

ACHIEVING EFFECTIVE TRADE LIBERALIZATION IN APEC: THE LIMITATIONS OF "OPEN REGIONALISM"*

*Alan Oxley***

OVERVIEW

At the Bogor Summit in 1994, the Asia-Pacific Economic Cooperation (APEC) leaders committed to reduce all barriers to trade by 2010 for industrialized countries and 2020 for developing countries. As policymakers grapple with these programs, it is becoming increasingly clear that the liberalization process has been rushed and that the proper groundwork is yet to be laid for an effective process of trade liberalization.

Collective trade liberalization is a very complex endeavor. No multilateral or plurilateral process has ever been achieved quickly. It was unrealistic of APEC leaders to direct preparation of detailed plans for liberalization in 12 months, as they did at Osaka.

There is a need to develop a broader consensus about the strategic purpose of trade liberalization among APEC economies. There is also a need for substantial discussion and research about the modalities for successful liberalization in APEC.

The concept of "Open Regionalism" has encouraged advocacy of collective unilateral liberalization. This approach lacks the rigor and institutional strength which is needed for an effective process of liberalization.

*This paper is based on a presentation made to the APEC Study Centres Network Conference in Manila in May 1996.

**The author is Chairman of the Australian APEC Study Centre. He is a former Australian Ambassador to the General Agreement on Tariffs and Trade (GATT) and a former Chairman of the GATT Contracting Parties.

Until there is a wider consensus over the strategic issues which liberalization creates and more ground has been prepared on designing workable mechanisms to cut trade barriers, the results of liberalization from APEC will be slight. More time is needed. It is available.

INTRODUCTION

At the 1994 Bogor Summit in Indonesia, the APEC leaders committed to reduce all barriers to trade by 2010 for industrialized countries and 2020 for developing countries. A year later at Osaka, Japan, APEC leaders decided that by the Subic Summit in November 1996 in the Philippines, programs to achieve the Bogor targets would be completed. As policymakers grapple with these programs, it is becoming increasingly clear that the liberalization process has been rushed and that the proper groundwork needs to be laid for an effective process of trade liberalization.

For collective trade liberalization to be successful, several critical elements are necessary. *First*, there has to be a high-level political commitment to liberalize. *Second*, the strategic interests in economic integration of all participating economies have to be understood and provided for. *Finally*, a mechanism has to be established to ensure that the process is comprehensive and binding. All sectors of commerce must be included and all parties must be formally bound to the process. The process must also produce a net economic benefit for members of the group as well as their trading partners.

This third element is the hardest to create. Governments need help to cut trade barriers. The reason they chose to do it collectively is that the existence of an international mechanism and obligation assists them to overcome domestic resistance to change. It is common in all large processes of collective trade liberalization to spend as much time on settling the modalities as on the actual process of negotiating the reductions.

To date, only one of these elements has been created. The Bogor Declaration provided the high-level political commitment. There has been little discussion of the strategic interests involved, but the issues are large.

For example, what is needed to secure the United States' (U.S.) commitment to such a process? How can China's half-market economy be integrated with market economies? The debate does not have to be conducted publicly in APEC fora. But it needs to be the subject of constant review and discussion among opinionmakers, academics and policymakers.

Discussion of the modalities has only just begun. It is not possible for 16 countries, including three of the world's biggest economies, to settle the modalities for a process of liberalization in the scale envisaged in the Bogor Declaration in just two years. It took nearly four years to settle the modalities of the Uruguay Round, and they already had basic rules for negotiating reductions in place. The political leaders did themselves and APEC a disservice by decreeing, as they did at their summits at Bogor and Osaka, that the modalities would be settled in two years.

The dominant concept for shaping the modalities to date is what has generally been termed "Open Regionalism." This concept is broad and attempts to articulate the desire of the APEC member-economies to pursue regional economic integration without creating a closed economic region. The concept was not rigorous, in keeping with the requirement in the early stages of APEC's development, to focus on building consensus by emphasizing what is common and disregarding what is not.

The Open Regionalism advocates promoted another consensus-friendly approach when it came to the question of how to cut trade barriers. This was the concept of cutting trade barriers by a collective process of unilateral reductions. This modality appealed to APEC officials who had been directed by the Osaka Summit to come up with an agreed approach within 12 months. Its utility was that it was an approach with which all APEC governments could agree.

But therein lies its weakness. Fundamental differences on some issues remain unaddressed. Is agriculture in? Is investment in? Is there a common timetable for reductions? Who will be classified as a developing economy in 2010?

There will be no substantial process of liberalization achieved until all the key elements which are the necessary preconditions of any process of

collective trade liberalization are in place. The negotiations in the Uruguay Round and other recent regional processes of liberalization provide a wealth of experience from which to draw. Many lessons about how processes can assist governments to support and implement trade liberalization are there to be drawn.

Government officials are well aware that these issues need to be addressed. They have been constrained to respond to the timetables imposed by leaders. Deliberation takes time, and such was not given. Academics have not been so constrained, but discussion about how liberalization should occur has nevertheless been limited. Apart from brief advocacy of the idea of a regional Free Trade Agreement by some academics in the US, the idea of "Open Regionalism" and the related concept of unilateral reductions virtually enjoys the status of an orthodoxy among academics in the region. Many significant issues remain unaddressed.

STRATEGIC ISSUES

Trade liberalization creates economic integration. Integrating one economy with another is a highly political act. Governments cannot do this unless they are satisfied that very basic strategic interests are being advanced or protected. APEC includes three of the largest economies in the world, as well as all of the fastest growing economies. Integrating the APEC member-economies entails integration of the economies of countries with highly disparate cultures. Previously, all regional processes of economic integration involved economies that were contiguous or had a high level of political and economic homogeneity.

Achieving economic integration among the APEC member-economies is a major task. There are a number of major strategic issues that need to be tackled if significant liberalization among APEC members is to be realized. Some key issues are:

- Will the U.S. use APEC as an instrument for economic integration?
- Is Japan prepared to open protected and heavily regulated sectors?
- Can China resume market reform in a systematic way?

- Are ASEAN member-economies prepared to open strategic national industries to competition?
- Will Asian economies open the services sectors to competition?
- Will Asian economies remove barriers to investment?

Until governments accept that trade liberalization will bite into some very sensitive and difficult issues, general commitments to liberalize remain in the realm of political rhetoric. Substantial public discussion of all these issues is a necessary precondition to realize the Bogor Declaration.

THE CHALLENGE OF LIBERALIZATION AMONG APEC MEMBER-ECONOMIES

The need for further trade liberalization among APEC member-economies is evident. Even after the Uruguay Round results are taken into account, average levels of protection remain higher among the developing economies of APEC than among Organization of Economic Co-operation for Development (OECD) member-countries in general. Even then, the incidence of protection is still significant among industrialized economies in the region.

Recent analyses of trade barriers which the Pacific Economic Co-operation Council (PECC) has produced for APEC provide a useful picture of what has been achieved and what needs to be done.¹ They also contain a cautionary message which academics and policymakers need to address. They show that not all economies in the Asian Pacific region have engaged in substantial unilateral liberalization over the last decade. It would appear that trade barriers in Thailand have not fallen. It is also clear that there is distinct disinclination across the region not to open markets for services.

Rates of growth among the Asian economies of APEC have been higher than the global average for more than a decade. To maintain sustainable and stable growth, the governments of these economies will need to bind economic activity to laws and systems which steadily increase

exposure to competitive forces. In most economies in the region, there are major impediments to fuller development of market economies.

Until the seventies, the strategic mission of trade liberalization in the postwar period was to reduce tariffs and eliminate nontariff barriers in industrial products. This program had generally been successful. Tariffs in industrialized countries were reduced to a global average of around 5 percent. But there is still some mopping up to do. Trade barriers, both tariffs and nontariff barriers, are significant in particular sectors. But the overall aim has been achieved—greater economic growth by the creation of international markets. The result has been greater integration of global economic activity.

The strategic mission of trade liberalization today is removal of barriers to trade in services. In Europe, the most important achievements of the European Countries (EC) Single Market Program were to reduce barriers to services trade among European countries. The North American Free Trade Agreement (NAFTA) is most notable for its provisions on services and investment. The Closer Economic Relations Trade Agreement (ANZCERTA) between Australia and New Zealand also opened service markets. The global complement to these regional arrangements was the inclusion of services in the mandate of the Uruguay Round and the consequent negotiation of the General Agreement on Trade in Services (GATS).

While markets for services industries are being steadily opened in North America and Europe, there is resistance to similar liberalization in Asia. Asian economies have been slow to accept the importance of the liberalization of the services sectors. The ASEAN member-economies played an influential blocking game in the negotiation of commitments to liberalization in the services negotiations in the Uruguay Round. Japan was also reluctant to open markets for financial services. Reportedly, ASEAN leaders have now accepted that the ASEAN Free Trade Agreement (AFTA) should be extended to cover services. It remains to be seen how this will translate into binding commitments.

The foregoing demonstrates the size and complexity of the task of meeting the Bogor targets of eliminating all barriers to trade and investment. Governments will need help to achieve it.

MECHANISMS FOR LIBERALIZATION

There are three traditional paths to liberalization: multilateral liberalization through the processes of the GATT and World Trade Organization (WTO); unilateral liberalization by individual countries; and regional liberalization through free trade arrangements. Each contributes in varying degrees to the need of governments to manage the politics of trade liberalization.

Multilateral Liberalization

Most liberal economists would accept that the most effective form of trade liberalization is through the multilateral processes of the WTO. Each barrier reduced through the processes of the GATT opens the market to every other GATT Party. These reductions are nondiscriminatory and their maximum benefit extends to all countries which are party to the GATT. The WTO processes have been developed over the years and are now very sophisticated as a result of the Uruguay Round. They embrace a number of elements which assist governments to deal with the politics of opposition to liberalization.

First, the multilateral negotiating process entails an international commitment which is binding. It justifies a review of domestic levels of protection, mandates participation in an international process, and creates an obligation to seek reductions. Governments can utilize these broad obligations to justify the need for cuts in domestic protection to constituents which are resisting change. The governments of Japan and Korea did this to justify cuts in farm protection.

Second, it enables governments to demonstrate that everybody else has to undergo the pain of cuts. There is no doubt that, by pointing to the

cuts that US farmers faced, the French government was assisted in arguing the case for cuts in French farm budgets to its farmers.

Third, the multilateral process allows linkages to be established between programs of reductions in different sectors. This enables other interests to be enlisted to support liberalization. The French government enlisted the support of French companies who stood to benefit from cuts in manufacturing and services to counter the political weight of opposition from farmers. Representatives in the US Congress were able to make similar arguments to counter the influence of the US clothing and textile industry.

Finally, a comprehensive program of liberalization which embraces a large number of countries and a wide range of products can create a liberalizing dynamic among groups of countries. In the Uruguay Round, there was a broad deal between industrialized and developing countries that liberalization on new issues of greater interest to industrialized countries, such as on services and intellectual property, would be accepted by developing countries provided there was liberalization by industrialized countries in sectors of greater importance to developing countries, notably agriculture and textiles.

The plain lesson of the Uruguay Round is that, notwithstanding the economic gains to be made in France, Germany, Switzerland, the US, Japan and Korea from cutting the level of support for domestic farmers, the mere assertion of that fact would never have been enough to enable governments in those countries to overcome domestic opposition to cuts. They could not have agreed to the even modest cuts that were ultimately made without their being buttressed by the obligation of participating in an international endeavor and the formal commitments which were created by the Uruguay Round.

It was always open to these governments to try to secure those benefits by liberalizing unilaterally. This would have been far quicker than the inevitably prolonged process of multilateral negotiations. This did not occur because it was not a political option. The logic of the case of the economic benefit to be won by unilateral liberalization was not powerful. The international mechanism of the WTO gives governments access to a wider range

of influences and forces to support the political case for liberalization than are available in a domestic political system.

Can we look to the WTO to advance liberalization in the region? This would be an ideal vehicle. There will be a successor round to the Uruguay Round, but when? According to the Bogor Declaration, all barriers in industrialized APEC member-economies are to be removed by 2010. However, we are not likely to see further cuts to barriers from global liberalization from the WTO processes within 12 years. No date has been set for the next WTO trade round. The dates set for the end of the reform period for agriculture and the end of the reform period in textiles agreement in the Uruguay Round—2000 and 2004 respectively—create a time period during which the start of the next round of WTO negotiations is likely. And if the next round takes seven years like the last one, we will not see the beginning of the next round of reductions in trade barriers before 2008 or 2011. If the periods for reducing barriers average seven years, as they do in the Uruguay Round, the changes from the next round will not be fully implemented until between 2015 and 2018.

It should be noted that it would not be realistic to expect all trade barriers to be removed as a result of the next round of WTO trade reductions, in particular because barriers in the sectors of agriculture, textiles and services are so high. Further reductions are likely, but elimination of all barriers is not expected. So the Bogor targets are very ambitious. If APEC leaders wish to instigate a substantive process of liberalization, something more than working through the WTO processes is required.

Unilateral Liberalization

If early and comprehensive liberalization cannot be secured through a WTO multilateral process, the next best means is for each country to reduce trade barriers unilaterally. Some neoclassical economists argue that under any circumstances, unilateral liberalization is the preferred approach. It will generally create a greater gain in economic welfare in most cases.

What are the prospects for unilateral liberalization as a vehicle for achieving reductions of trade barriers across the board among APEC

member-economies? The broad trend in the eighties of steady liberalization of tariffs and nontariff barriers is likely to continue among the emerging economies in the region. But there is evidence of reluctance to comprehensively cut trade barriers. It is increasingly common among countries to leave certain sectors more highly protected. Usually this is justified to support the development of a strategic industry. This has been the case among industrialized economies for several decades. The industrial sectors where trade barriers tend to remain high are agriculture, iron and steel, processed chemicals, automobiles and clothing and textiles.

A principal reason for the use of the GATT system for trade liberalization is the presumption that all sectors of trade are covered.

There are plenty of indications of reluctance in Asia to liberalize across the board. ASEAN countries have been hesitant to embrace trade liberalization through AFTA whose objectives are modest. The amount of trade which they affect is limited. The scope of the treaty has recently expanded, but the effect is uncertain. AFTA is likely to have a significant discriminatory effect on trade in a number of industrial products. There are also signs that the ASEAN countries may reinstitute a discriminatory investment regime. The AFTA process has been a slow one, notwithstanding the recent decision to speed up the timetable for implementation.

It should be expected then that the processes of unilateral liberalization would only yield liberalization in sectors where trade or domestic production capacity is not significant or where domestic industry is globally competitive. Areas where this is not the case would be set aside. The experience with efforts at unilateral liberalization after the Osaka Summit tends to bear this out.

Regional Liberalization

A third option is regional liberalization. This is usually achieved through a bilateral or plurilateral treaty which sets out timetables for reduction and establishes formal legal commitments to secure such liberalization. Until recently, there were not many examples of successful free trade agreements. ANZCERTA and EFTA were, so far, the most significant.

The trade agreement landscape has been radically altered during the eighties. *First*, the Canada/US free trade agreement was negotiated and then extended to Mexico in NAFTA. The AFTA and the MERCOSUR agreement between Brazil, Argentina, Uruguay and Paraguay have been negotiated. Chile is to negotiate a free trade agreement with the US, while Argentina is also interested in an agreement with the US. New Zealand is exploring an agreement with Chile. These agreements are bound in rules and therefore can assist governments to manage the politics of trade liberalization. The extent to which this applies depends on a variety of factors, in particular the comprehensiveness of the scope of the agreement and the number of participants. If there has been such a proliferation of free trade agreements, why is there such hostility to the idea when the issue of how to secure liberalization in the Asia-Pacific region is considered?

The conventional answer has been that free trade agreements are discriminatory. The general contention is that, if all the APEC member-economies agreed to reduce trade barriers among themselves, this would distort the patterns of world trade and produce a less than optimum gain in net economic welfare for the countries concerned. While this contention is generally correct, its validity depends on the circumstances.

The GATT decrees that a free trade area or a customs union can coexist with a multilateral trading system, provided that the net effect is that third parties do not find their overall trade diminished once the new arrangement comes into effect. When Spain and Portugal joined the EC, the US complained that barriers to US agricultural exports rose. The EC countered that US trade across the board would remain at the same level because barriers on other products would come down, compensating for the loss of markets for agricultural products.

A set of trading arrangements which discriminate against trade with third parties compared to trade between members of the agreement does not cause a net loss of economic welfare if the members to the agreement also phase down trade barriers with the third parties. This was the case with Australia and New Zealand in ANZCERTA. If the AFTA countries reduce trade barriers with their non-AFTA trading partners at roughly the same rate

as when they cut trade barriers among themselves, there should be no net adverse effect on economic welfare.

This leads to a very fundamental point. The level of discrimination matters. A number of economists believe today that if the level of discrimination is small, the net effect on economic welfare will not be negative. So the range of questions which should be asked about discrimination should be broadened. The question should not only be "is it discriminatory?" it should also be "how discriminatory will it be?" and "what will be the net effect on economic welfare?"

REVISITING "OPEN REGIONALISM"

To avoid the possibility of a discriminatory agreement appears to have been instrumental in the development of the concept of "Open Regionalism." Advocacy of the concept has not been matched by practical proposals on how to make it work. Efforts to apply the concept are usually reduced to a statement of the criteria which should be satisfied when liberalization takes place, and invariably to only one criterion—liberalization should be nondiscriminatory. There are only two ways this can be achieved—by liberalizing through the WTO, or by liberalizing unilaterally.

Trade reductions negotiated through GATT processes apply to all trading partners, not just to APEC member-economies. Realization of the Bogor Declaration in this way might amount to a strategy whereby APEC members would take a common approach and act as a caucus to push for it in the next round of WTO trade negotiations. As observed above, this would seem to lead to a more modest result than that implied in the vision and bold sentiments of the Bogor Declaration.

The other presumption of the "Open Regionalism" advocates is that governments would act in a unilateral and voluntary way to reduce barriers, but in concert. This is a process which might conveniently be called "concurrent unilateral voluntary trade liberalization" (cuvtl).

The major shortcoming of this approach is that it does not help governments to manage the politics of trade liberalization. If domestic constituents

are aware that there is no formal obligation to liberalize, they will press governments to omit sensitive sectors, as Japanese farmers did before the Osaka leaders meeting.

This phenomenon is already evident in the efforts of APEC members to create unilateral programs to reduce trade barriers in the leadup to the Subic Leaders Summit. At the previous summit at Osaka, they committed to develop "Individual Action Plans" (IAPs) in which they would set out national programs of unilateral reductions to achieve the goals of the Bogor Declaration. The results were very modest. And in almost all cases, commitments did not go beyond standing commitments, usually those made in the Uruguay Round, and most sensitive areas were avoided. This is no surprise. There are no cases where it can be demonstrated that a "cvtl" process has been effective.

The history of trade liberalization indicates that successful international efforts to reduce trade barriers involve international commitments which are legally binding, and require trading partners to accept similar obligations and establish a formal obligation to be part of a broad international deal. These are also features of regional agreements, such as ANZCERTA, NAFTA and AFTA.

Can the concept of some form of regional agreement which involves more binding commitments be applied to the liberalization processes among APEC member-economies? To date, the concept has been set aside because it has been regarded as failing the requirement to produce liberalization which is nondiscriminatory. The issue of discrimination should be looked at empirically. What sort of problem does it create?

In the traded-goods sector, the major problem would be trade between the emerging economies of the region and Europe in industrial products. It is likely that a general reduction of tariffs on industrial goods in an APEC regional free trade agreement would result in discrimination against imports from Europe.² Trade barriers between Europe and the industrialized members of APEC are roughly the same. Internal APEC reductions would lower barriers in the emerging Asian economies to exports from the industrialized members of APEC, but not to exports from Europe.

How big a problem would this be? Until some analysis is done, it is impossible to say. If the margins were not great, there may not be a net negative impact on economic welfare. If the margins were significant, the negative effect may be significant, and this is not a situation that anyone would want. The European Union (EU) would not be likely to tolerate it. Its markets for exports from Asia and its levels of investment outflow to Asia are sufficiently large that it could exert significant influence on the countries of the region to pay attention to its interests. The interest of economies in the APEC region in trade and investment with Europe are sufficiently great that they would not want to follow a course of action which jeopardized it.

Even such an outcome does not of itself warrant a judgment that some form of free trade arrangement could not work. There are mechanisms that can be adopted which would obviate the negative effects of discrimination against trading partners outside APEC. A regional agreement might specify that all trade reductions should be made according to a most favored nation (MFN) basis. Certain commitments might be made conditional on their adoption in a WTO multilateral trade negotiation. The point is that a regional agreement should not *ipso facto* be ruled out until empirical work is done to assess the impacts of various models of liberalization.

THE SPECIAL PROBLEM OF SERVICES

The services sector created a different set of problems which do not appear to have been systematically addressed. It is still unclear what sort of international system for liberalizing trade in services will develop under GATS. Commitments to liberalize have been made in many areas, but in the critical sectors of financial services and telecommunications, the absence of a commitment by both the U.S. and the EU to the basic principles of MFN is a serious weakness. The GATS cannot yet be said to be an instrument of the market like the GATT, which, at present, arranges the scheduling of individual commitments to provide market accessibility.

The ultimate direction of the GATS may not be settled until the next WTO round. It may end up as little more than a register for bilateral

agreements on reciprocal access if there is no universal and unqualified commitment by all parties to apply competitive principles to market access. In the interim, regional markets for services are developing in Europe and North America, fostered by regional agreements.

There are many options for APEC member-economies consider to open services markets. A regional agreement could be a vehicle to advance a level of market opening and commitment to market principles which are not achievable under the GATS. Commitments under a regional agreement to create regional markets for services would have a positive impact. If there was agreement to fully apply the GATS to the financial services and basic telecommunications sectors, pan-regional agreements to liberalize would create an incentive to transfer commitments to build global markets into GATS.

A major issue here would arise with the EC. Under the single-market program, the EC has already undertaken a form of discriminatory liberalization in services. Single-market commitments apply only to members of the European Economic Area. They have guaranteed access to each other's markets. Third parties have access to those markets on a reciprocal basis. The EC will not deny access if it considers that its service providers receive national treatment in foreign markets. If Asian and Pacific economies were to set up a regional framework for liberalization which implied the same principles, it would create powerful incentives to trade rights of access across trade blocks to create multilateral markets.

One thing is clear. Given the lack of interest to date in liberalizing services, there is no reason to assume that a "cutv!" process would yield anything of benefit in the services sector.

DEVELOPING AN EFFECTIVE APPROACH TO TRADE LIBERALIZATION

Collective liberalization of trade is a very complicated business. No multilateral or plurilateral program of trade liberalization has ever been achieved quickly. Sometimes, bilateral free trade agreements can be

speedily negotiated. The larger the number of countries involved, the more complex is the process. A very long process of prenegotiation is required to establish the terms of, targets for, and modalities of any process of negotiating reductions.

It was unrealistic of the APEC leaders to decide at the Osaka Summit that detailed plans for achieving the reductions in trade barriers which were agreed the year before at Bogor could be developed within 12 months.

There is also a need to reach a general consensus on the strategic purpose of trade liberalization in the APEC region. Most preexisting cases of regional and bilateral liberalization are undertaken to achieve more than just the economic benefits which collective action to reduce trade barriers can create. There is often a strategic or political benefit to be won from the economic integration that comes from the reduction of barriers to trade and investment.

The APEC member-economies appear to agree on the idea that there is strategic benefit in enhancing economic integration. But it is not clear if they have sufficiently articulated this strategic interest to take concrete action to start reducing trade barriers in earnest.

There is also a need for substantial discussion and research about the modalities of successful trade liberalization among the academics, government policymakers and researchers in APEC member-economies. What would be the economic effects of various scenarios of liberalization? How long will it be before the next tranche of trade liberalization can be realistically expected from the WTO processes? By what means can regional processes of liberalization arm governments to enable them to contend with domestic opposition to liberalization? Is a regional free trade agreement out of the question? What is the net economic effect of discriminatory agreements if the levels of discrimination are low? What devices might be used in a regional agreement to ensure that the optimal liberalizing benefit is achieved from regional liberalization?

The proponents of "Open Regionalism" have proffered one approach. It has encouraged advocacy and encouragement of collective unilateral liberalization. However, this approach does not provide the rigor or institu-

tional strength needed for an effective process of plurilateral trade liberalization.

Until there is a substantial degree of consensus over the strategic issues and a greater body of work on the issues on how to liberalize, the trade liberalization processes of APEC will yield slight results. This takes time. It is available.

NOTES

1. PECC, "Survey of Impediments to Trade and Investment in the APEC Region," 1995, Singapore, and PECC, "Milestones in APEC Liberalization: A Map of Market Opening Measures by APEC Economies," 1995.

2. It is assumed that the pattern of liberalization would be similar in all other international and regional agreements namely, that the pace of liberalization in the more sensitive and more highly protected sectors such as agriculture, textiles, automobiles, plastics, and chemicals would be slower and therefore, would not create special problems in trade with Europe.