

Conclusion

This paper has identified, on a commodity-by-commodity basis, the main agricultural issues that might arise from bilateral trade negotiations between Canada and the United States. In particular, we have focused our attention on possible or likely paths of agricultural policy harmonization, and have tried to anticipate the economic effects and implications of such an agreement. To examine the likely results we have assumed that no sectors would be exempted, although exemptions could well occur.

The policy harmonization pressures outlined ignore some useful information. For example, an examination of agriculture in the two countries reveals many similarities in basic economic conditions, including similar available resources, similar technologies or production methods, and the fact that farmers in both countries often sell into the same markets. As a result, the problems facing each country's agricultural sector are remarkably similar, and government policies share many common objectives. However, despite these many similarities, quite different policy instruments have arisen in each country. A better understanding of why this is so would shed much light on those courses of harmonization that are likely to be acceptable to both countries. Furthermore, a thorough review of the agricultural trade policy objectives being sought by each country in bilateral and multilateral negotiations would be useful. This information would suggest which of the possible courses of harmonization and compromise would be most likely.

A bilateral trade agreement could subject the structure, policies, and institutions of Canadian agriculture to some change. All sectors would survive such an agreement and, indeed, many would prosper. But some sectors would experience considerable pressures to rationalize production, a process