

Introduction

In any policy move by Canada and the United States to a free-trade area (FTA), one of the more contentious elements will be the treatment of agricultural policy. Domestic interests are particularly strong in this area and domestic objectives often appear to conflict with that of liberal and enhanced international trade flows. Already, several farm organizations in Canada have called for the partial or complete exemption of agriculture from a bilateral trade agreement.

The purpose of this paper is to examine, sector by sector, changes to Canadian agricultural policy that could be necessary if agriculture were to be included in the negotiated agreement. Although Canada might prefer to exclude some agricultural sectors from such an agreement, we proceed on the assumption that there will be no exemptions.

Conflict in agricultural trade relations, between responsible and stabilizing international behavior on the one hand and domestic political interests on the other, is not unique to Canada and the United States. Such conflict is at the core of numerous bilateral trade disagreements around the world and has hampered successive rounds of negotiations under the General Agreement on Tariffs and Trade (GATT). Recent confrontations between the European Community (EC) and the United States over market access and export subsidies in wheat and wheat flour, corn gluten feed, vegetable oils, and wine -- to name a few examples -- largely represent a debate over where the

I would like to acknowledge the helpful comments of C. Carter, H. de Gorter, K. Mielke, M. Smith, G. Storey, and especially D. McClatchy in the preparation of this paper. Remaining errors and omissions are, of course, the responsibility of the authors.