Title: Imperfectly Competitive Market Intermediaries and the Efficacy of the Special Safeguard Mechanism

Speaker: Associate Professor Donald MacLaren  
*University of Melbourne*

Date: 17 May 2012, Thursday

Time: 4.00 pm - 5.30 pm

Venue: Lim Tay Boh Seminar Room (AS2 03-12)  
National University of Singapore, 1 Arts Link, Singapore 117570

Chair: Assoc Prof Shandre M. Thangavelu  
*Department of Economics, NUS*

Abstract

Increasing volatility in international markets for food commodities has raised awareness about the consequences of price spikes for livelihood security and food security in poorer countries. In recent months, the focus has been on upward spikes but there remain the consequences of downward spikes. For importing countries, import surges and/or downward spikes in the border price of imports are regarded by their governments as detrimental. To deal with this volatility, a Special Safeguard Mechanism (SSM) has been proposed by the G-33 group of developing countries in the Doha Round of trade negotiations with the emphasis being on providing improved livelihood security and enhanced food security. The purpose in the paper is to analyse the effects of the SSM in the context of imperfectly competitive market intermediaries, taking into account the effects of contingent tariffs on the behaviour of domestic prices when import prices are uncertain. In previous studies, such intermediaries have been absent. The analysis is conducted using both analytical methods and Monte Carlo simulation. It is concluded that the principal objective of the SSM is unlikely to be achieved through allowing a contingent increase in *ad valorem* tariffs because of the trade-off induced on the means and standard deviations of the variables.

About the speaker

Donald MacLaren gained his PhD degree from Cornell University in 1970. He worked at the University of Aberdeen, Scotland, from 1970 until 1988 as a Lecturer and then Senior Lecturer in Agricultural Economics. During that period he undertook consulting work with the European Commission, the European Parliament, and the National Consumer Council. In 1988, he took up an appointment at the University of Melbourne in the School of Agriculture and Forestry and was Head of the Agricultural Economics and Extension Section during 1990–93. He joined the Department of Economics in 1996. He was Associate Dean (Undergraduate Studies) in the Faculty of Economics and Commerce 1996-98. Donald has held visiting positions at Cornell University, the University of California at Davis, Stanford University, the OECD and the WTO. He has been a consultant for the World Bank and is a member of the International Agricultural Trade Research Consortium and GTAP.
Admission is free and all are welcome; we would appreciate it if you could register @
https://esurvey.nus.edu.sg/efm/se.ashx?s=1CC7023E4D175862

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