

VI. Future Research Directions

This report is only a primer on the subject of state trading in agriculture. Clearly, several activities need further investigating. For one, considerable ambiguity still exists on the definition of a state trading enterprise. The 1994 Uruguay Round Agreement (Understanding on Article XVII) does not clearly define “governmental enterprise” nor elaborate on the interpretation of “exclusive or special privileges.” It is also not clear whether these parastatal enterprises must make purchases or sales to qualify as an STE. Clarifying the ambiguities in the WTO definition of STEs would improve international reporting.

Moreover, this report provides information on a limited set of STEs that operate in agricultural markets. We would better understand how STEs influence markets if more information were available. Hence, a comprehensive inventory of STEs, including those which have not been reported to the WTO, needs to be built.

Our study points out that attempts to assess empirically the quantitative impacts of such entities on international agricultural trade have just begun. Progress has been slow because of the proprietary nature of the information required. Moreover, given that STEs are typically just one element of a web of agricultural policies designed to achieve a multitude of objectives, data limitations may make it difficult to isolate the trade impacts exclusive to the state trader if other distortionary forces are in existence. However, tariff and subsidy equivalents for STEs that are important to agricultural trade should be calculated.

Finally, STEs should be classified in terms of their ability to distort trade. Modifications to the existing classification scheme should be considered if empirical evidence supports the need for changes. Combining these activities with the knowledge of the institutional facets of individual STEs will best allow us to understand the economics of state trading.