

ECONOMIC ASSISTANCE TO THE FISHING INDUSTRY

Measuring market distortions

To acquire a complete overview of the measures which entail some sort of assistance to the fishing industry, it is necessary to also incorporate measures which protect the domestic market. These measures (i.e. in general border measures), will tend to alter the domestic supply and demand equations and prices, and may change the relative quantities coming from domestic or international markets. As a result, profitability of the domestic industry may be altered. Concurrently, any change in the supply equation domestically will have price effects; consider a change in the level of allowable catches (all other things being equal). If landings fall, prices will increase unless satisfied by an increase in imports. On the other hand, prices will tend to fall if landings increase (unless a price mechanism is functioning), in which event imports will fall.

As noted, several times, an exploitation of a renewable natural resource, if left on its own will eventually deplete stocks. Public management of the resource is thus preponderant. However, the level of exploitation (i.e. TAC, its calculations and its distributions over a period of time and between user groups), and the way in which it is implemented, is subject to debate (ref. "Determination of TAC"). Also, as long as some sort of limited entry to the fishing exists (e.g. licences, conditions for being a fisherman), a "rent" or wealth will be afforded the harvesting sector which, unless taxed, is not enjoyed by the general public.

Consider the case of measures introduced for the purpose of modernising the fleet. This type of measure should improve the efficiency of the individual fisherman, i.e. he could catch the same amount of fish in a shorter period of time and eventually with less crew. Should the fisherman be fishing under an individual quota (and unchanged), the modernisation should result in shorter working hours and, as a result, have a negligible effect on other vessels. However, if the fisherman was fishing on a global quota, his reaction would probably be to increase fishing to the detriment of other fishermen who would face a minor share of the overall quota. Under a free fishing, development assistance would in the short term imply increased catches/landings, which might lower prices, but in the long term, stocks would be depleted and consequently lower landings and higher prices would be the result. A further discussion of these interrelationships are found in the next chapter.

From this it follows that a complete understanding of the various measures should involve not only the measure, per se, and its effects, but should also include an appreciation of the environment in which it works. For example, border measures are likely to present an obstacle to trade, but pending the domestic market situation, they would not necessarily do so. This would be the case of minimum import prices and reference prices set to correspond with withdrawal prices in situation where the domestic market was characterised by constraints on supplies from domestic landings.

While discussing the means for measuring market distortions, the Committee was presented with two approaches, i.e. an analytical approach and an accounting approach. While the accounting approach

involves the measurement of market distortions into one simple variable, this approach requires a comprehensive data base which does not exist in the case of fishing, reference below.

Contrary to the accounting approach, the analytical approach does not necessarily imply calculations and hence does not require the availability and quality of data that is a precondition for accounting approaches. Analytical approaches review various measures -- including border measures -- and examines their impact on a range of variables, i.e. employment, prices, production, trade, etc. with a view to assessing the existence of a distorting effect. The following section on Effects on Programmes provides the first attempt to assess the impact of various programmes on the fishing sector.

Data on the supplies of fisheries products come from two sources, i.e. landings and imports. With reference to landing statistics, these are mostly supplied at the time of landing either at auctions or direct to processing factories; a third possibility, namely direct sales, by fishermen to consumers and local restaurants as well as non-reporting at all, in general is not captured by official statistics but may provide in certain areas significant amounts. The existence of quotas does make fishermen's efforts in defrauding the system more likely. Further, at least in some countries, recreational fishing may provide substantial amounts not accounted for. It should nevertheless be clear that all those factors would play a significant role in supplies and hence the price formation.

Finally, landings statistics are provided on a different basis from one country to another (live catch, landed weight, product weight, etc.), a factor which adds another difficulty in comparing statistics from different fisheries and across frontiers.

Concerning trade statistics, these are normally grouped in groups too large to serve a definite aim covering a variety of products with each of their market characteristics. Again, the data base currently in use differs among Member countries: due to different classifications, any attempt to compare one country's set of data with that of another is futile. In addition, real (or perceived) quality differences make price levels for the "same" product different. Average US import prices of e.g. frozen cod fillets differ considerably according to country of origin with higher prices paid to European exports.

Turning to the demand side, similar statistical problems arise. In some of the Member countries, retail statistics are unavailable, making calculation of price/income elasticities data impossible. Further, the place of consumption of fish varies considerably, e.g. in the US it is estimated that 60 per cent of fish consumption takes place in restaurants while in Northern Europe home consumption is predominant.

Whatever the effect of a given variable, the basic idea of measuring market distortion -- in the fishing sector which at least when it concerns harvesting is highly regulated -- is to follow the trend of deregulating markets and leave free competition to find its own level.

Effects of programmes

In investigating the effects of economic assistance programmes an analytical approach has been taken, the advantage of this being that it provides an easily readable grid on which the effects of the different financial support measures to the harvesting sector and to the processing, marketing and distribution sector within the industry can be analysed from the standpoint of a number of different variables. An analytical approach can take account of the specific characteristics of the fishing industry. As a result, it can be employed with considerable confidence even when statistical data are lacking. In addition, the effects can be analysed at different levels and degrees of detail in line with policy makers' requirements in assessing the consequences of adjustment policies in the fisheries sector and the measures

used in this connection. For an accurate assessment of the true effects of distortion caused by financial support such an approach is essential.

Structure of the matrix for assessing the effect of economic assistance programmes

The principle of the analytical approach is to construct a matrix (see Annex 1) for assessing the effect of economic assistance programmes on the main variables governing the fishing industry. This matrix takes the form of a double-entry table in which the rows represent the financial support measures and the columns the different variables chosen. The intersections between the rows and columns gives each measure as a function of each variable.

The support measures to be looked on are those quoted in the replies from Member countries to the questionnaire on economic assistance. Despite the lack of uniformity in the form and content of the replies from country to country, it is possible to identify no less than 42 types of assistance measure. These can be grouped together into 15 categories of measure which, in turn, can be combined into 8 broader categories corresponding to the Committee's guidelines for answering the questionnaire, namely, in the case of the "Harvesting" sector: assistance of a social character, economic assistance, type and management of effort; and in the case of the "Processing, Marketing and Distribution" sector: investment assistance, structural adjustment, aid to national markets, export and marketing assistance.

There are numerous variables that can be taken into account and the choice depends on the policy makers' requirements of the analysis. For the harvesting sector the variables could be: the condition of stocks, the volume of landings, the value of landings, the level of fishing activity, the level of the total rent generated, the level of each fisherman's individual profits, the level of employment, the profitability trend for the fishing industry as a whole and for each fishing vessel, etc. For the processing sector the variables could be: the cost of supplies, the availability of supplies, processing costs, total sales, the value added created, the level of both domestic and foreign trade, the level of employment, etc.

If all the categories of measures referred to and all the variables listed were to be taken into account this would involve creating a matrix of 42 rows and 17 columns, in other words the analysis of 715 combinations for each type of fishery management.

Some aggregation is therefore necessary and a number of assumptions have to be made in order to arrive at a matrix comprising a manageable number of combinations, without this detracting from the validity of the analysis.

Thus, in terms of the categories of aid, the following classification has been adopted for the harvesting sector: 1) assistance of a social character directed to individuals (contingency programmes, social welfare schemes, tax incentive schemes); 2) assistance of a social character to promote regional development; 3) economic aid in the form of operational subsidies; 4) economic aid for the modernisation or diversification of fleets; 5) economic development aid to improve the efficiency of fishing operations; 6) economic aid for fleet rationalisation through the laying-up of vessels. And for the processing sector: 7) investment aid; 8) structural adjustment aid; 9) aid for the development of national markets; 10) export assistance.

The variables chosen for the harvesting sector were: 1) the condition of stocks; 2) the value of landings; 3) the level of activity; 4) the level of the total rent; 5) the level of individual profits. And for the processing, marketing and distribution sector: 6) running costs; 7) the increase in value added; 8) the

distribution of extra value added between the different partners involved; 9) the trend in international trade.

This reduces the number of cells in the matrix to 90, a number which will be still further reduced by the fact that the effects on the processing sector, of economic and social assistance to the harvesting sector, will take the form of a price effect or a quantity effect that will be dealt with as part of the analysis of direct support to this sector. Conversely, the analysis of direct aid to the harvesting sector will show up, by the effects on the harvesting sector of assistance to the processing sector through the investigation of price and quantity trends. This means that the number of cells is reduced to 46, 30 for the harvesting sector and 16 for the processing, marketing and distribution sector.

For the purpose of the present analysis it has to be assumed that catches are proportional to the condition of stocks, that prices are constant, that units of effort are initially strictly identical, that the master of each vessel adopts the same economic behaviour as his competitors, that the level of employment is strictly proportional to the level of fishing activity, that landing prices and volumes are directly proportional to domestic supply prices to the processing sector and, lastly, that employment in the industry is strictly proportional to the trend in value added.

With these assumptions in mind, it is then possible to extend the results to the different variables not directly treated in the matrix used, i.e. volume of landings, employment in the harvesting sector, price and volume of the supply to industry, the value added generated by the industry, employment in the industry.

Fishery management methods

Changes in available resources, it being natural fluctuations or because of fishing intensity, the steady and global increase in fishing activity, the control exercised by each country or group of countries over its exclusive economic zone (EEZ), etc. have increasingly led to governments' management of resources. It is becoming more and more uncommon with complete freedom to harvest unlimited quantities of fish and absence of restrictions on entry to the industry.

There is a wide range of management methods, but they can nevertheless be classified into a few broad categories of those most commonly in use in OECD Member countries. The two main methods are:

- management of stocks; and
- management of fishing effort.

Management of stocks by means of introducing limits on catches ranges broadly between the enforcement of total allowable catches (TAC) and individual fishing quotas (transferable in some cases). Management of fishing effort involves putting into effect a system of rights of access, usually in the form of licences, whereby development of the fishing fleet and/or its power can be controlled.

In view of the fact that the effects of measures will depend on the type of management adopted, it is necessary to create a separate matrix for each of these different scenarios (industry-wide TACs, individual quotas, management of fishing effort). In this regard it should be noted that the possibility for moving from one fishery to another -- and eventually with different types of management regimes -- complicates the analysis.

In many countries management of the fishing industry at large needs to extend beyond management solely of the harvesting sector and be applied also to the processing sector, given that the latter is tending increasingly to determine the approach to be applied to the harvesting sector. The section of the matrix dealing with processing, therefore, is analysed independently of the other sector's management methods, the reason being that management methods in the harvesting sector will give rise in all the scenarios to price or quantity effects that have the same consequences for the downstream sector. Conversely, action on the harvesting sector will have effects on management methods in the processing sector through the price or demand changes that are generated.

Any analysis of effects presupposes a reference situation; the one used is a situation of pure and perfect competition in the fishing industry. The absolute reference, therefore, is that of equilibrium in the fishing industry, which occurs when all the rent has been exhausted, which is what happens when the last vessel entering the industry balances its costs and its total sales, without being able to generate any individual profit but also without the risk of incurring a loss.

Meanwhile, because the concavity of the curve for harvesting in relation to the level of fishing activity can reverse the effects of measures of assistance, depending on whether the industry is in a position which is below, near, above or exactly at the level for the maximum sustainable yield (MSY), a number of possible situations in relation to the MSY need to be envisaged.

The effects of economic assistance programmes in the context of a management regime involving restricting the level of harvesting

Management of the fishing sector by means of varying the level of harvesting can take several forms. It may involve fixing more or less global levels of catch and allocating shares on a more or less industry-wide basis. The simple method is to fix a global and industry-wide TAC. The more refined method is to allocate individual transferable or non-transferable fishing quotas. The main purpose of switching from the industry-wide to the individual level is to be able to control competition among vessels and fishermen more effectively.

Management by the method of fixing a global TAC

The institution responsible for managing the fishing sector sets a quantity for the total allowable catch. As long as this quantity has not been reached, access to the industry is unrestricted. It is to be assumed that the TAC is determined in relation to a situation of balanced competition and unrestricted access. If prices remain constant, the value of landings will remain constant whatever the level of fishing effort and for as long as the level of the TAC remains unchanged.

Individual assistance of a social character to compensate for accidents or contingencies is by definition irregular and unpredictable. Its effects will only be short-term. Provided such accidents or contingencies do not disrupt the level of fishing effort, the fleet will harvest the totality of the TAC during its period of application. Such assistance will tide operators over a bad patch. In terms of its effects, such aid is comparable to an increase in the total value of catches resulting in an increase in total individual rent, or to an operational subsidy.

The effects of social assistance for regional development purposes will depend on the type and level of such aid. The most effective types of assistance are those designed to facilitate access to the resource or to improve the general level of landing prices for fish. This results in both a reduction in the

cost of the fishing activity and an increase in the value of catches. Over the short term this gives rise to a higher total rent and higher individual profits. Over the long term it encourages an expansion in fishing effort, the effects of which can be compared to those of economic development assistance, particularly if the social assistance is permanent.

Operational subsidies are designed to cover increased operating costs. If the level of the subsidy is set in such a way as to cover all of this increase, the industry reverts to the reference situation and there will be stabilisation at this level over both the short and long term. "Buying time" in this way enables fishermen to maintain the level of the total rent and their individual profits.

If the subsidy covers only part of the increase, over the short term there will be an improvement in the total rent and fishermen's individual profits than otherwise would have been the case. It will not be possible to revert to the level of rent in the reference situation. Over the long term, fishing vessels will be laid up until the stage is reached where the level of fishing effort results in a new economic balance that generates an overall level of rent lower than the reference level. Catches per unit of effort (CPUE) will increase and lead to higher individual profits. The remaining vessels will be withdrawn or, where this is possible, be converted for other uses.

In the case of subsidies and support in the form of a pricing system, fishermen will rebuild their individual profits and the harvesting sector is allowed to regain either the level of the reference rent (providing the operational subsidy covers all of the increased cost and providing the price system brings prices back up to the value of the reference catches) or to some intermediate point depending on the level of the subsidy and the pricing system.

Economic assistance for modernisation or diversification of the fleet can, in the case of diversification, lead to the exploitation of other stocks. This reduces the effort directed to the initial stock while at the same time increasing the CPUE. The effects are the same as those in the foregoing scenario.

If the assistance involves financing a technological change through the adoption of new or more efficient technology, over the short term this will result in bigger catches by the more modern vessels at the expense of the less efficient ones. This will lead to a change in the distribution of the rent in accordance with a vessel's efficiency. Over the long term a new equilibrium will emerge, based on an increase in fishing activity and in the total rent within the context of an unchanged volume and value of catches.

Economic development assistance is designed to reduce running costs for the fleet as a whole. If every vessel does not benefit from this, then the effects will be similar to those in the foregoing scenario. However, if all vessels do benefit, the outcome over the short term will be an increase in the total rent and in individual profits. Over the long term this will encourage the entry of new vessels into the industry and a lowering of CPUEs, offset by an increase in the value of the rent due to the lowering of costs.

Economic assistance for fleet rationalisation will, if it takes the form of a reduction in the size of the fleet, result in an increase in CPUEs. The outcome over both the short and long term will be an increase in individual profits with an unchanged total rent. If this rationalisation is combined with the gradual introduction of more efficient units, the situation will parallel that described above.

Management by the method of fixing individual quotas

In order to avoid the disadvantages inherent in reliance solely on TACs, i.e. greater competition for the stock in the context of a fixed allowable catch (the harvesting of more small fish, the concentration of fishing activity over a shorter period of time, the difficulty of deciding in advance on a closing date for the fishing season, etc.), some Member countries have opted for a system of management involving the setting of individual quotas. There are two ways in which such quotas can be fixed: the first and most common one is to set them in relation to a total allowable catch and on the basis of the number of units of effort; the second is to allocate individual quotas to each unit without fixing a TAC. This second approach parallels that described in section d). In either case, these individual quotas may be transferable or non-transferable.

The effects of assistance programmes in the case of individual quotas fixed in relation to a total allowable catch can be deduced from the foregoing, particularly if these quotas are not transferable. It is assumed that similar units of effort are allocated similar individual quotas.

In the scenarios where there is an increase in catches per unit of effort and a resultant increase in individual profits, regulation by means of varying the quantities is no longer possible. If the total rent remains unchanged, the individual profits generated by an increase in CPUEs cannot be achieved. The level of individual profits remains constant. The other effects are the same.

If these individual quotas are transferable, their purchase by fishermen who continue their operations causes a change in individual profits proportional to the amount of individual quotas purchased, the difference being that only fishermen who have purchased quotas will be able to increase their CPUE. In this scenario it is assumed that all of the quantities authorised are caught, in which case the most economically efficient fishermen are at an advantage. However, if these quotas are purchased by new entrants, the foregoing scenario applies.

In the case where the individual quotas are not transferable, scenarios involving the inability to harvest the entire TAC, because there is no means of increasing CPUEs, can mean over the long term that the stock is replenished in situations where it was being exploited beyond its maximum sustainable yield (MSY).

In the case of a type of management where the point of departure is the setting of a TAC or individual quotas, far more complex and varied situations than those analysed here can arise, for instance where TACs are changed for each fishing season, or where there is a combination of changes in price levels, changes in price elasticities and several different types of assistance. What is more, it is possible that, within each of the main categories of assistance considered here, some individual measures may have perverse effects.

The effects of economic assistance programmes in the context of effort management

Management of the fishing sector by varying the level of fishing effort can be achieved by means of licences. These licences provide a right of access to the resource and they can be used to determine more or less completely the pattern of fishing activity. The use of licences dates back to 1917 as part of Japan's fishery management policy. Only a few countries have adopted this method but it has slowly been gaining favour since the early 1970s.

The assumption is that there is no restriction on what/how much is taken from the resource and that the amount depends on the efficiency of the operating units. Unlike the situation described in section c), the level of catches can fluctuate constantly, with a directly proportional effect on the condition of the stocks exploited.

Individual assistance of a social character in the event of accidents or contingencies, provided the level of fishing activity remain unchanged, helps to restore the total rent and individual fishery profits when such assistance offsets the loss of income due to a drop in total sales. If it offsets increased costs, its effects are similar to those of operational subsidies.

Social assistance for regional development purposes has the effect of reducing the cost of fishing effort and increasing fishermen's profit on catches. If the reference situation is one where the maximum sustainable yield (MSY) is being exceeded, over the short term an increase in the total rent and individual profits will occur; over the long term a new balance is established on the basis of an increase in fishing effort, a decrease in catches and a worsening of the stock situation.

If MSY is not being exceeded, the effects over the short term will be the same as above, but over the longer term a new balance will be established which, as long as the MSY is not exceeded, will result in an increase both in catches and in fishing effort without adverse effects on stocks.

The adoption of a licensing system is valid only in the first of these scenarios or, in the second one, with a view to avoid exceeding the MSY. The freezing of fishing effort at the reference level will help to maintain the stock situation by freezing the level of harvesting. The result of this will be a substantial increase in individual profits and in the total rent.

If the level of fishing activity is frozen, and provided they offset all of the increased costs, operational subsidies will restore the reference situation in all cases. Where the MSY is exceeded and the operational subsidy covers only part of the increased costs they will serve over the short term partially to restore the total rent and the level of individual profits. Over the long term, a new balance as a function of the level of assistance, will be established. Fishing effort will be less intensive and will eventually bring bigger catches by allowing the gradual replenishment of stocks. In a reference situation where the MSY is not exceeded, the outcome will be a decline in fishing effort and an undesirable decrease in catches.

Economic assistance for fleet modernisation or diversification can, in the case of diversification involving the redeployment of the fishing effort help to reduce fishing effort on a particular stock or lead to the situation described in the foregoing paragraph.

Assistance involving financing a technological improvement rendering vessels more efficient and assuming that MSY is exceeded, will result in an increase in the total rent and a change in the distribution of this rent to the benefit of the more efficient vessels. In addition, in the long run a new balance will be established with an increase in fishing effort, a drop in catches and a depletion of stocks.

Where the MSY is not exceeded, the situation with regard to total rent and individual profits will be the same as in the case where the MSY is exceeded. However, this will be accompanied by an increase in fishing effort and an increase in catches with no negative effect on stocks so long as the MSY threshold is not reached.

The introduction of a licence system in order to freeze fishing effort will not be warranted unless the reference situation is one where the MSY is exceeded. The consequences will be that, over both the short and long term, the increase in total rent and individual profits will be less than expected. Over the

long term the lowering of running costs as a result of the withdrawal of older vessels will lead to a gradual increase in total rent and in the individual profits of those fishermen operating new and more efficient vessels.

Economic development assistance resulting in reducing operating costs of vessels, will have the same effects as modernisation aid, whether this be for a reference situation where the MSY is exceeded or where it is not. The consequences of adopting a licence system freezing fishing effort at the level of the reference situation will have the same effects as described above.

Economic assistance for fleet rationalisation resulting in the withdrawal of fishing vessels is only considering in cases where the MSY is exceeded. Over the long term, this type of aid will lead to an increase in catches as the result of an improvement in stocks. As the level of catches rises and if operating costs remain unchanged, the total rent will decrease and individual profits increase.

The real life situations are infinitely more complex than those described above, particularly if fishing effort is not frozen at the level of the reference situation but instead made to vary. IN this case, situations can arise where catches are above or below the stock replenishment rate for each of the equilibrium situations considered. The parallel introduction of individual quotas or the combination of several types of assistance can have consequences that are far more complex to analyse.

The effects of economic assistance programmes on the processing, marketing and distribution sector

Investment assistance is designed to reduce the burden of fixed costs on firms in the processing, marketing and distribution (PMD) sector. It helps to improve the productivity of such firms by encouraging them to install plant and equipment that is more efficient from the point of view of both the use of inputs and improving the quantity and quality of output. This can result in an increase in value added and the equivalent in monetary terms of this extra value added can be used to reward those connected with the firm: the workers can be paid higher wages and the shareholders higher dividends, suppliers may find that less pressure is being put on their prices and prices to customers may be lowered. Depending on what course of action is chosen, the firm will be able to improve its market position and, if its competitors do not upgrade their operations in the same way, it will be able to increase its market share.

Should the harvesting sector be subject to a TAC while demand for the company's products increases, a situation could arise when the company is in a position to pay higher prices for the raw material; this will create problems for its competitors and raise the monetary value of the TAC. In the short term the harvesting sector's total rent will increase and, over the long term, in an increase in fishing activity until this new total rent is exhausted. At the same time, there will be a drop in CPUEs, offset by an increase in individual profits.

In the case of a fishery with unrestricted access fishing above MSY, these same factors will result in an increase in the total rent due to the increase in fishing effort, together with an increase in the value of total sales. The deterioration of stocks will inevitably lead to a drop in catches. The introduction of a system of licences to limit fishing activity to the reference situation level will help to preserve stocks and slightly increase the total rent and individual profits.

In either case, the trend set in motion within the industry is likely to be countered in the long run by shortages of supply, and firms will be obliged to purchase the balance of their inputs from abroad. If

foreign prices are lower than domestic prices, this may have the adverse effect of causing a move away from domestic to foreign suppliers.

The purpose of structural adjustment is the economic rationalisation of the processing sector. Its aim therefore is to improve the productivity of the sector as a whole. The effects are the same as those for the foregoing type of assistance.

The primary purpose of aid for the organisation of national markets is to shape consumer preferences to match the pattern of supply. It helps to increase demand. As a result of adapting demand to supply, the marketing of fishery products will be improved and landing prices will be kept buoyant. If they are carried out properly, such promotional schemes will in the long run raise fishermen's incomes as a result of the increase in the total sales of the harvesting sector.

In the context of a management based on TACs, the result over the short term will be that the total fishery rent will increase as well as the fishermen's individual profits.

In the context of a management based on regulation of fishing effort, limiting this effort to the reference level results in an increase in total rent and individual profits. Without such intervention, the total rent could rise even higher, since a new balance of competition would lead to a higher level of fishing effort. A policy of reducing fishing effort could result in a new level of total rent equivalent to the reference level and which, over the long term, would lead to a replenishment of stocks and to an increase in catches.

A general increase in demand in the context of fishery management policies aimed at limiting the level of harvesting, either directly or indirectly, will always result in an increase in prices which will be determined by the price elasticity of demand.

Assistance in gaining access to foreign markets operates in a similar way. As in the foregoing scenario, if it results in an increase in demand which cannot be matched by the quantities landed, this at best will lead to higher prices.

Domestic fisheries will experience an adverse effect if national landings falls far short of demand. In order to satisfy domestic demand, products will have to be imported. If the international price is higher than the domestic price, the share of imports will increase until an equilibrium is established between the two sets of prices. This can bring a new situation where the total rent generated by the domestic fishing industry may fall below the reference level. However, in the long run, this will lead to a drop in catches and provide the opportunity to replenish national stocks. In turn, over the long term, because of the increase in catches, national fishing industry could either regain the domestic market or gain a foothold on foreign markets and thus expand its trade.

This analysis of the effects of different assistance schemes has been carried out using a number of extremely straightforward hypotheses. To get a more accurate picture of reality would mean examining in far greater detail the effects of each of the main types of assistance mechanism. This will entail not only the assistance measures itself but also an appreciation of the environment in which it works. The present preliminary analysis could be expanded so as to provide governments with a comprehensive matrix to enable them to assess the effects of their policies. It is only with the help of a detailed analytical approach of this kind that the transparency required for the implementation of assistance policies can be achieved.