

Table 1. Agricultural Production in the CIS Countries, 1992-2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Azerbaijan	76	64	56	52	54	51	54	57	64
Armenia	102	97	100.3	105	107	100.6	114	115	112
Belarus	91	95	81	77	79	75	75	69	75
Georgia	87	76	85	96	102	109	98	106	90
Kazakhstan	129	120	95	72	68	67	55	70	67
Kyrgyzstan	95	85	69	68	79	88	91	98	102
Moldova	84	92	70	72	62	70	63	58	56
Russia	91	87	76	70	67	68	59	61	65
Tajikistan	82	79	77	64	59	59	63	65	73
Turkmenistan	91	106	87	88	77	N.A.	N.A.	N.A.	N.A.
Uzbekistan	94	95	88	90	85	90	93	99	102
Ukraine	92	93	78	75	68	67	60	56	61
CIS Average	93	91	78	73	69	70	63	64	68

Source: 10 let SNG, M., 2001, p.22, SNG '99, M., 2000, p.27, *Agro Food East Europe* No.223, pp.11-12.

porarily recovered, promoting import substitution. Further, from 1999 on, world prices for raw materials such as oil and gas increased. This revitalized the CIS countries' economies, which are dependent on raw material exports, increased demand for agricultural products, and accelerated the recovery in agricultural production.

Further, the agricultural reform, which has spanned 10 years, while extremely slow is resolving past problems. For example, the "double monopoly" in the upstream and downstream has weakened. Additionally, agricultural support policies, represented by the preparation of an agricultural finance system, made progress. As a result, more normal conditions for agricultural production were established, and agricultural trade terms also showed improvement.

Since 1999, agricultural production has born profits overall. However, the absolute dominance of domestic products over imported agricultural products/foods has been lost, and the production recovery stage founded on simple import substitution is nearing an end. Further, agricultural product/food imports are once again on the rise. Moreover, the sole primary cause of the favorable economic conditions which were supporting the recovery in agricultural production was the steep rise in international oil and natural gas prices, which

is an extremely unstable thing.

A recovery in agricultural relying solely on an external factor, namely an upturn in the overall economic conditions, is untenable, and improvements in competitive power by modernizing production techniques and facilities are necessary. While the agricultural reforms in the CIS countries had various weak points, there was uniform progress in restructuring the kolkhoz/sovkhoz, modernizations related to land, and preparation of legal systems and frameworks that support market economies. However, with regards to production techniques/facilities, no investments were made in the 1990s, and aging and outdated progressed. At the same time, modernization of production techniques/facilities is strongly required, from the perspective that the agriculture in the CIS countries is being forced out of the former division of labor system among a union of commonwealth states into an international division of labor system. Whether international competitiveness in agriculture can improve in the CIS countries depends on modernizing production techniques/facilities. This process has just begun, and for the present, agricultural production in the CIS countries will repeatedly fluctuate violently due to external factors such as economic trends and weather conditions.

The Governance Structure of French Official Quality Products: The Treatment of Labeled Broilers by Competition Rules

Fumiaki SUDA

There are always some conflicts between competition policy and quality policy. Such was the case for French labeled broilers (Label Rouge). These broilers are produced with close cooperation of the farmers, feed industries, slaughter industries, packers and so on. The French Ministry of Finance (DGCCRF) accused such cooperation as a barrier to competition.

On the other hand, the French Ministry of Agriculture supported by economists, insisted that coordination among producers is necessary to prevent free riders and to render the commitment credible for the purpose of producing labeled products. These economists defended labeled products by using Transaction Cost Economics which is based on the assumption of "asset specificity" (O.E. Williamson).

This paper follows the logic of these economic justifications and verifies its appropriateness.

Many standard industrial economics have managed to explain the problems of quality designation by way of “asymmetric information”. From this point of view, the commitment to quality production by producers is auto-executive, because producers have incentives to maintain their high quality production through the reputation mechanism. If producers commit fraud, they will lose trust and consequently quasi-rent. In such a case, the market mechanism is enough to execute the built-in incentive mechanism. But the problems of hold-up appear by way of asset specificity. So it is necessary to construct partnerships between producers to monitor the free

ride. The French Ministry of Agriculture relies on this justification to safeguard Label Rouge poultry.

But behind these explanations, there is an important theoretical problem. That is a problem of trust and the reputation mechanism. Is trust a residual category for economic analysis as O.E. Williamson insists? French theory of convention insists on the importance of the notion of “trust” in economic analysis. We think that the trust is crucial to quality production.

In France there appear diverse trends of Neo-institutional economics in the field of agricultural economics (ex. French theories of regulation and convention, and research groups at ATOM (University of Paris 1)). It is useful to apply such heterodox economics to Japanese situations.

A Study on Agricultural Product Trade Structure and Trends in the Asia-Pacific Region

Sotaro INOUE

Introduction to Research Results

Asia-Pacific agriculture has a large impact on Japan through the trade of agricultural products. In particular, due to the rapid increase in population and economic growth in developing nations in the region, its position in the international agricultural products market has been rapidly increasing. This study analyzes agricultural product supply and demand and agricultural trade structure, the background of fluctuations in these structures with regard to the increasingly important developing countries in the region, and provides information on the supply and demand prospects of the Japanese food market.

The approach taken is to first analyze the grain supply and demand structure of the major developing Asian countries by collecting and scrutinizing related statistics and documents. Further, a multi-faceted consideration of the historical development of international grain prices and structure of importing/exporting countries was included. Besides this, through the development and use of the Stochastic International Grain Market Model, quantitative analysis was performed regarding the prospects of international grain supply and demand, and the effects of international reservation policies.

The principal information obtained was as follows.

(1) First, agricultural production and the food market situation in the future in Southeast

Asian countries are studied in relation to the resource endowment and its change by reviewing preceding studies and related statistics. For example, in Indonesia the government support reduction of rice production resulted in supply instability after rice self-sufficiency had been once achieved and the weakened ability of the food supply has become a problem.

(2) Next, the historical evolution of the international grain market was studied, mainly for rice, the staple food in many developing Asian countries. In particular, cyclical fluctuations and trend-like fluctuations inherent to the market were studied. As a result, it was pointed out that while the international price of rice maintained linkage among prices of other grains, the real base is on a downward trend, and viewed cyclically, is prone to repeated sharp rises and falls (Fig. 1). Also, fluctuations in the make-up of major rice exporting countries were analyzed (Fig. 2) and data was collected in the context of India and Vietnam emerging as new rice exporters.

(3) For the quantitative approach, the Stochastic International Grain Market Model was developed, and a number of simulations were conducted. This model is an improved version of the existing three-grain model for rice, wheat and maize. Using this stochastic model, Monte Carlo Simulations, using random variables with a Gaussian distribution, were performed during the 2000 to 2020 forecast period, and the effects of yield