

A source of concern for observers is the divide between the negotiating parties, which was described as "huge". The formula for agricultural tariff cuts put forward by the Chair of the negotiating group, Stuart Harbinson, would cut bound rates but would not necessarily result in systematic cuts to applied rates. Meanwhile subsidies would be cut. This, it was argued, would not work for developing countries: their export interests would not be advanced and they would pay higher prices for imports. By contrast, the US approach (using the Swiss formula and different coefficients) would cut applied rates. Analysis suggests that the gains from the tariff cuts under this approach would dominate the welfare loss from subsidy reduction.

The overall Harbinson agriculture proposal is, in the view of some, big enough to gain actual momentum but there is a question of "How do you get there from here?" Some see it as well ahead of its time—perhaps by 3-4 years since the negotiating timetable will be driven by the expiry of US TPA in mid-2007. By the same token, the implied timetable for agricultural negotiations is creating uncertainty for the rest of the negotiating agenda since forward movement, if not settlement on other issues depends in some cases on what the agricultural outcome contains.

There are several areas where additional research could assist in terms of providing the intellectual basis for movement from entrenched positions.

One such area, it was suggested, would be to gain a better understanding of the cost of protection in individual EU member states to facilitate the management of coalitions within Europe. Movement on agriculture within the EU also depends on an appreciation by EU leaders of the extent of flexibility that they have vis-à-vis small farmers. In France, for example, the reality is that farms are increasingly dominated by large efficient agribusiness firms and the farm population is shrinking. Consequently, measures that are designed to serve the small farmer end up disproportionately helping agribusiness. The political economy of France is thus changing. The "Massif Central" has historically played a key role in French Presidential