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CLOSING COMMENTS

Tom Richardson

A lot of information and analysis has been raised and discussed formally and informally over the past few days. In trying to think about what I heard and what it implies I found it useful to start with the following matrix.

	Border Tariff Measures	Export Subsidies	Internal Support	Health Standards	Production Environment Processes
Commodities					
Beef					
Hogs					
Grains					
Agri-food Products					

Each of the boxes in the matrix can be filled with information as to what specific measures are in place now, what has been recently eliminated or is in the process of being eliminated or being harmonized or “converged”.

While this conference focussed on the sensitive areas, my guess is that overall this matrix is not as “dense” as some might think it is when it comes to measures which may be severely restricting competitive trade and economic growth. Therefore, I think a key question is to look at what is in each box and try to get an objective economic measure of its importance. A number of speakers have made it clear that in many situations perception over-rides our understanding of the economic reality.

This leads to the idea that better information and analysis can, and will, over time deal to perception problems and focus on the really key economic and social issues that need to be negotiated if countries are to get greater degrees of harmonization or convergence.

A number of speakers noted the concern that negotiating time is precious and tilting at irrelevant windmills is not productive so, are we satisfied that we have the right economic performance measures and the analysis to understand what matters. I think there is lots to do on that front. A corollary question is what relations there are between the rows (or columns) Dan Sumner suggests, for example, that if one can make substantial progress on border and export measures that domestic supports will adjust accordingly. Are there other economic/strategic ways to think about how one goes at this matrix? Is it one at a time or can one have some approaches which lead to more effective results?

An interesting conclusion for me was the observation noted by a number of speakers that the assumed process solution of a nation-to-nation political negotiation was, in fact, not the only way in which harmonization and convergence would be achieved. Market forces through which retailers/consumers would insist on certain product features, were seen to have the potential to eliminate concerns about different/restrictive production practices perceived as barriers to trade. A number of speakers noted multinational organizational structure across borders as being another way in which pressure would be brought on border measures. At least one author hypothesized that it was easier to deal with foreign affairs departments which were accustomed to negotiating international deals, hence progress on tariffs was going reasonably well. Whereas, health or domestic inspection departments may be more domestically focussed and less oriented to deal to border issues. The generalization of this hypothesis is that we need to understand better how institutional groups (political, bureaucratic, industry, and commodity) are able to interact to resolve issues.

If a central idea is that better information and analysis of issues and processes is necessary for progress, how best to do it. We heard a number of specific suggestions like government appointed "blue ribbon" panels, more industry-to-industry discussions on different sides of a border, and better information on the economic impacts of various measures. Clearly academics play a role in all of this as they did in the last trade round. Mike Gifford referred to the critical importance of intellectual capital in bringing underlying principles to bear on what can be quite precarious political discussions. A message that I heard was that a number of the outstanding issues may be more conducive to multidisciplinary activity i.e., economics plus plus trade low plus competition policy plus natural resource/environmental low plus political economy etc.

Finally, in looking at the original matrix many authors are asking what is the definition of progress i.e., is the end-goal harmonization in all cases or just convergence, at what rate or is it just some degree of coordination? Whether we answered that question is probably not so important as the idea: everyone seems to indicate that there has been some progress in answering that question. David Hegwood mused that the goal of agriculture essentially being folded in to the S & C text of the World Trade Organization (WTO) text should not be discounted as an ultimate goal. But even if one were to attain that in the next 10 to 20 years, many of the issues around the environment and production practices (not all or not mostly covered by WTO) may well continue to be serious barriers. Biotechnology was noted in this regard and these areas may set agrifood apart from other industrial products.

The trade negotiators probably felt that more progress was made in the last round than at the other meeting (nothing like being there!) The implementation of the round has been

aided remarkably by generally good commodity prices and governments desire to cut budgets across the board, not just in agriculture. The coincidence of these events has certainly eased the transition.

Can we go backwards? Certainly any economic downturn will weaken political resolve, and if as in Canada budget deficits come under control, there may be a capacity to spend. Are the next round issues harder? Time will tell.

