



# The Global Landscape of Agricultural Trade, 1995-2014

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## What Is the Issue?

The Uruguay Round Agreement on Agriculture (URAA) of 1994 imposed new disciplines on market access barriers, domestic support, and export subsidies, and set up rules for nontariff measures as well. In the two decades since the URAA, government interventions in agricultural trade have evolved, agricultural trade has expanded, and BRIIC countries (Brazil, Russia, India, Indonesia, and China) and other emerging economies have become significant agricultural traders. Although clear progress has been made in many areas—e.g., tariff reductions and elimination of export subsidies—there is room for further disciplines on tariffs, nontariff measures, and domestic policy. This report explores the evolution of agricultural trade patterns since the URAA (from 1995 to 2014) and examines the array of government interventions currently affecting agricultural trade.

## What Did the Study Find?

Global agricultural trade volume increased steadily and quickly, averaging over 3.5 percent per year. Growth occurred across all major categories, with trade in oilseeds/oilseed products growing fastest; however, growth in trade across countries and regions was uneven. Agricultural exports by the five BRIIC countries grew much faster than the global average. Agricultural imports of emerging economies grew quickly, dominated by growth in China's imports; while Europe's agricultural imports grew much more slowly.

Across the largest economies and trading countries, applied agricultural import tariffs averaged 15-22 percent and bound tariffs (maximum tariff rates established in the World Trade Organization (WTO)) 46 percent. A country's tariffs tend to be higher for imports that compete with domestic products, and additional duties can be applied for limited periods and in certain circumstances. Tariffs at these levels can significantly restrict agricultural trade. **Regional and bilateral trade agreements** give preferential tariff treatment to certain agricultural products traded among the members of these agreements. Trade volumes can be limited by government administration of **tariff-rate quotas (TRQs)**, government licensing of the right to import, and special privileges given to **state-trading enterprises** active in agricultural markets. While export subsidies are scheduled to be eliminated in a series of steps beginning in 2017, export restrictions—such as taxes and licensing—have proliferated.

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Domestic farm support has evolved since the URAA due to income growth, commodity price changes, political factors, and WTO commitments. Some developed economies initially moved to a system of direct, decoupled payments, more recently emphasizing countercyclical support for producers, which is more substantive when yields or returns are low. The amount of agricultural support has remained about the same (or fallen) since the URAA for developed countries. Major emerging economies, however, have increased the support they provide to farmers, sometimes using methods like price support or input subsidies that are more likely to distort trade. In some of these countries, the recent emphasis on support for agriculture is a sharp departure from earlier policies that implicitly taxed agriculture.

Changing trade patterns have exposed other domestic policies that act as barriers to agricultural trade. Although often essential to protecting the health and safety of consumers and the value of the agricultural sector, nontariff measures like sanitary/phytosanitary standards have been used to protect favored producers from competition. The number and stringency of regulations and standards affecting agricultural trade have increased dramatically since the Uruguay Round. Whether they are mandatory government policies or requirements of private firms, these sanitary measures often dictate market access more than tariffs and other traditional trade policies.

### **How Was the Study Conducted?**

The 2001 ERS report *The Road Ahead: Agricultural Policy Reform in the WTO* provided an impetus and guide for the current study. To understand the evolution and current status of world agricultural trade, a database of total agricultural imports and exports for each of 180 countries was constructed. Primary data sources include the World Bank and the Food and Agriculture Organization of the United Nations. To examine the trends and key issues in policies affecting trade, the study uses a broad range of data and indicators from numerous sources. Tariff data were gathered from the WTO and other country sources. U.S. trade data came from the USDA. Domestic support data came from the WTO and the Organisation for Economic Co-operation and Development. This report also uses the results of papers commissioned by the International Agricultural Trade Research Consortium and relies heavily on material published by the WTO—including articles on its website, trade policy reviews, notifications made by members, and the annual *World Trade Reports*.