

**Australian APEC Study Centre Training Program
24 October to 3 November 2006**

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

Guidelines for Preparing a Case Study Briefing Paper

Objective of briefing paper

The objective of the briefing paper is to inform the Minister of the industry adjustment issue in the case study. The paper will summarise the cause and effects of the industry adjustment pressures and determine if adjustment assistance is warranted. It should include recommendations for a possible policy response by the Government.

The paper should be 5-10 pages. It will form the basis of a 10 minute presentation on the final day of the course. The paper will be submitted to the two panel members for review before the presentation. The panel members will respond to the presentation with any questions or clarifications and make a judgement about the feasibility of the policy recommendations.

What's required in the briefing paper?

In this role play situation the political decision makers you are advising will require information on several aspects of the adjustment issue facing the industry. The following points provide some general guidance on what should be covered. It will help you to develop a logical structure for the Ministerial briefing paper.

It is not necessary to address each of the sub-points under the main headings. Make a judgement about what is important for supporting your recommendations and convincing the Minister on why you have proposed a particular course of action.

1. What's the issue?

- Define the industry that is facing the adjustment pressures
- Define the cause of the issue – a change in trade policy, domestic support
- Describe the adjustment issue – who's affected and in what way

2. What are the structural features and historical development of the industry?

- Describe the industry
- How many firms/farms/employees
- Any regional concentration in the industry location

- Is there import competition and/or trade protection
- Are there any domestic support policies, regulations that restrict competition
- Are there any export sales

3. What are the features of the adjustment issue?

- Pressure for firms/farms to exit the industry
- Employment issues – how many could be affected
- Are market forces contributing to the adjustment pressures
- Has adjustment occurred in the past – what was involved
- Do firms/farms need to restructure to improve their viability

4. What are the affected interest groups?

- What are the industry organisations and who do they represent
- Who gains and who loses
- What is the industry view of the reform – support or resistance
- Who is publicly active in trying to influence the policy position
- Any industry proposals for adjustment assistance
- Public perceptions of reform and the need for adjustment assistance
- Are there regional economy issues – spillover effects
- Any particular political issues

5. Do other Government Departments/Organisations have a stake in the issue?

- Which Departments/Organisations – what is their role
- What is their position on adjustment assistance – support or resistance
- What are the arguments they use to support their position
- Any relevant obligations under international trade agreements
- Any previous research or policy advice from other areas of Government

6. Are there existing adjustment programs in place?

- Any permanent safety net programs – what are they
- Any industry development programs in place – do they need refining, expanding, extending
- Has adjustment assistance been provided in the past – was it successful
- Any precedents for specific adjustment assistance in other industries

7. Is there a need for research support/consultations?

- Any Government advisory agencies with relevant expertise
- Is a public inquiry necessary
- What sort of research/advice is needed – particular issues, specify the terms of reference of required research
- Are there definitive measures of the costs/benefits of the reform
- Is there a need for quantitative modelling work – who can contribute
- Have industry groups estimated the costs/benefits of the reform

8. What sort of adjustment is necessary for future industry development?

- Expected farmer exits from the industry – any land ownership issues
- Do we Reduced employment, increased investment
- Improved efficiency/productivity
- Changes in scale of production units (firms/farms)
- Need firms/farms to restructure, diversify, change production focus, etc
- Need for retraining, relocation, job search for displaced labour
- Any Government programs affecting the adjustment process
- Need for promotion of exports, domestic demand

9. What are the options for a Government policy response?

- Implications of doing nothing
- Is direct restructuring assistance required – what sort of programs
- Is exit assistance required
- Who are the targets of adjustment assistance – access conditions
- Does it require a ‘package’ of measures
- Issues with R&D investment, infrastructure, input costs
- Issues with promotion, quality control, management training
- What are the feasible policy options for adjustment assistance
- Is funding of adjustment assistance an issue – cost, source of funding

10. What are the policy recommendations?

- Describe the design of proposed programs
- Expected outcomes of providing adjustment assistance
- Implementation period, timing, availability, eligibility
- Program access conditions – universal or targeted
- Advantages and disadvantages with proposed policy response
- Expected response of main interest groups – satisfied or dissatisfied
- Response of other Government Departments/Organisations
- Do the policy proposals creating any precedents – is it consistent with overall Government policy objectives
- Any important communication issues to ‘sell’ the proposed policy response