

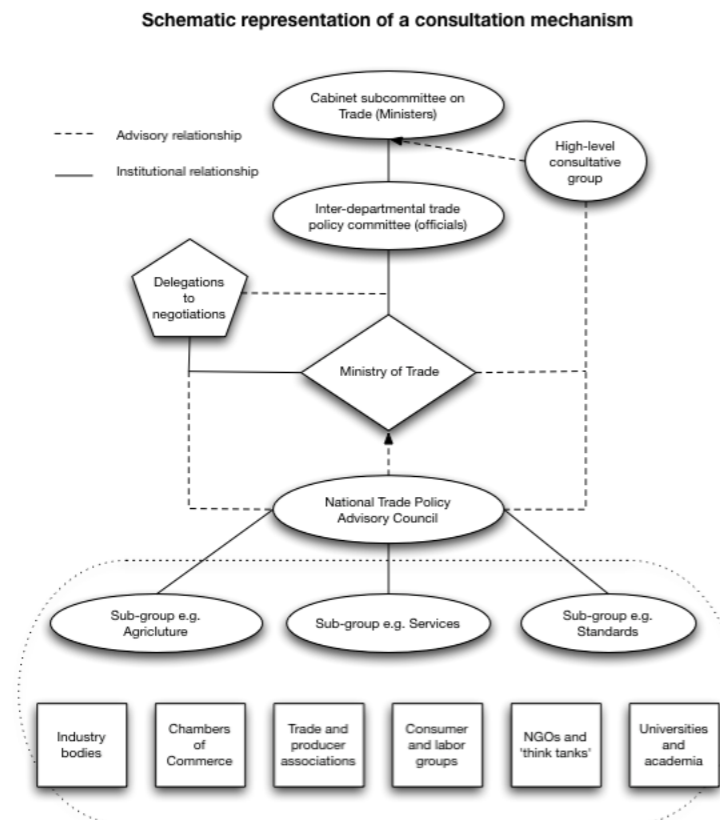
PUBLIC-PRIVATE PARTNERSHIPS ON TRADE POLICY

OVERVIEW & MECHANISMS

PETER GALLAGHER

An overview of the **purposes, participation, design** and **risks** involved in public-private consultation on trade policies & negotiation referring to some international examples

Hybrid schema



Summary

Why?

Economic growth demands public-private collaboration

A significant strategic pay-off from consultation on trade measures

Growth ← collaboration

Commerce is a **private** activity but efficient markets are **collective** goods.

We share the amenity of a market. But there is a '**free rider**' problem.

In global as well as national markets

Government is the most effective means of **securing** the amenity, domestically or globally.

Enabling the **creation of wealth** from trade

Strategic benefits

Information fuels markets but officials are usually 'out of the loop'

Perhaps more than they realize

Latin/Central America and the FTA problem

Trade agreements not based on commercial realities address '**yesterday's problems**' ...

Or problems that officials know how to address

Who?

Many stake-holders in trade policy

Consultation ≠ joint decision-making

Benefits of inclusiveness

Summary



Trade measures are distributive

A trade measure = a **subsidy or a tax**

They typically have **economy-wide** impact

Affecting a wide range of private interests

Detailed, private information can ensure that the distribution is **aligned with objectives**

High-level decisions

The balance between competing private interests must be assessed at a high level

Often irresolvable at industry level

Accountability is the best guarantee of impartiality

Consultation does not mean the delegation of decision-making

Inclusive approach best

Competing requirements of **efficiency** and **completeness**

In consultation, dissemination of information

Three **arguments for inclusiveness**

Decision-maker doesn't know what he doesn't know

Efficiency improves with 'learning by doing'

A wider range of views promotes a finer 'balance'

Who?

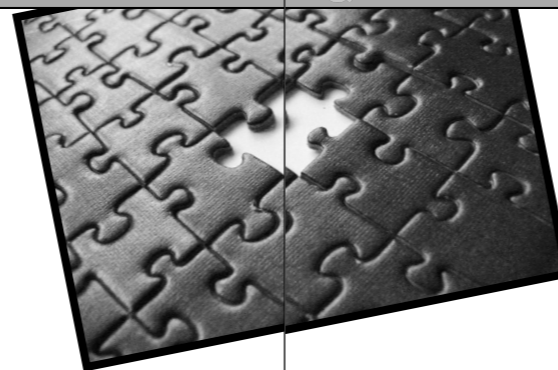
Peak business, industry councils

CSOs including consumers

Parliaments

Regional governments

Government agencies



How?

A variety of processes

Establishing useful 'feed back'

A 'tree' of committees

Pyramidal structures: e.g. USA, Mexico

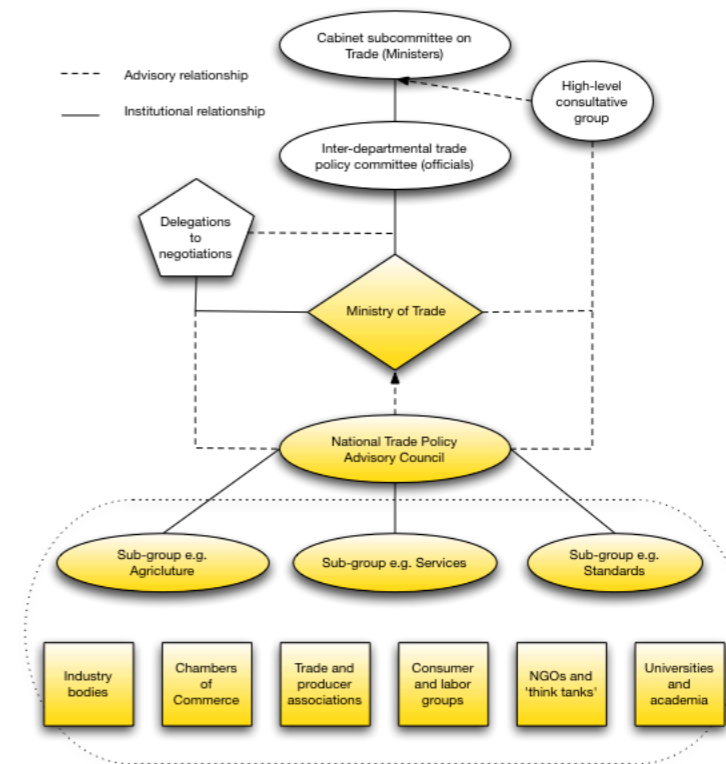
Efficient for **dissemination** of information

Efficient top-level decision-making with **inclusive 'base'**

Questions about representation at the top level, information flow 'up' the tree

Tree-form schema

Schematic representation of a consultation mechanism



Open-ended 'polls'

Flat structure: e.g. Canada or open-ended requests for submissions

Efficient means of identifying 'stake-holders'

Although self-selection assumes knowledge of context

Widest potential reach, but **fragmented or no dialogue**

May be supplemented by some inquisitorial procedure e.g. parliamentary committee (India, Canada)

An appointed 'elite'

May be most efficient for **analysis**, 'framing decisions

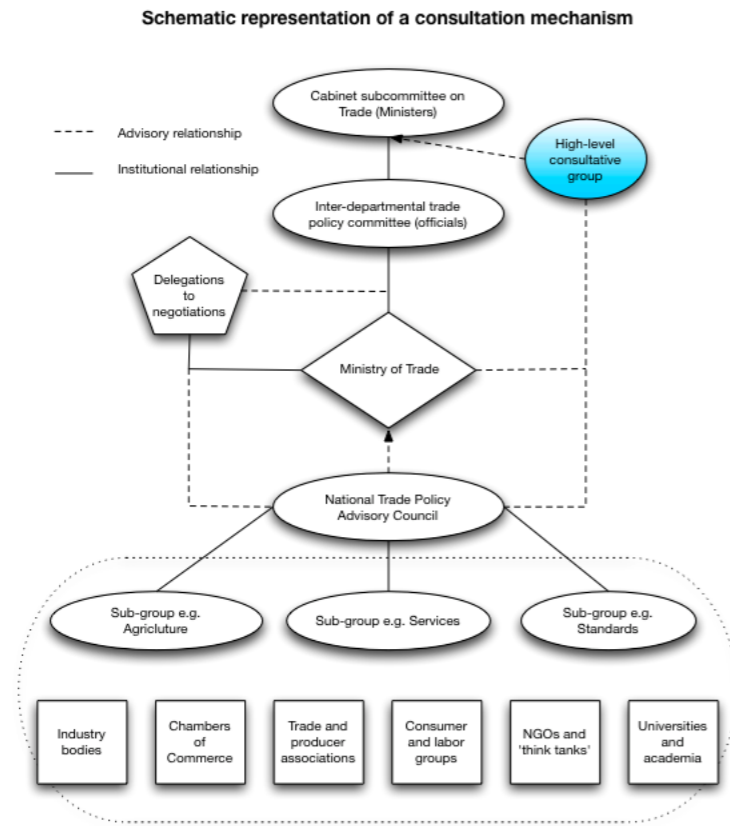
India, Philippines agriculture Task Force

Least effective for **dissemination of information**

Provides little additional 'authorization' of decisions

Less political protection from 'mistakes'

Elite group



'Feed-back'

Trade negotiations are **mostly 'discovery'** leading to a brief period of bargaining

'Feed-back' loops linking negotiators and consultation process make the most of the information resource

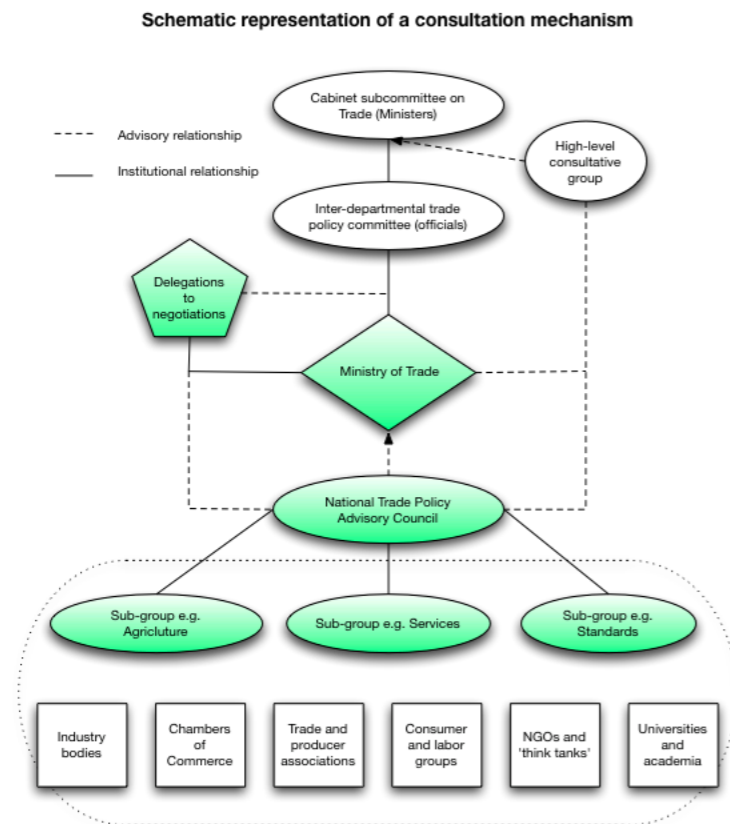
The benefits and costs of the **'room next door'**

Short 'feed-back' loop, 'learning by doing'

Not strictly necessary in WTO

No substitute for preparation, decision

Feed-back loop



Risks

For government

For private interest

Summary

Risks for government

→ Narrow participation

Debate can **sharpen divergence** of interest

Unwelcome political 'spillovers' make decision more difficult

Especially where there is little experience of compromise, consensus

Debate easily 'leaks' into related areas of economic, social policy

But ...

Being **seen to control** the debate is just as bad as not being in control

Risks for private interest

Many varieties of 'capture' e.g.

"What's good for GM is good for America"

The 'squeaky wheel' problem

Time-frames beyond commercial planning horizons

Consultations never get beyond 'pre-competitive' level