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MEXICO-U.S. AVOCADO TRADE EXPANSION

Robert MacDonald

As a potato farmer from Prince Edward Island (P.E.I.) in maritime Canada, my experience and knowledge on avocados and their marketing is very limited. Therefore my comments on the paper presented by David Orden will be short. However, the experience that the P.E.I. potato industry has gained in the recent dispute with the United States concerning the quarantinable disease potato wart has, to me, some strong similarities which will be used in this discussion.

In the fall of 2000, a discovery of the quarantinable disease potato wart was found in some potatoes that were being harvested on Prince Edward Island. This discovery was voluntarily reported to local Canadian Food Inspection Agency (C.F.I.A.), personnel, and after the disease was confirmed, C.F.I.A. officials duly notified their USDA counterparts in Washington. This entire process from initial detection, to official confirmation, to notification of the USDA took less than one week. Without relating all of the detail of subsequent events, the outcome was that for the rest of the shipping season until the spring of 2001 the P.E.I. potato industry was shut out of the U.S. market.

Although there was sound scientific evidence in both Canada, including laboratory analysis of close to 10,000 soil samples (showing that the disease was confined to a small corner of a single field of processing potatoes), and evidence (from the United States and European countries dating back many years) which indicated that safeguards could be put in place so that trade could safely resume by late fall 2000, there was a strong lobby by the U.S. potato industry that was successful in stalling the process until most of the 2000/01 marketing season had finished. The fact that the 2000 North American stocks were high and prices were low likely contributed to the U.S. potato industry lobby effort. After long and arduous negotiations with the United States, Canadian officials were finally

able to agree on a very restrictive systems approach to mitigate risk and allow normal trade to resume.

There are some comparisons that can be made between the this case and avocados. The Mexican avocado industry wanted access to the U.S. market and the P.E.I. potato industry wanted to regain access to that market. In both cases their efforts were stalled by the lobby effort of the U.S. special interest groups, the California Avocado Commission (CAC), and the National Potato Council (NPC). The delays in gaining access came despite the strong scientific evidence that was available in Mexico, United States and Canada indicating measures could be put in place to mitigate, at an acceptable level, the risk to the importing countries' industries. In both cases the regulating agencies were in favor of allowing trade to take place if the proper measures were put in place. The lobby efforts of the CAC and the NPC circumvented the decisions made by the regulating agencies.

The claim by the CAC and the NPC that their respective industries would be adversely affected if an infestation occurred after imports of the products was allowed to happen, is true **but only if** the systems approach failed. In both cases the CAC and the NPC raised the concern that the cost to their respective industries, should an infestation occur, was too great a risk to take. To date there has not been a reported infestation in the importing country that can be associated with any imported product which indicates, as Orden points out in his paper, that a systems approach to risk mitigation is less trade distorting than a complete ban.

In his opening paragraph Orden states that "there are public good arguments that make some SPS restrictions necessary to insure a safe food supply and protect domestic animal herds and plant stocks from pests and diseases. In other cases, regulations rationalized on technical grounds seem to lack firm scientific foundations and appear, at least to potential beneficiaries of expanded trade, to be imposed primarily to shield domestic producers from competition." From the producer perspective, I have

to agree with these statements. The comparisons that I gave earlier give credence to this statement.

Orden also states in his paper that both NAFTA and WTO address issues of SPS and have mechanisms in place to handle disputes that may arise. Again, as a producer, I feel that even though there are mechanisms in place to handle disputes these mechanisms are often time consuming and very costly to the producers involved. By the time an agreement is reached the producer has lost the market for his/her produce, and has suffered a severe financial penalty if the commodity is perishable. Perishable farm products can not wait for a time-consuming, dispute resolution process to run its course.

As a producer, it is my view that the challenge for our respective commodity groups and for governments is to find a way that trade can be continued and expanded between all three NAFTA countries in a manner that is fair and cost effective to all parties involved. To do this, we need to design a faster way of resolving SPS disputes that is both safe from a scientific point of view and cost effective from a producer point of view.