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# AGRICULTURAL TRADE LIBERALIZATION UNDER NAFTA: REPORTING ON THE REPORT CARD

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## INTRODUCTION

The format of the Sixth Agricultural and Food Policy Information Workshop was somewhat unique. The focus of the workshop was to determine “what we have learned from the experience of NAFTA.” The overarching objective of the workshop was to assess how well NAFTA objectives have been achieved as they relate to the agri-food sector, and consider what this conclusion suggests for future agreements. To this end, the workshop was designed around the concept of a “report card on agriculture under NAFTA.” Workshop participants were asked to fill out a report card, in the form of a written questionnaire, at the beginning of the workshop. The responses were summarized during the workshop and presented during the final session.

At the conclusion of the final session, workshop participants again were asked to complete the same report card in an attempt to judge whether or not the discussions of trade and policy developments under NAFTA and the reviews of agricultural commodity disputes during the workshop had an influence on participant assessments of how well NAFTA objectives have been achieved.

The results of the pre-workshop and post-workshop “report cards” are presented and compared in this paper. The pre-workshop responses are denoted as the “first” report card and the post-workshop responses as the “second” report card. An example of the report card is included in an appendix. It should be noted that the report card is not intended to be a statistically-representative sample of opinions in the three NAFTA countries, either separately or in total. The results, therefore, are not directly projectable to any of the respective populations. Rather, the report cards are intended simply to reveal the opinions of a group of interested and reasonably-well-informed representatives from university agricultural colleges, agricultural agencies of government, and production agriculture in Canada, the United States, and Mexico. The results tend to be both interesting and informative with respect to what we have learned from the experiences of NAFTA.

## **REPORT CARD RESULTS**

### **Which Country Do You Represent?**

Canada, United States, and Mexico were represented in the first report card by 41, 49, and 10 percent of participants, respectively, compared to the second report card representation of 44, 47, and 9 percent, respectively. Forty-one workshop participants completed the first report card compared to 34 participants who completed the second report card. Canada and the United States had nearly equal representation, together accounting for about 90 percent of participants in both report cards, compared to Mexico with about 10 percent in both report cards.

### **Overall Benefit to Agriculture in Own Country?**

Workshop participants were asked to what extent NAFTA has benefited their country in terms of facilitating trade in agriculture generally? Interestingly, in the first report card, three-fourths of Canadian and Mexican participants felt that NAFTA had been a large benefit and one-quarter believed that it had been a small benefit (Table 1). Only 20 percent of U.S. participants thought NAFTA had produced large benefits, while 80 percent felt there had been small benefits.

**Table 1: Extent to Which NAFTA Generally Has Benefitted Agriculture in Own Country-Percent Response for Each Report Card by Country and Total.**

<b>Country Report Card Response</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
	<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Large Benefit	76	53	20	7	75	67	49	33
Small Benefit	24	47	80	93	25	33	51	67
No Change	—	—	—	—	—	—	—	—
Small Deficit	—	—	—	—	—	—	—	—
Large Deficit	—	—	—	—	—	—	—	—
Don't Know	—	—	—	—	—	—	—	—

Source: Compiled from response data.

Information shared at the workshop seems to have had an impact on opinions as to NAFTA's general benefits, particularly among Canadian and American participants. In the second report card, only 53 percent of Canadian respondents now felt that there had been a large impact benefit compared to 47 percent who felt there was a small benefit. Among Mexican respondents, 67 percent now believed there to be large benefit compared to 47 percent who felt there was a small benefit. Shifts among U.S. respondents resulted in seven percent indicating a large benefit and 93 percent a small benefit. Trade theory suggests that when economies merge, the smaller economy is expected to experience a larger relative benefit. Participant responses across countries seem to support this assumption. It should be noted that no one selected the no-change, small-deficit, or large-deficit categories.

### **Overall Benefit to Agriculture in Other Countries**

When first asked about the extent to which NAFTA generally has benefitted agriculture in other countries, 53 percent of Canadians thought there was a large benefit and 47 percent felt there was a small benefit (Table 2). Mexicans felt even more strongly that other countries had benefitted from NAFTA, with 75 percent indicating a large benefit and 25 percent a small benefit. Participants from the United States painted a somewhat different picture with only 30 percent suggesting a large benefit to other countries, 60 percent believing there to be a small benefit, with five percent each indicating no change and don't know.

**Table 2: Extent to Which NAFTA Has Generally Benefitted Agriculture in Other Countries--Percent Response for Each Report Card by Country and Total.**

<b>Country</b> <b>Report Card</b> <b>Response</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
	<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Large Benefit	53	20	30	56	75	33	44	38
Small Benefit	47	80	60	38	25	67	51	59
No Change	—	—	5	—	—	—	2	—
Small Deficit	—	—	—	—	—	—	—	—
Large Deficit	—	—	—	—	—	—	—	—
Don't Know	—	—	5	6	—	—	2	3

Source: Compiled from response data.

The learning which apparently took place during the workshop was both substantial and contradictory, based on a comparison between responses to the first and second report card. While the all-country average response remained relatively stable, respondents from both Canada and Mexico tended to shift from a majority belief that other countries had received a large benefit from NAFTA, 53 percent and 75 percent, respectively, to a position in which a majority believed that only a small benefit had been received by others, 80 percent and 67 percent, respectively.

Responses from U.S. participants shifted in the opposite direction between the first and second report cards. The percent of Americans believing others received a large benefit increased from an initial 30 percent to 56 percent in the second report card, while the percent believing NAFTA to have been a small benefit to others declined from 60 percent to 38 percent. Overall, the percent of all respondents believing the agriculture in other countries received a large benefit declined slightly from 44 percent to 38 percent from the first to the second report card, while those thinking it had a small benefit to others increased from 51 percent to 59 percent. Again, small overall changes tend to mask significant changes within countries.

### **Benefit to the Primary Agricultural Sector of Own Country**

Workshop participants were asked whether or not NAFTA had benefitted the primary agriculture sector of their country. As illustrated in Table 3, based on the all-country average, the majority (66 percent) initially believed

**Table 3: Benefit to Primary Agriculture Sector of Own Country Derived from NAFTA--Percent Response for Each Report Card by Country and Total.**

<b>Country</b> <b>Report Card</b> <b>Response</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
	<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Large Gain	47	47	10	13	25	33	27	29
Small Gain	47	53	80	69	75	33	66	59
No Change	—	—	—	13	—	—	—	6
Small Loss	—	—	10	6	—	33	5	6
Large Loss	—	—	—	—	—	—	—	—
Don't Know	6	—	—	—	—	—	2	—

Source: Compiled from response data.

that their primary agriculture sector had received a large gain, while 27 percent believed there had been a small gain, and six percent indicated a small loss. Also in the first report card, Canadians were evenly split between a large gain and a small gain, while Americans and Mexicans strongly believed that there had been a small gain, 80 percent and 75 percent, respectively. The remainder of U.S. responses were divided between a large gain and a small loss, while the other Mexican responses were in the large-gain category.

The second report card did not produce significant changes for the all-country averages, but there were major changes for Mexico with some shift from small gain to small loss. U.S. responses witnessed some shift toward no change. Perhaps the assumption that a smaller economy often gains more than a large country from a free-trade agreement helps explain the Canadian indication of a large gain for their primary agriculture sector compared to the United States. However, this certainly does not help explain the Mexican response, which was very similar to the U.S. response.

Workshop participants were asked about the benefit of NAFTA for seven agri-food sectors and sub-sectors in their economy. Their responses differed considerably both across sub-sectors and countries. While some responses may be due to varying levels of participant information on particular sub-sectors, it can also be argued that varying responses across countries may be an indica-

**Table 4: Benefit to Food Processing Sub-Sector of Own Country from NAFTA--Percent Response for Each Report Card by Country and Total.**

<b>Country</b> <b>Report Card</b> <b>Response</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
	<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Large Gain	71	87	30	25	100	100	54	59
Small Gain	24	13	60	75	—	—	39	41
No Change	—	—	5	—	—	—	2	—
Small Loss	—	—	—	—	—	—	—	—
Large Loss	—	—	—	—	—	—	—	—
Don't Know	6	—	5	—	—	—	5	—

Source: Compiled from response data.

tion of which country(s) has a competitive advantage or disadvantage in particular sub-sectors.

### **Benefits to the Food Processing Sub-sector**

In the first report card, respondents from both Canada and Mexico indicated that their food processing sub-sector had benefitted from NAFTA with 71 percent of Canadians and 100 Percent of Mexicans indicating a large gain (Table 4). Twenty-four percent of Canadians felt there had been a small benefit. Respondents from the U.S. also believed that their food processing sub-sector had benefitted, but only 30 percent thought there had been a large gain compared to 60 percent who indicated a small gain. Overall, 95 percent of those participating in the first report card thought NAFTA had been a large (54 percent) or small (39 percent) benefit to their food processing sub-sector.

The second report card did not result in any significant changes in the all-country responses, however, there were changes in both Canada and the United States (Table 4). Canadian respondents indicating a large gain to the food processing sub-sector increased from 71 to 87 percent, while Americans shifted some from the large-gain, no-change, and don't know categories to the small-gain category. Mexicans remained steadfast in their belief that NAFTA had been a large benefit to their food processing sub-sector. Several factors may lie behind these responses. Canada and Mexico may have competitive advantages in food processing or at least they may focus on the food processing

**Table 5: Benefit to Beverage Processing Sub-sector of Own Country from NAFTA--Percent Response for Each Report Card by Country and Total.**

<b>Country Report Card</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
Response	%		%		%		%	
Large Gain	41	27	5	6	50	—	24	15
Small Gain	29	67	35	75	25	67	32	71
No Change	6	—	15	—	—	—	10	—
Small Loss	—	—	—	—	—	—	—	—
Large Loss	—	—	—	—	—	—	—	—
Don't Know	24	7	45	19	25	33	34	15

Source: Compiled from response data.

industry in their export sector more than does the United States. It may also be a large country/small county issue.

### **Benefits to the Beverage Processing Sub-sector**

A great deal of uncertainty across countries was evident in the first report card on the beverage processing sub-sector, as 34 percent overall, and 24, 45, and 25 percent of respondents from Canada, United States and Mexico, respectively, did not know what the impact of NAFTA had been (Table 5). This may reflect a general lack of knowledge among workshop participants about the beverage processing sub-sector. Of those offering an opinion, the majority of Canadians and Mexicans felt there had been a large gain, while the majority of Americans believed there had been a small gain with the remainder indicating either a large gain or no change.

The second report card witnessed a much higher percent (up from 32 to 72 percent overall) indicating a small gain to the beverage. This increase came from decreases in the large-benefit, no-change, and don't-know categories. All three countries registered dramatic shifts to the small-gain category. Apparently considerable learning occurred during the workshop.

### **Benefits to the Grains and Oilseeds Sub-sector**

On the question of NAFTA's benefit to one's own grains and oilseeds sub-sector, Canadian responses in the first report card all fell in the large-gain (47 percent) and small-gain (53 percent) categories, compared to 15 and 55

**Table 6: Benefits to Grain and Oilseeds Sub-sector of Own Country from NAFTA--Percent Response for Each Report Card by Country and Total.**

<b>Country</b> <b>Report Card</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
<b>Response</b>	<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Large Gain	47	33	15	6	—	—	27	18
Small Gain	53	67	55	50	—	—	49	53
No Change	—	—	5	13	25	—	5	6
Small Loss	—	—	15	25	50	67	12	18
Large Loss	—	—	—	—	25	33	2	3
Don't Know	—	—	10	6	—	—	5	3

Source: Compiled from response data.

percent, respectively, for American responses (Table 6). None of the Mexican respondents believed there were any gains to their grains and oilseeds sub-sector from NAFTA, and 75 percent believed there was some degree of loss. These responses suggest that Canadians believe they have a competitive advantage in grains and oilseeds within NAFTA. Americans seem to hold similar opinions, although not as strongly. Clearly, Mexicans feel that their country has sustained losses in this sub-sector.

Responses remained relatively unchanged from the first to the second report card, with the exception of decreases in the large-gain category for both Canadian and American participants, fueled by an increase in small gain for Canadians and increase in no change and small loss for Americans. The second report card found Mexicans even more pessimistic on grains and oilseeds, with increases in the small-loss and large-loss categories (Table 6).

### **Benefits to the Red Meat Sub-sector**

Concerning the red-meat sub-sector, in both report cards, clearly Canadians believe they have an advantage, as two-thirds believe Canada has gotten a large gain and one-third a small gain from NAFTA (Table 7). American responses to the first report card also indicated some optimism as one-half indicated their red-meat sub-sector had received a small gain from NAFTA, with 15 percent indicating a large gain. However, 5 percent of Americans thought there had been no change, 20 percent thought there was some type of loss, and



**Table 7: Benefit to Red Meat Sub-sector of Own Country from NAFTA--Percent Response for Each Report Card by Country and Total.**

<b>Country Report Card Response</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
	<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Large Gain	65	67	15	13	—	—	34	35
Small Gain	35	33	50	69	—	—	39	47
No Change	—	—	5	6	—	—	2	3
Small Loss	—	—	15	13	75	100	15	15
Large Loss	—	—	5	—	25	—	5	—
Don't Know	—	—	10	—	—	—	5	—

Source: Compiled from response data.

10 percent indicated they did not know. Mexican responses indicate strongly that they do not believe they have an advantage in red meat as three-fourths indicated a small-loss and the one-fourth a large loss from NAFTA. Overall, nearly 75 percent of respondents indicated a gain for their red-meat sub-sector. As can be seen in Table 7, with the exceptions of an increase in U.S. responses in the small-gain category and decreases in small-loss and large-loss categories for Mexicans, opinions remained consistent between the two report cards.

### **Benefits to the Dairy Sub-sector**

There were interesting variations across countries in response to the question about the dairy sub-sector (Table 8). In both the first and second report cards, Canadian and American responses were concentrated in the small-gain and no-change categories. In the first report card, 12 percent of Canadians indicated a small gain and 82 percent said there was no change associated with NAFTA, compared to 27 and 73 percent, respectively, in the second report card. American responses tended to consolidate somewhat in the second report card as outlying don't-know and large-gain responses moved to small-gain and no-change responses. More significant changes occurred for Mexican responses between report cards as respondents moved from a view of large losses toward one of small gains. Overall, there was an increase in responses indicating a small gain to one's own dairy sub-sector due to NAFTA.

**Table 8: Benefit to Dairy Sub-sector of Own Country from NAFTA-- Percent Response for Each Report Card by Country and Total.**

<b>Country</b> <b>Report Card</b> <b>Response</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
	<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Large Gain	—	—	5	—	—	—	2	—
Small Gain	12	27	40	44	—	33	24	35
No Change	82	73	45	56	50	33	61	62
Small Loss	—	—	—	—	25	33	2	3
Large Loss	—	—	—	—	25	—	2	—
Don't Know	6	—	10	—	—	—	7	—

Source: Compiled from response data.

### **Benefits to the Poultry Sub-sector**

On the question of whether workshop participants' poultry sub-sector has benefitted from NAFTA, there were significant changes between report cards within each country (Table 9). For Canada, 71 percent of responses indicated no change due to NAFTA, 24 percent thought there was a small gain, and 6 percent a small loss as reported in the first report card. A wide range of opinions was exhibited as to the impact of NAFTA on the U.S. poultry sub-sector in the first report card. While 15 and 30 percent thought there had been a large gain and small gain, respectively, there were also 30 percent who felt there had been no change due to NAFTA and another 25 percent who did not know.

The diversity of opinion on the first report card may be due to less knowledge of the poultry sub-sector among workshop participants from the United States. This explanation is somewhat supported by the consolidation of opinion on the second report card in the small-gain (50 percent) to no-change (44 percent) categories, with only 6 percent indicating they did not know (Table 9).

Mexican opinions also changed between the report cards. Originally, three-fourths believed there had been a small gain from NAFTA and one-fourth a large loss. After the workshop, only one-third believed there had been a small gain, while two-thirds now thought there had been a small loss in the poultry sub-sector associated with NAFTA. Overall, there was a decline in those who did not have an opinion and increase in opinions favoring a small gain to poul-

**Table 9: Benefit to Poultry Sub-sector of Own Country from NAFTA-- Percent Response for Each Report Card by Country and Total.**

<b>Country</b> <b>Report Card</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
<b>Response</b>	<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Large Gain	—	—	15	—	—	—	7	—
Small Gain	24	60	30	50	75	33	32	53
No Change	71	40	30	44	—	—	44	38
Small Loss	6	—	—	—	—	67	2	6
Large Loss	—	—	—	—	25	—	2	—
Don't Know	—	—	25	6	—	—	12	3

Source: Compiled from response data.

try in participants' home country. Across countries, a locus of points seems to have formed around the area of a small gain to no change.

### **Benefits to the Horticultural Sub-sector**

The horticultural sub-sector is an interesting and diverse collection of fruits, vegetables, nuts, and ornamentals. Each member country in NAFTA has a combination of these commodity groups which may or may not compete with other NAFTA countries depending on the particular season and crop. Due to several factors, such as perishability, limited growing seasons, and sanitary and phytosanitary issues, the horticultural sub-sector has experienced more than its share of trade disputes. Thus, it may not be surprising that representatives from each of the three countries scored their report cards differently.

On an overall basis for both report cards, between two-thirds and three-fourths of respondents believed their country experienced either small or large gains from NAFTA, compared to 12 to 18 percent who believed there had been small or large losses. All participants from Mexico in both report cards thought they had received large gains from NAFTA. Canadian participants in both surveys tended to believe there had been either large or small gains from NAFTA, 35 and 41 percent in the first and 47 and 53 in the second, respectively.

While 20 percent of American participants in the first report card felt there had been large gains to horticulture from NAFTA, none of the U.S. participants in the second report card marked this category. However, U.S. re-

**Table 10: Benefit to Horticultural Sub-sector of Own Country from NAFTA--Percent Response for Each Report Card by Country and Total.**

<b>Country</b> <b>Report Card</b> <b>Response</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
	<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Large Gain	35	47	20	—	100	100	34	29
Small Gain	41	53	35	44	—	—	34	44
No Change	12	—	5	—	—	—	7	—
Small Loss	—	—	15	31	—	—	7	15
Large Loss	—	—	10	6	—	—	5	3
Don't Know	12	—	15	19	—	—	12	9

Source: Compiled from response data.

spondents believing there to have been a small gain increased from 35 to 44 percent between the two surveys. In the first report card, twenty-five percent of U.S. participants felt there had been either a small or large loss in horticulture compared to 37 percent in the second report card. Interestingly, even after the workshop, nearly 20 percent of U.S. representatives still did not have an opinion on the impact of NAFTA on the horticultural sub-sector. One possible explanation may be that some horticultural commodities have experienced gains while others have experienced losses. Other possible explanations include a lower level of knowledge concerning horticultural crops among workshop participants.

Having inquired about the impact of NAFTA on the general agriculture sector and a series of specific commodity sub-sectors, the report cards next addressed a series of NAFTA-related issues including fair competition, trade-distorting subsidies, market access, bilateral trade disputes, and further economic integration in the Western hemisphere. The responses to the questions on these subjects in the before and after report cards are discussed below.

### **Impact on Fair Competition in Agriculture**

Workshop participants were asked about the extent to which they agreed or disagreed that NAFTA had promoted conditions of fair trade in agriculture. For the all-country average, one-third of the workshop participants strongly agreed that the playing field had been leveled and about 60 percent slightly agreed with this premise. On an individual-country basis, from 90 to 100 per-

**Table 11: Agreement as to Whether NAFTA Promoted Conditions of Fair Competition in Agriculture--Percent Response for Each Report Card by Country and Total.**

<i>Country</i>	<i>Canada</i>		<i>United States</i>		<i>Mexico</i>		<i>Total</i>	
	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>
<i>Report Card</i>	<i>%</i>		<i>%</i>		<i>%</i>		<i>%</i>	
<i>Response</i>	<i>%</i>		<i>%</i>		<i>%</i>		<i>%</i>	
Strongly Agree	35	27	35	44	—	33	32	35
Slightly Agree	53	73	60	50	100	67	61	62
Neutral	12	—	—	6	—	—	5	3
Slightly Disagree	—	—	—	—	—	—	—	—
Strongly Disagree	—	—	—	—	—	—	—	—
Don't Know	—	—	5	—	—	—	2	—

Source: Compiled from response data.

cent of respondents either strongly or slightly agreed that NAFTA had promoted fair competition, with some variation both among countries and between report cards as can be seen in Table 11. Thus, the workshop report cards give NAFTA strong marks for promoting conditions of fair competition in agriculture.

### **Reduction of Trade-distorting Subsidies**

The report cards asked two questions concerning whether NAFTA had helped reduce trade-distorting subsidies, the first question focusing on the participant's home country and the second on other NAFTA countries. When asked to what extent they agreed that NAFTA had helped reduce trade-distorting subsidies in their own country, three-fourths of workshop participants from Mexico strongly agreed and one-fourth slightly agreed in the first report card, changing to two-thirds strongly agreeing and one-third slightly agreeing in the second report card (Table 12).

In response to the same question, Canadian workshop participants also tended to strongly (35 percent) or slightly (53 percent) agree, with 12 percent expressing neutrality on the subject (Table 13). Following the workshop, the majority (67 percent) of Canadian workshop participants strongly agreed that NAFTA had helped reduce trade-distorting subsidies in their country, compared to one-third who slightly agreed. In both report cards, a smaller proportion of participants from the United States strongly agreed (20 to 25 percent) and slightly agreed (50 to 55 percent) that NAFTA had helped reduce trade-

**Table 12: Agreement as to Whether NAFTA Helped Reduce Trade-Distorting Subsidies in Own Country--Percent Response for Each Report Card by Country and Total.**

<i>Country</i>	<i>Canada</i>		<i>United States</i>		<i>Mexico</i>		<i>Total</i>	
	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>
<i>Report Card</i>								
<i>Response</i>	<i>%</i>		<i>%</i>		<i>%</i>		<i>%</i>	
Strongly Agree	35	67	20	25	75	67	32	47
Slightly Agree	53	33	55	50	25	33	51	41
Neutral	12	—	20	19	—	—	15	9
Slightly Disagree	—	—	5	6	—	—	2	3
Strongly Disagree	—	—	—	—	—	—	—	—
Don't Know	—	—	—	—	—	—	—	—

Source: Compiled from response data.

distorting subsidies in their country, while about one-fifth were neutral on the subject and 5 percent slightly disagreed. For the all-country average, about 85 percent of workshop participants believed that NAFTA had helped reduce trade-distorting subsidies in their own country, with most of the rest remaining neutral on the question.

Both report cards indicate that the majority of workshop participants slightly agree that NAFTA helped reduce trade-distorting subsidies in other NAFTA countries (Table 13). For the all-country average, 63 percent of the respondents in the first report card indicated slight agreement, increasing to 79 percent in the second report card. Those strongly agreeing increased modestly from 15 to 18 percent. Many of those holding a neutral position at the beginning of the workshop (20 percent) apparently moved to the slightly agree or the strongly agree categories, thus reducing the neutral category to a mere 3 percent.

Individual country responses showed some variation across countries and participants from both Canada and the United States increased their presence in the slightly agree category, from 65 to 87 percent and from 55 to 69 percent, respectively (Table 13). By the end of the workshop, 13 percent of Canadians and 25 percent of Americans strongly agreed that NAFTA had helped reduce trade-distorting subsidies in other countries. One-quarter of Americans also held this opinion at the beginning of the workshop. Mexican opinion did

**Table 13: Agreement as to Whether NAFTA Helped Reduce Trade-Distorting Subsidies in Other NAFTA Countries--Percent Response for Each Report Card by Country and Total.**

<i>Country</i> <i>Report Card</i>	<i>Canada</i>		<i>United States</i>		<i>Mexico</i>		<i>Total</i>	
	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>
<i>Response</i>	<i>%</i>		<i>%</i>		<i>%</i>		<i>%</i>	
Strongly Agree	6	13	25	25	—	—	15	18
Slightly Agree	65	87	55	69	100	100	63	79
Neutral	29	—	15	6	—	—	20	3
Slightly Disagree	—	—	5	—	—	—	2	—
Strongly Disagree	—	—	—	—	—	—	—	—
Don't Know	—	—	—	—	—	—	—	—

Source: Compiled from response data.

not vary during the workshop as all of the participants from Mexico slightly agreed with the proposition.

Comparing the information in Table 12 and Table 13 indicates that workshop participants tended to believe more strongly that NAFTA has resulted in the reduction of trade-distorting subsidies in their own country than in other NAFTA countries. This result is not entirely unexpected, as reductions in subsidies in one's own industry and country may be more visible than are such reductions in other countries.

When workshop participants initially were asked the extent to which they agreed that NAFTA had improved market access opportunities, there was a locus of points formed by the responses across all respondents (Table 14). About 60 percent of respondents strongly agreed and 40 percent slightly agreed that NAFTA had improved market access opportunities. These responses were not unexpected as a central objective of NAFTA was to increase market access among member countries.

While the all-country average remained basically unchanged between report cards, there were some interesting shifts within countries (Table 14). Following the workshop, the proportion of participants from Canada and Mexico registering strong agreement increased from 59 to 67 percent for Canada and from 50 to 67 percent for Mexico. At the same time, the proportion of participants from the United States agreeing strongly declined from 60 percent to 44

**Table 14: Agreement as to Whether NAFTA Improved Market-Access Opportunities--Percent Response for Each Report Card by Country and Total.**

<b>Country</b> <b>Report Card</b> <b>Response</b>	<b>Canada</b>		<b>United States</b>		<b>Mexico</b>		<b>Total</b>	
	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>
	<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	
Strongly Agree	59	67	60	44	50	67	59	56
Slightly Agree	41	33	40	56	50	33	41	44
Neutral	—	—	—	—	—	—	—	—
Slightly Disagree	—	—	—	—	—	—	—	—
Strongly Disagree	—	—	—	—	—	—	—	—
Don't Know	—	—	—	—	—	—	—	—

Source: Compiled from response data.

percent. Thus, the information presented in the workshop seems to have been interpreted differently based on the home country of the workshop participant, or pointed out differences in market access opportunities across countries.

### **Bilateral Trade Disputes**

Before the workshop, about one-fourth of Canadian and one-fifth of American participants believed that the number of trade disputes among NAFTA countries had decreased slightly since NAFTA (Table 15). After the workshop, this position was held by only seven percent of Canadians and six percent of Americans. In both report cards, none of the workshop participants reported believing that trade disputes had decreased significantly since NAFTA. Mexican participant opinions were the most pessimistic with responses indicating that they believed trade disputes had increased slightly or significantly since NAFTA or they did not know.

Compared to the first report card, the proportion of respondents in the second report card from Canada and the United States believing the number of disputes had stayed the same increased, with the Canadian proportion increasing more than three-fold (Table 15). While the workshop proceedings resulted in a decrease in the proportion of Canadians and Mexicans thinking that trade disputes had increased slightly, the impact on U.S. participants was just the opposite, as the proportion in this category nearly doubled between the first and second report card. The proportion of participants from all three countries who believed that trade disputes had increased significantly since NAFTA de-



**Table 15: Change in the Number of Bilateral Trade Disputes Since NAFTA: Percent Response for Each Report Card by Country and Total.**

<i>Country</i> <i>Report Card</i> <i>Response</i>	<i>Canada</i>		<i>United States</i>		<i>Mexico</i>		<i>Total</i>	
	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>
	%		%		%		%	
Decreased Significantly	—	—	—	—	—	—	—	—
Decreased Slightly	24	7	20	6	—	—	20	6
Stayed the Same	12	40	20	25	—	—	15	29
Increased Slightly	47	40	30	56	50	33	39	47
Increased Significantly	18	13	25	13	25	33	22	15
Don't Know	—	—	5	—	25	33	5	3

Source: Compiled from response data.

**Table 16: Effectiveness of the NAFTA Dispute Settlement Mechanism in the Resolution of Trade Disputes--Percent Response for Each Report Card by Country and Total.**

<i>Country</i> <i>Report Card</i> <i>Response</i>	<i>Canada</i>		<i>United States</i>		<i>Mexico</i>		<i>Total</i>	
	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>
	%		%		%		%	
Strongly Agree	24	40	10	31	—	—	15	32
Slightly Agree	71	60	50	56	75	67	61	59
Neutral	—	—	10	—	—	—	5	—
Slightly Disagree	—	—	20	6	—	—	10	3
Strongly Disagree	—	—	10	6	—	—	5	3
Don't Know	6	—	—	—	25	33	5	3

Source: Compiled from response data.

clined as a result of the workshop. While the majority of workshop participants believe that the number of trade disputes has increased since NAFTA, it also is possible that such disputes are simply more visible and emotional since NAFTA.

Workshop participants, to an overwhelming extent, slightly agreed that the NAFTA dispute settlement mechanism has been effective in the resolution of trade disputes (Table 16). Across countries and in total, the proportion holding such a position ranged from one-half to three-fourths of workshop participants. For the all-country average, the proportion of respondents strongly or

**Table 17: Extension of NAFTA to the Western Hemisphere Based on the NAFTA Experience: Percent Response for Each Report Card by Country and Total.**

<i>Country</i>	<i>Canada</i>		<i>United States</i>		<i>Mexico</i>		<i>Total</i>	
	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>
<i>Report Card</i>	<i>%</i>		<i>%</i>		<i>%</i>		<i>%</i>	
<i>Response</i>	<i>%</i>		<i>%</i>		<i>%</i>		<i>%</i>	
Strongly Agree	41	20	35	19	50	33	39	21
Slightly Agree	53	67	30	56	50	67	41	62
Neutral	6	7	20	13	—	—	12	9
Slightly Disagree	—	—	10	6	—	—	5	3
Strongly Disagree	—	7	—	6	—	—	—	6
Don't Know	—	—	5	—	—	—	2	—

Source: Compiled from response data.

slightly agreeing with the statement increased from 76 to 91 percent, respectively, between report cards.

In both report cards, almost all of the respondents from Canada agreed either slightly or strongly with the proposition, as did all of the respondents from Mexico. However, participants from the United States were less optimistic about dispute resolution. Prior to the workshop, forty percent of U.S. participants either slightly or strongly disagreed that NAFTA dispute resolution mechanisms had been successful, or were neutral on the subject. Following the workshop, only twelve percent of the U.S. respondents disagreed with the statement.

### **Expanding NAFTA to the Western Hemisphere**

On the question of whether the NAFTA experience supports the expansion of NAFTA to the Western hemisphere, there was overall agreement, with eighty percent of workshop participants strongly or slightly agreeing that expansion is justified based on experience to date (Table 17). On a country-by-country basis, 100 percent of Mexicans, 94 percent of Canadians, and 65 percent of Americans responding to the first report card either strongly or slightly agreed that NAFTA experience justified expansion. In the second report card, those registering some degree of agreement represented 100, 87, and 75 percent, respectively, of Mexican, Canadian, and American workshop participants.

**Table 18: Likelihood of NAFTA Being Extended to the Western Hemisphere Within Ten Years: Percent Response for Each Report Card by Country and Total.**

<i>Country</i> <i>Report Card</i> <i>Response</i>	<i>Canada</i>		<i>United States</i>		<i>Mexico</i>		<i>Total</i>	
	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>	<i>1<sup>st</sup></i>	<i>2<sup>nd</sup></i>
	%		%		%		%	
Not Likely	6	7	10	6	25	—	10	6
Somewhat Likely	76	60	60	75	50	33	66	65
Most Likely	12	27	20	19	25	67	17	26
Don't Know	6	7	10	—	—	—	7	3

Source: Compiled from response data.

Thus, on the question of expanding NAFTA to the Western hemisphere, workshop participants were in general agreement that the experience with NAFTA supports such an expansion. However, the results also suggest that perhaps participants from Canada and Mexico may perceive more potential benefits from such expansion, while participants from the United States may sense more potential competition and fewer benefits from expansion to a Free Trade Area of the Americas.

The final question in the report card on NAFTA asked workshop participants their opinion as to the likelihood of NAFTA being extended to the Western hemisphere within the next ten years. In the first report card, completed before the workshop, two-thirds of all participants felt it was somewhat likely that there would be a hemispheric agreement within ten years (Table 18). On an individual country basis, 76, 60, and 50 percent of participants from Canada, the United States, and Mexico, respectively, believed the prospect to be somewhat likely.

For each country, the proportion believing the prospect of a hemispheric-wide free trade area to be most likely was greater than those believing it to be not likely. Based on presentations and discussions during the workshop, participants appear to have become more certain and optimistic as to the possibility of a Western hemisphere free trade area within the next ten years. When asked by the moderator of the “reporting on the report card” session, workshop participants expressed considerably less optimism for a completed hemispheric-wide agreement by 2005, and considerably more optimism that an agreement will be completed by 2020.

## CONCLUDING COMMENTS

The **Report Card on Agriculture under NAFTA** was designed to address the important issue of *What Have We Learned from the Experiences of NAFTA?* Specific questions focused on both the general agriculture sector and commodity-specific sub-sectors, as well as a series of issues including fair competition, trade-distorting subsidies, market-access opportunities, dispute resolution, and extension of NAFTA to the Western hemisphere.

Workshop participants were asked to complete the report card both during the opening session of the workshop and again following the closing session of the workshop. The purpose of double-report-card format was to determine if learning had occurred during the workshop or if opinions had changed in response to potentially new information. Comparing the report card results provides evidence that “learning” did occur during the workshop.

Workshop participants were from Canada, the United States, and Mexico, representing universities, government agencies, and production agriculture. Since participation was dominated by the United States (49 percent) and Canada (41 percent), the results of the report cards are not intended to be a statistically representative sample. Rather, the report cards are intended simply to reveal the opinions of an interested and reasonably-well-informed set of workshop participants concerning what we have learned from the NAFTA experience.

As suggested in the introduction, the report card results tend to be both interesting and informative. On some issues, considerable agreement exists among workshop participants from the three NAFTA countries. On other issues, particularly commodity-specific issues, there are varying degrees of disagreement among workshop participants, often reflecting relative positions of competitive advantage and disadvantage. Based on the report card, it appears that NAFTA is receiving a passing grade on agriculture and that the progress report is positive to date and optimistic with respect to the future.

**APPENDIX****Report Card on Agriculture Under NAFTA** (sample questionnaire)

1. Which country do you represent?  
Canada; United States; Mexico
  
2. In facilitating trade in agriculture generally, to what extent has NAFTA benefitted your country?  
Large benefit; Small benefit; No change; Small deficit; Large deficit; Don't know
  
3. In facilitating trade in agriculture generally, to what extent has NAFTA benefitted other NAFTA countries?  
Large benefit; Small benefit; No change; Small deficit; Large deficit; Don't know
  
4. Considering the primary, industry sectors and other sub-sectors of agriculture and food chain in your country, what benefits, if any, has each derived from NAFTA?
  - 4.1 Primary agriculture sector  
Large gain; Small gain; No change; Small loss; Large loss; Don't know
  
  - 4.2 Food processing industry sector  
Large gain; Small gain; No change; Small loss; Large loss; Don't know
  
  - 4.3 Beverage processing sector  
Large gain; Small gain; No change; Small loss; Large loss; Don't know
  
  - 4.4 Grains and oilseeds sub-sector  
Large gain; Small gain; No change; Small loss; Large loss; Don't know
  
  - 4.5 Red meat sub-sector  
Large gain; Small gain; No change; Small loss; Large loss; Don't know

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- 4.6 Dairy sub-sector  
Large gain; Small gain; No change; Small loss; Large loss; Don't know
- 4.7 Poultry sub-sector  
Large gain; Small gain; No change; Small loss; Large loss; Don't know
- 4.8 Horticulture sub-sector  
Large gain; Small gain; No change; Small loss; Large loss; Don't know
5. To what extent do you agree with the following statement:  
*NAFTA has promoted conditions of fair competition in agriculture.*  
Strongly agree; Slightly agree; Neutral; Slightly disagree; Strongly disagree;  
Don't know
6. To what extent do you agree with the following statement:  
*NAFTA helped reduce trade distorting subsidies in my country.*  
Strongly agree; Slightly agree; Neutral; Slightly disagree; Strongly disagree;  
Don't know
7. To what extent do you agree with the following statement:  
*NAFTA helped reduce trade distorting subsidies in other NAFTA countries.*  
Strongly agree; Slightly agree; Neutral; Slightly disagree; Strongly disagree;  
Don't know
8. To what extent do you agree with the following statement;  
*NAFTA improved market access opportunities.*  
Strongly agree; Slightly agree; Neutral; Slightly disagree; Strongly disagree;  
Don't know
9. Since NAFTA, bilateral trade disputes in agriculture have;  
Decreased significantly; Decreased slightly; Stayed the same; Increased slightly; Increased significantly; Don't know
10. To what extent do you agree with the following statement:  
*The dispute settlement mechanism under NAFTA has been effective in the resolution of trade disputes.*  
Strongly agree; Slightly agree; Neutral; Slightly disagree; Strongly disagree; Don't know

11. To what extent do you agree with the following statement:  
*The experience under NAFTA supports extending the agreement to the Western hemisphere.*  
Strongly agree; Slightly agree; Neutral; Slightly disagree; Strongly disagree;  
Don't know
  
12. What is the likelihood of having an extended agreement to the Western hemisphere in place in the next ten years.  
Not likely; Somewhat likely; Most likely; Don't know