

# Massachusetts Center for Agriculture

University of Massachusetts Amherst

## Economic Assessment of Changes in Trade Arrangements, Bio-Terrorism Threats & Renewable Fuels Requirements on the U.S. Grain & Oilseed Sector

### Issue

Consumers worldwide have an increased demand for differentiated products suite better to their needs. The objective of this study is to examine various aspects of the impact of product differentiation on international trade, market power, and on the validity of tests for market power in trade.

### Impact

Our results show that using data that is aggregated over heterogeneous products leads to positive findings of exchange-rate-induced price discrimination, whereas such findings tend to disappear with less aggregated data. Thus, misleading conclusions of imperfect competition and price discrimination can be derived using export unit values for heterogeneous

product categories and the pricing-to-market approach. This finding is informative for policy evaluations and recommendations such as in allegations of dumping.

### Primary impact area(s)

- Research
- Education
- Extension

### Topics

- Market Power
- Product differentiation
- State-trading enterprises

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