

Perspectives of Agricultural Trade Liberalisation

Radovan Kastratović¹

Abstract

In this paper, I review the perspectives of the liberalisation of international trade in agricultural products. The analysis presented in the paper shows that there has been a significant move towards liberalisation of these trade flows over the past several decades. However, the potential for further trade liberalisation in the sector remains. Although the tariffs have been reduced globally, in some countries they are still an insurmountable barrier to trade. Moreover, tariffs in agricultural trade are still, on average and globally, higher comparing to tariffs imposed on other product groups. Bali package suggests further trade liberalisation for agricultural products in the future. An important issue that remains to be addressed is agricultural subsidies, which, despite being regulated by the Agriculture Agreement, still pose an important problem in agricultural trade. The problem is further aggravated during the financial crisis and, more recently, the Covid-19 pandemic, all of which further impeded the reductions of subsidies. Finally, the analysis identified a proliferation of non-tariff barriers in agricultural trade in the analysed period. Ecological barriers and differences in sanitary and phytosanitary measures between the countries were revealed to strongly hinder agricultural trade flows between developing and developed countries. The liberalisation of agricultural trade and the unification of ecological, sanitary and phytosanitary, and production standards could intensify these flows and thereby improve the global allocation of the resources, reduce the existing production distortions and increase global welfare. This could particularly benefit smaller producers in developing countries, as well as all the consumers. Further liberalisation will likely require a multilateral approach, in which the World Trade Organisation could play a vital role.

Keywords: Agricultural trade, trade liberalisation, tariffs, non-tariff measures, WTO

¹Teaching Assistant, University of Belgrade Faculty of Economics, Belgrade-Serbia, kastratovic@ekof.bg.ac.rs