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TOPICS IN THE ECONOMICS OF INTEGRATION IN THE AMERICAS*

The first article in this section, by Alessandro Nicita, Marcelo Olarreaga and Isidro Soloaga, tries to identify whether information generated in one export market can help Mercosur members increase exports to third markets through information spillovers, and whether the creation of Mercosur has helped in this regard. The authors find that such information spillovers do exist, but that regional tariff preferences did not enhance the role of Mercosur as an export platform for Argentina and Brazil, enhanced it for Paraguay and hurt Uruguay.

Julio Nogués, in his article, argues that Mercosur members are especially hurt by the North's protectionism because they are efficient producers of the most protected products in the world, namely agricultural and agro-industrial products. The author shows how these costs rise with the number of regional agreements of which they are excluded. This is particularly worrying given the failure of the Doha negotiations to liberalize the North's agricultural protectionism.

Glenn Harrison, Thomas Rutherford and David Tarr have derived "rules of thumb" from the application of a number of computable general equilibrium models to inform policy makers in countries of Africa, Asia and Latin America on the welfare effects of regional arrangements, with a clear recognition that these rules of thumb may not hold for some modeling variants. This paper offers a summary of their findings for the Americas.

In the last paper, Maurice Schiff and Yanling Wang examine the separate effects on Mexico's TFP of trade-related technology diffusion from the US and Canada, on the one hand, and from the rest of the OECD, on the other. They find that the impact of the former is much larger than that of the latter (with even trade diversion having a positive impact on TFP) and that NAFTA has resulted in some convergence of Mexico's economy to those of the US and Canada.

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