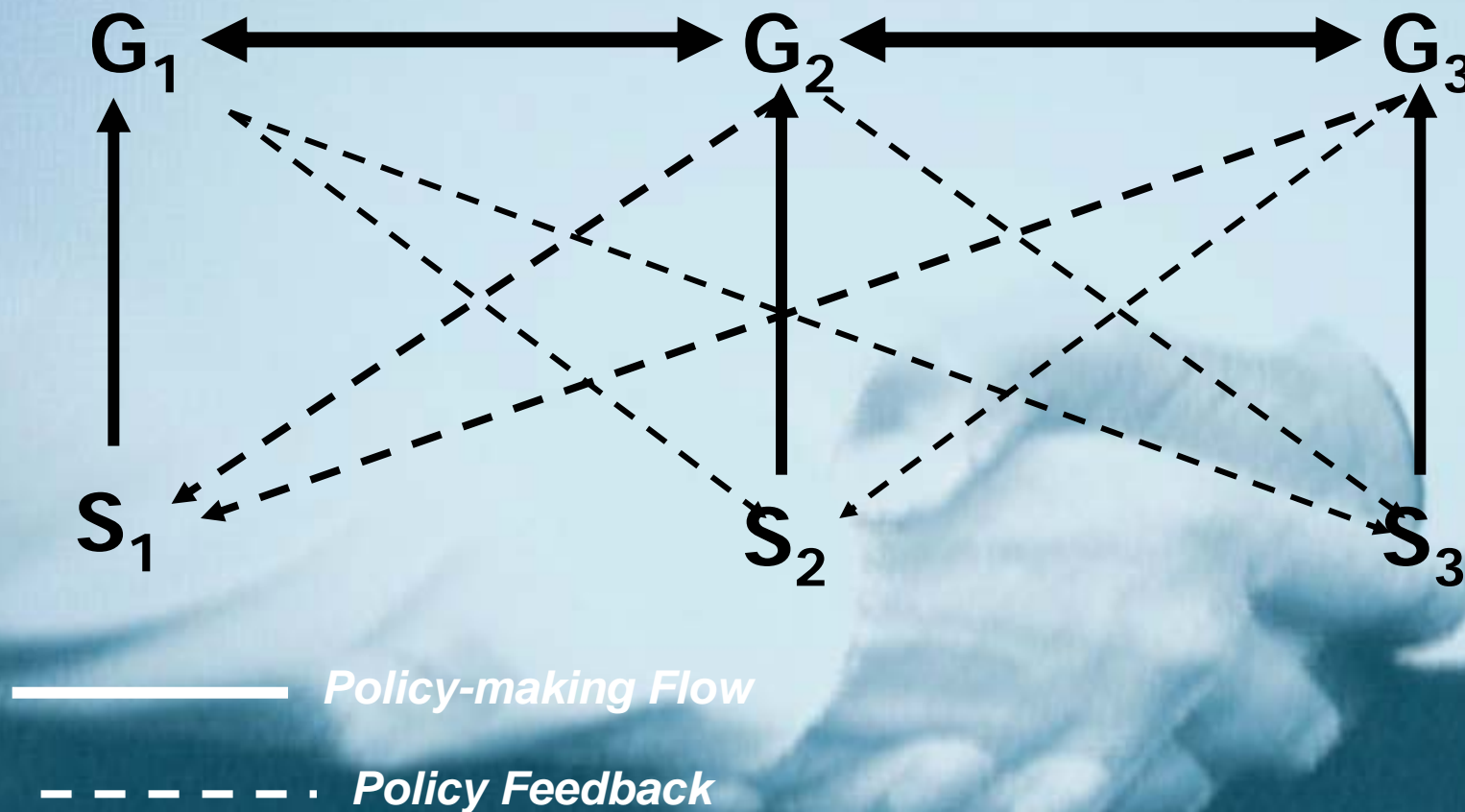
Decoupled?

Canadian Barley Price vs. Program



Source: *Producer and Consumer Support Estimates, OECD Database 1986-2003*

NAFTA Policy Style: Traditional IR Model



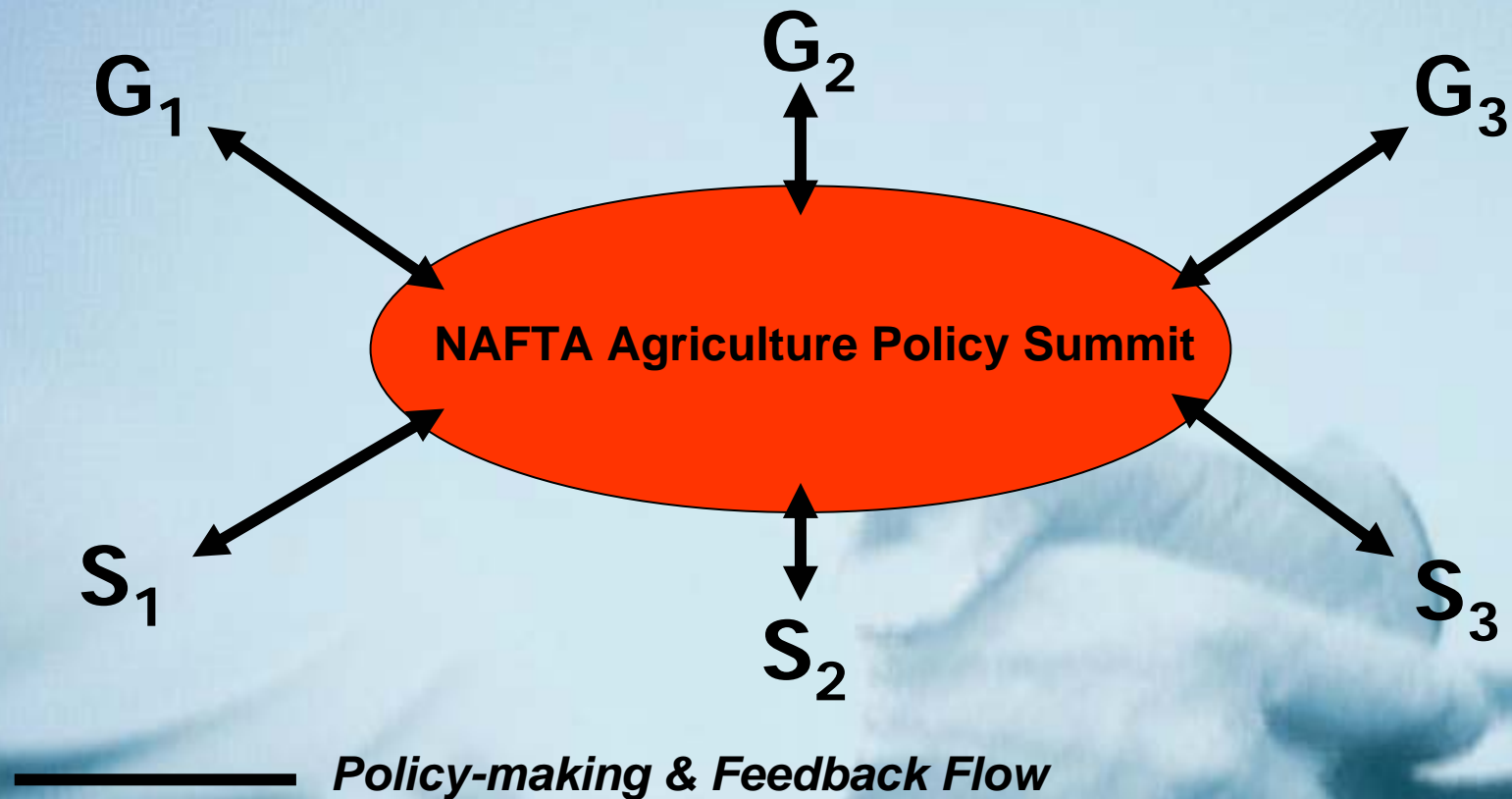
Policy Feedback Effects

- USA farm bill provisions
 - Direct Payments + Loan Rates + Counter-cyclical Program
 - Trade challenges (e.g., CWB investigations)
 - Response to EU/Canadian policy?
- Mexico's Agri-Food Armor
 - PROCAMPO + Target Income support + Border Remedies
 - Response to US programs?
- Canadian calls for “trade injury compensation”
 - Response to US and EU programs?

Strategic Bilateralism: Farm Group Efforts

- 1998 – Canada/US Grain Summit
 - 50 Can/US farm groups
 - 17 policy prescriptions
 - Joint Can/US political meetings
- 2000 – International Malt & Barley 0-4-0
 - Canada/US barley industry
 - Coordinated Canada-US lobbying
- 2003 – Canada/US Grain Summit
 - Pesticide Harmonization
 - WTO position
 - Joint submissions

NAFTA Agriculture Policy: A Summit Approach



NAFTA Agriculture Policy Summit – Why?

- Governments not autonomous & external drivers not sufficient
- Engages industry/farm organizations – key policy motivators
- Forum to identify/forecast feedback effects, discuss differences, develop consensus
- Promotes working relationships & opens possibility of “continental interests” to emerge
- Contains 3 key elements of policy development
 - expertise, authority, legitimacy

Conclusion

- Policy differences remain
- Policy feedback is important
- Policy style not promoting positive coordination – i.e., toward free markets
- New policy style required