Conclusion

An examination of agricultural trade rules, evolving patterns of food trade, and the economic effects of reducing global tariffs reveal a number of issues specific to market access for high-value foods. For processed products, in particular, the protective effect of tariffs can be magnified when lower tariffs are levied on primary products ("tariff escalation"). The practice of levying low or zero tariffs on imports of primary products, with tariffs increasing as the level of processing increases, continues to be an enduring feature of many countries' tariff regimes.

In addition to, or in place of, tariffs, countries have at their disposal other measures that may encourage imports of relatively unprocessed agricultural commodities at the expense of more processed products. These include sanitary and phytosanitary measures as well as various forms of contingent protection (antidumping duties, countervailing duties, and safeguards). While it can not be ascertained whether increases in SPS notifications observed for high-value agricultural products are the result of protectionist trade policies, available evidence suggests that the use of contingent protection has concentrated on high-value products.

Global trade patterns for land-based high-value foods, whose production is dependent upon particular resources, are relatively stable despite changes in the overall composition of food trade, shifts in the direction of this trade, and trade-balance reversals. By contrast, the pattern of trade for manufactured high-value foods, which can be produced anywhere capital and technology are available, is less predictable. Data also show that it can be difficult, and sometimes impossible, to gauge empirically the nature of bilateral complementarity of trade in processed products, given the absence of sufficiently detailed data required to capture the fine degree of specialization taking place within the food industry.

Benefits of global cuts in tariffs are not limited to the largest agricultural exporters, but also accrue to smaller exporters, including many developing countries. The effects of tariff cuts on returns to labor vary across countries based on a country's share of total labor force employed in trade-dependent sectors. Consequently, increases in returns to labor are generally lower for more developed countries, where a greater share of processing is destined for domestic markets, and are higher for developing countries, where more of the value added is oriented toward foreign markets.