



Training Program – 24 October to 3 November 2006

**Policy Reform and Structural Adjustment in Agriculture:
Economic Change in the Sugar Industry**

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Project Leader and Academic Co-ordinator**

Location: Saville on Russell, 222 Russell Street, Melbourne

Program Objectives

The aim of the course is to train ASEAN policy makers on how to manage structural adjustment issues in agriculture. Course content applies to the general issue of adjusting to economic change but there is a focus on the adjustment pressures associated with domestic and trade related policy reforms. This is an important issue for ASEAN countries in the context of international trade agreements.

Policy advisers are often asked what the government can do to address the economic and social dimensions of the pressures for structural change. It is often difficult to know what to do in these situations especially in developing countries. This course looks at the economic principles that should guide the development of a policy response.

Structural adjustment pressures are usually associated with policy reform and longer term changes in market returns. The pressures can be created by a change in policy. They can also be a catalyst for policy change. The general principles developed in the core sessions are applicable to any agricultural industries facing pressures for structural adjustment.

The program uses sugar as a demonstration industry to highlight the adjustment issues typically faced by policy advisers. In many countries sugar is a highly supported industry that lacks competitiveness on the world market. The course draws on recent experiences in sugar industry adjustment and policy change in Australia and Vietnam. It also presents a number of other perspectives on structural change in Australian agriculture.

Pre-course administration for Participants – Wednesday 25 October
Registration, Orientation and Welcome Dinner.

| Session | Time | Title |
|----------------|-----------------|---|
| 0.1 | 3:00pm – 4:00pm | Registration of participants; Distribution of course folders and other documentation; Distribution of per diems |
| 0.2 | 4:00pm – 4:30pm | PARTICIPANT ORIENTATION SESSION |
| | 4:30pm – 6:30pm | Break |
| | 6:30pm SHARP | Meet in foyer at Saville on Russell for short walk to dinner venue. |
| | 7:00pm + | Welcome Dinner for Participants (venue yet to be confirmed). |

Day 1 – Thursday 26 October

Theme: The economics of policy reform and structural adjustment

An overview of the economic forces driving structural adjustment, the influence of trade liberalisation and the political economy of managing industry adjustment pressures from policy reform. The day concludes with a session where participants give their views on industry adjustment issues in their home country.

| Session | Time | Title |
|----------------|-------------------|--|
| 1.1 | 9:00am – 10:30am | Causes and effects of structural adjustment in agricultural – the costs and benefits of policy reform and economic change. |
| | 10:30am – 11:00am | Morning tea break |
| 1.2 | 11:00am – 12:30pm | The gains from trade liberalisation – implications for structural change. |
| | 12:30pm – 1:30pm | Lunch break |
| 1.3 | 1:30pm – 3:00pm | The political economy of managing policy reform and adjustment. |
| | 3:00pm – 3:30pm | Afternoon tea break |
| 1.4 | 3:30pm – 5:00pm | <i>Participant Session A – Issues in policy reform and adjustment.</i> Participants present their views on the adjustment issues relevant to industry situations in their home countries. Discuss areas where participants want to improve their capacity to develop policy advice. |

* At 5:00pm a photo of the entire group will be taken.

Day 2 – Friday 27 October

Theme: Issues in managing policy reform and structural adjustment

A review of sugar policy reform and adjustment in a developed and developing economy. A review of Australian experiences in managing adjustment pressures. The day concludes with a discussion session on adjustment issues affecting developed and developing economies.

| Session | Time | Title |
|----------------|-------------------|--|
| 2.1 | 9:00am – 10:30am | Policy reform and adjustment in the Vietnam sugar. |
| | 10:30am – 11:00am | Morning tea break |
| 2.2 | 11:00am – 12:30pm | Structural adjustment and export competitiveness in the Australian sugar industry – what drives the industry’s export performance. |
| | 12:30pm – 1:30pm | Lunch break |
| 2.3 | 1:30pm – 3:00pm | Managing structural adjustment – some Australian experiences. |
| | 3:00pm – 3:30pm | Afternoon tea break |
| 2.4 | 3:30pm – 5:00pm | <i>Participant Session B – Experiences with structural adjustment.</i> Participants discuss differences in the adjustment pressures facing agricultural industries in developed and developing countries – causes and effects. Review the sugar industry situation in home countries. Discuss the content requirements of participant case studies. |

Days 3 and 4 – Saturday 28 and Sunday 29 October

Saturday is a rest day with no formal training activities.

Sunday is a study day for work on the two practical exercises. A note on requirements for the exercises will be provided. Computing resources will be provided for the preparation of materials required by the exercises. Some pre-course preparation will be necessary.

(1) Case studies - Participants will need to discuss and research the adjustment issues for their group case study. A collective approach to drafting a briefing note and power point presentation will be necessary. Material presented in the core sessions should be used to develop policy advice on how to manage the adjustment pressures.

Each group will circulate a short briefing paper and deliver a 10 minute presentation on their case study on the final day of the course. It will include recommendations for transitional assistance and/or other policy responses. A panel of experts with experience in dealing with issues of policy reform and adjustment will comment on the presentations. The group will respond to questions from the panel and class participants.

(2) Review of home countries issues in adjustment and policy change – The group will need to discuss and develop a collective view on key issues for structural change and industry adjustment to policy reform. It will involve a collective approach to drafting a briefing note and power point presentation. It will draw on presentations delivered on the first day of the course (see *Participant Session A*) and information presented in other sessions.

The group will need to discuss the content and comments on their individual presentations. The aim of the exercise is to set out the issues that need to be investigated for the preparation of future policy advice. It will help to clarify the concerns that are relevant to home country situations. The briefing will be presented and discussed at a subsequent participant session (see *Participant Session D*).

Day 5 – Monday 30 October

Theme: Developing policies for managing adjustment to policy reform

An overview of issues in preparing policy advice and developing transitional assistance measures for policy reform. The day concludes with a discussion session on practical issues and constraints in developing policy proposals for home country situations.

| Session | Time | Title |
|----------------|-------------------|---|
| 5.1 | 9:00am – 10:30am | Policy advice on managing structural adjustment issues – the role and perspectives of the Australian Productivity Commission (PC). |
| | 10:30am – 11:00am | Morning tea break |
| 5.2 | 11:00am – 12:30pm | The role of quantitative analysis in assessing the economy wide effects of industry adjustment to policy reform. |
| | 12:30pm – 1:30pm | Lunch break |
| 5.3 | 1:30pm – 3:00pm | Principles in designing transitional assistance for structural adjustment. |
| | 3:00pm – 3:30pm | Afternoon tea break |
| 5.4 | 3:30pm – 5:00pm | <i>Participant Session C – Issues in developing adjustment assistance. Participants discuss practical considerations in developing policies for managing adjustment pressures in home country situations – budget constraints, policy administration, social issues, political pressures, obligations from trade agreements. Work on practical exercise, Review of home countries issues in adjustment and policy change.</i> |

Day 6 – Tuesday 31 October

Theme: Alternative perspectives on assistance for structural adjustment

A range of perspectives on the use of transitional assistance for facilitating structural adjustment induced by changing market conditions and policy reform. The day concludes with group presentations on *Review of home countries issues in adjustment and policy change*.

| Session | Time | Title |
|----------------|-------------------|--|
| 6.1 | 9:00am – 10:30am | Managing structural adjustment issues for Australian water reform – lessons for policy advice. |
| | 10:30am – 11:00am | Morning tea break |
| 6.2 | 11:00am – 12:30pm | Structural change and adjustment assistance for the Australian sugar industry – a farm level perspective. |
| | 12:30pm – 1:30pm | Lunch break |
| 6.3 | 1:30pm – 3:00pm | Lessons from a case study on industry adjustment to policy reform – deregulation of the Australian dairy market. |
| | 3:00pm – 3:30pm | Afternoon tea break |
| 6.4 | 3:30pm – 5:00pm | <i>Participant Session D – What’s important for a policy response.</i> Group presentations on the practical exercise, <i>Review of home countries issues in adjustment and policy change</i> . Discussion of issues that need to be investigated in developing policy advice for home country situations. Group updates on case study preparations – discussion of outstanding issues for policy advice. |

Day 7 – Wednesday 1 November

Theme: Market signals and policy – the effect on farmer adjustment responses

A review of how market signals and government policy interventions affect producer adjustment decisions. The day concludes with a session where participants consider the effects of different assistance measures on farm level adjustment decisions.

| Session | Time | Title |
|----------------|-------------------|---|
| 7.1 | 9:00am – 10:30am | Coping with change – what happens at the farm level? |
| | 10:30am – 11:00am | Morning tea break |
| 7.2 | 11:00am – 12:30pm | The role of research and extension in dairy industry adjustment – programs for improving farm performance. |
| | 12:30pm – 1:30pm | Lunch break |
| 7.3 | 1:30pm – 3:00pm | Analysis of policy reform and industry adjustment – the role of partial equilibrium models in developing policy advice. |
| | 3:00pm – 3:30pm | Afternoon tea break |
| 7.4 | 3:30pm – 5:00pm | <i>Participant Session E – Distortions from policy interventions.</i> Participants discuss how different types of government interventions affect producer adjustment decisions. Discuss programs that may be relevant in home country situations identified. Work on policy proposals for case study briefing note – to be completed by lunch time Day 8 for circulation. |

Day 8 – Thursday 2 November

Theme: Industry development and structural change

Observations from some Australian experiences on the role for government in managing structural adjustment. A review of issues in community acceptance of government policy measures. The day concludes with a discussion session on government programs that can facilitate farm level adjustment in home country situations.

| Session | Time | Title |
|----------------|-------------------|--|
| 8.1 | 9:00am – 10:30am | Farm level structural adjustment in Victoria’s Sunraysia district – is there a role for government? |
| | 10:30am – 11:00am | Morning tea break |
| 8.2 | 11:00am – 12:30pm | Adjustment assistance for Australian agriculture – objectives and design of government programs. |
| | 12:30pm – 1:30pm | Lunch break |
| 8.3 | 1:30pm – 3:00pm | Gaining community acceptance of the effects of policy reform – issues in communication, equity and industry retirements. |
| | 3:00pm – 3:30pm | Afternoon tea break |
| 8.4 | 3:30pm – 5:00pm | <i>Participant Session F – Adjustment programs in developing economies.</i> Participants discuss community acceptance issues and the types of government programs that could facilitate farm level adjustment in home country situations. Work on preparation of case study power point presentations. |

Day 9 – Friday 3 November

Theme: Putting the training into practise – group case study reviews

Participants conduct a role play situation of providing policy advice to the Minister and Head of the Department of Agriculture. Each group will present their case study briefing paper on a structural adjustment issue associated with policy reform. A panel of experts will comment on the proposals. The day concludes with a wrap-up session that will highlight the key lessons from the course.

| Session | Time | Title |
|----------------|-------------------|---|
| 9.1 | 9:00am – 10:30am | Power point presentations of group case studies. The time allocated for each case study is limited to 30 minutes with a 10 minute presentation by the group. Members of the <i>Expert Review Panel</i> will react and ask questions. The group will also respond to questions from the moderator and other course participants. Case study briefing papers will be distributed to members of the <i>Expert Review Panel</i> and course participants at the conclusion of Day 8. The presentations will be a role play situation of providing policy advice to the Minister and Head of the Department of Agriculture. It is a response to a request for advice on how to address concerns about the adjustment pressures facing the industry nominated for the case study. |
| | 10:30am – 11:00am | Morning tea break |
| 9.2 | 11:00am – 12:30pm | <i>Case study presentations by participants (continued).</i> |
| | 12:30pm – 1:30pm | Lunch break |
| 9.3 | 1:30pm – 3:00pm | Final wrap-up session - Principles and strategies in managing structural adjustment in agricultural industries. |
| | 3:00pm – 3:30pm | Afternoon tea break |
| 9.4 | 3:30pm – 5:00pm | <i>Closing Ceremony – with Light Supper</i> Includes Presentation of Completion Certificates and Closing Address |