

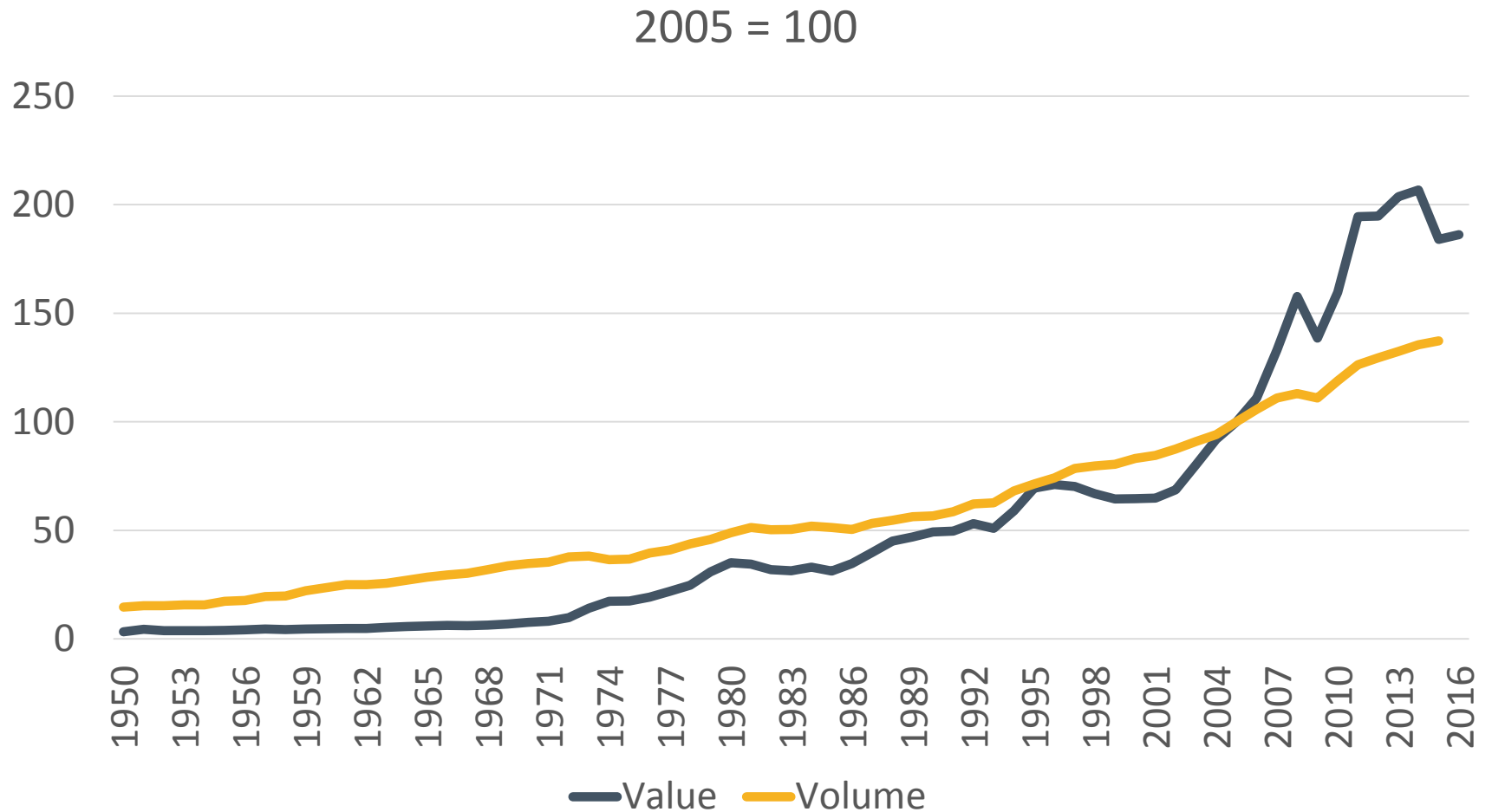


The evolution of global trading patterns and its implications for the WTO

Joseph W. Glauber, IFPRI
Agricultural Policy Landscape
World Trade Organization
13-14 June 2018



Global agricultural trade



Source: WTO, *World Trade Statistical Review*, 2017



Outline

- Trends in global grain consumption with projections for 2018-2027
- Growing importance of developing country agricultural trade
- Tariff structure and trends
- Conclusions



Annual global consumption growth rates with projections for 2020-27

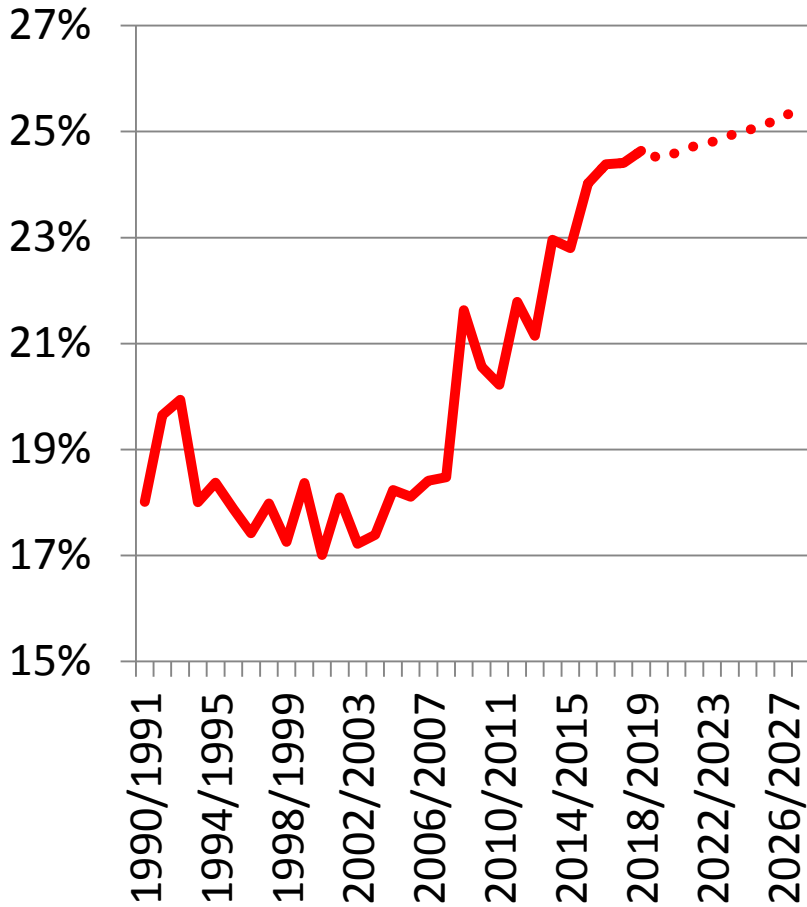
Decade	Wheat	Rice	Maize	Soybeans	Global population growth
	<i>Percent</i>				
1980-89	1.7	2.2	1.4	3.2	1.6
1990-99	0.6	1.5	2.4	4.3	1.3
2000-09	1.1	1.0	3.0	3.4	1.1
2010-19	1.5	1.0	2.7	3.9	1.2
2020-27F	1.0	0.6	1.2	2.2	1.1

Source: USDA, PSD database; USDA, ERS Baseline Projections to 2018; UN Population Statistics

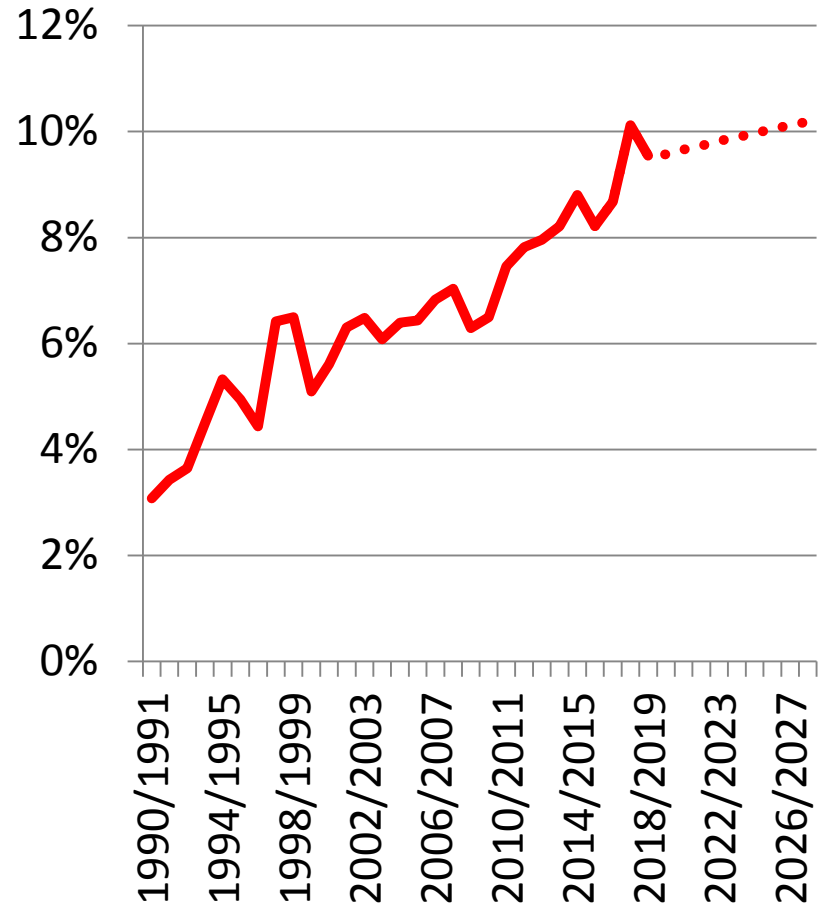


Import penetration projected to grow

Wheat



Rice

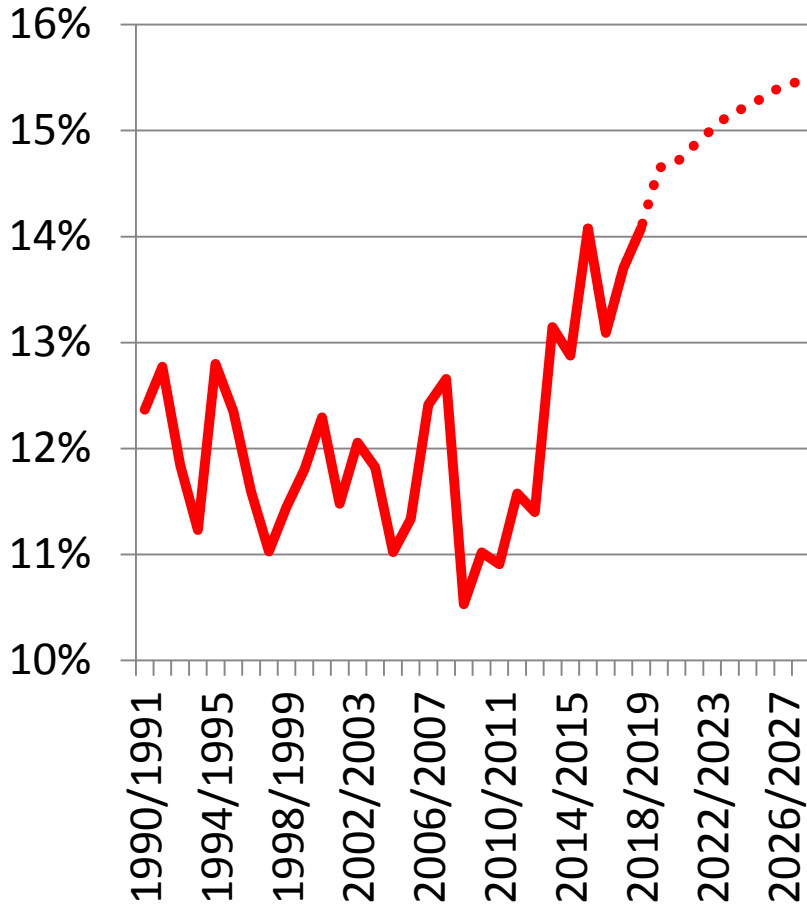


Source: USDA, Economic Research Service

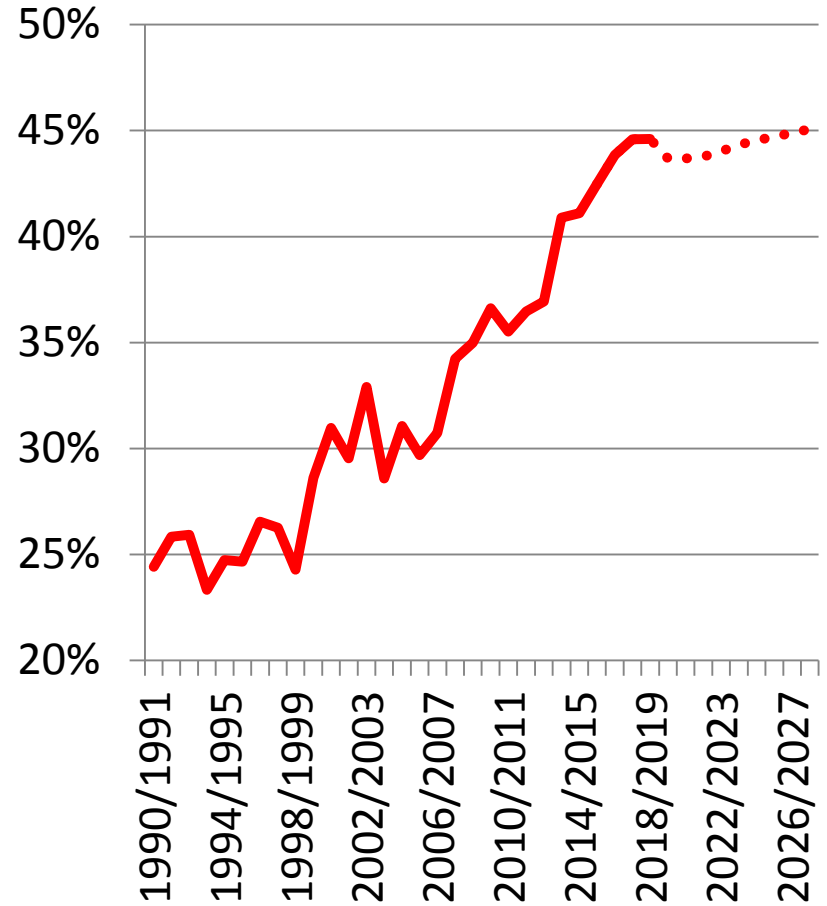


Import penetration projected to grow

Maize



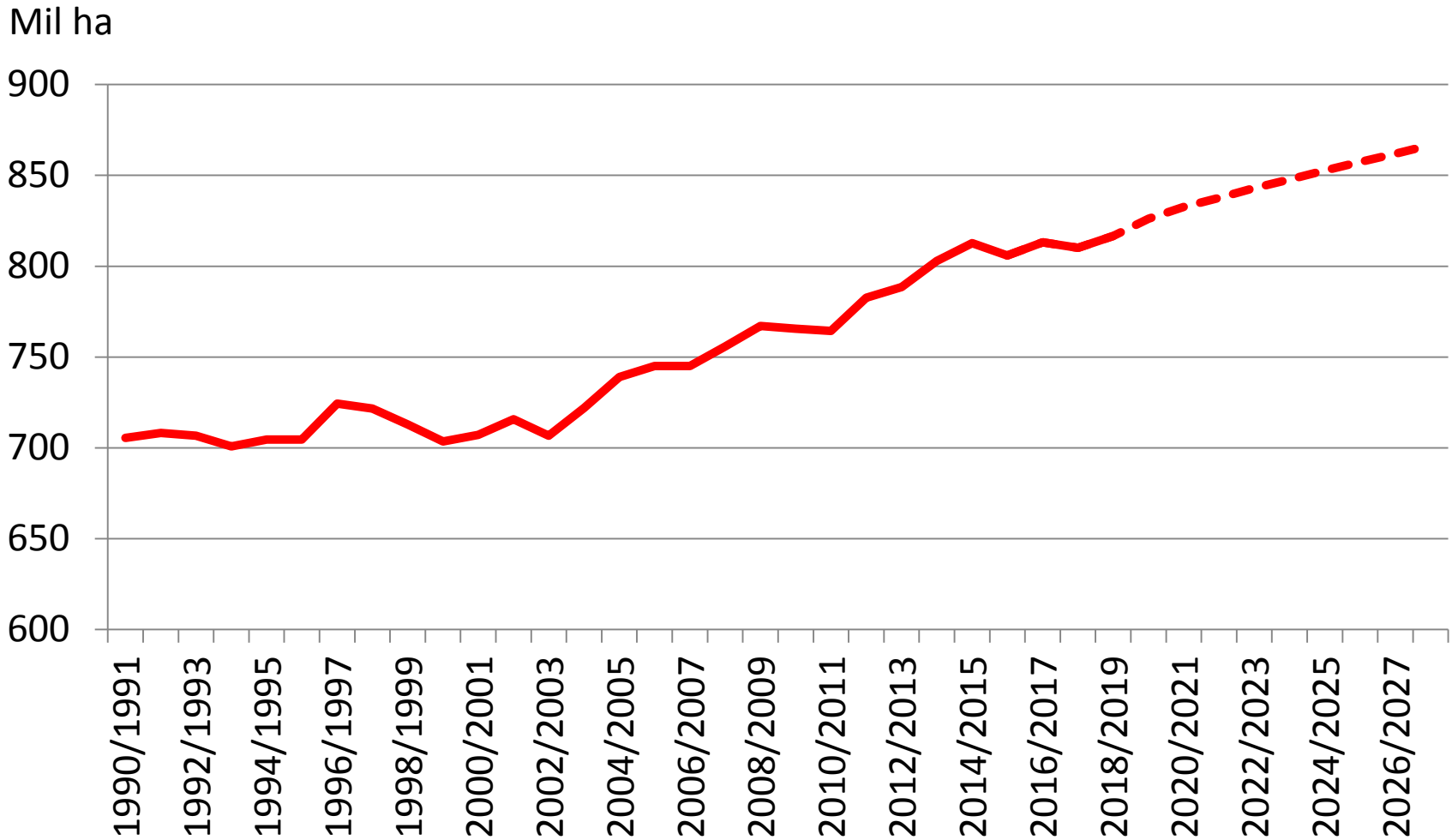
Soybeans



Source: USDA, Economic Research Service



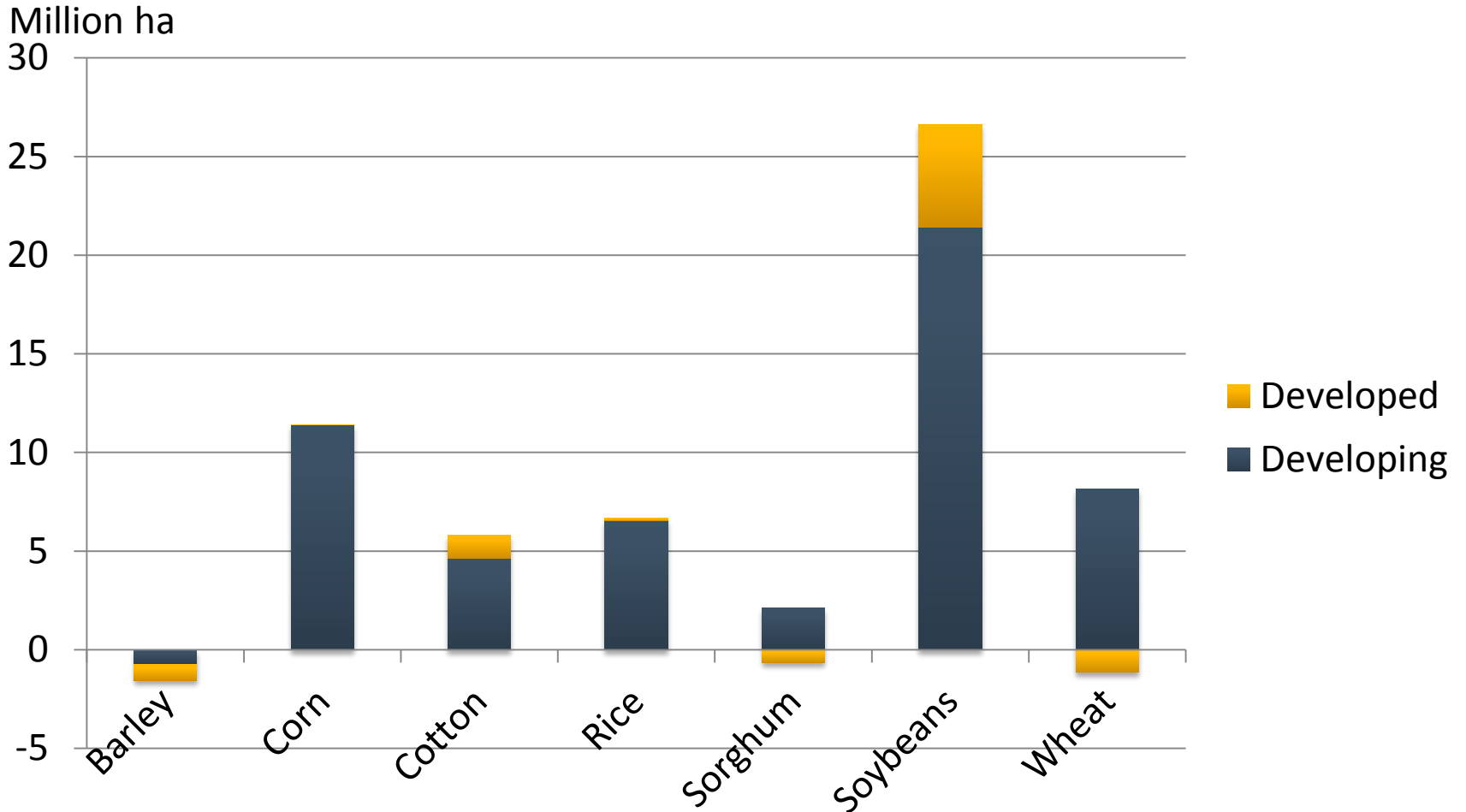
Harvested area major field crops



Source: USDA, Economic Research Service



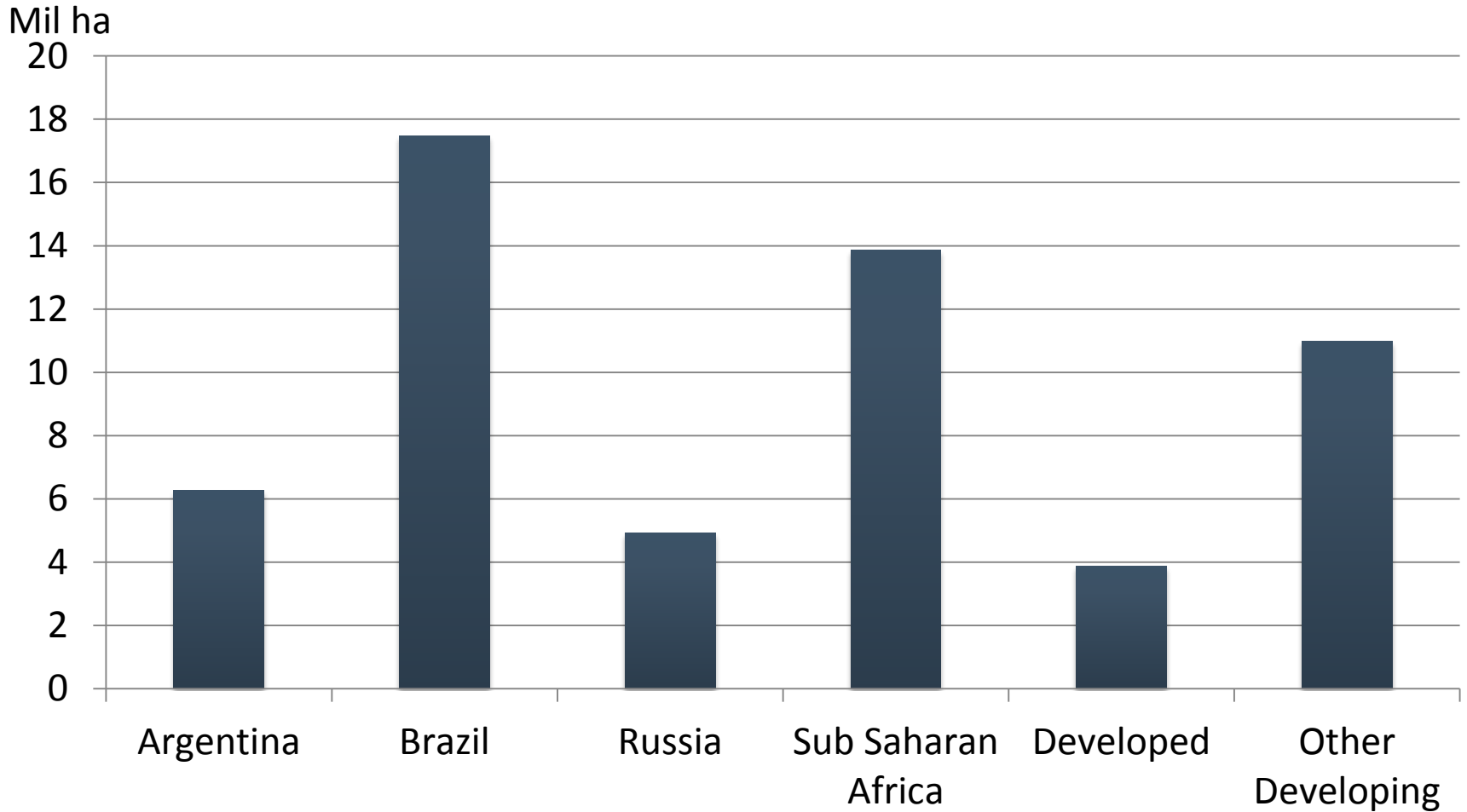
Projected increase in harvested area, 2018-2027



Source: USDA, Economic Research Service



Projected increase in harvested area, 2015-2027



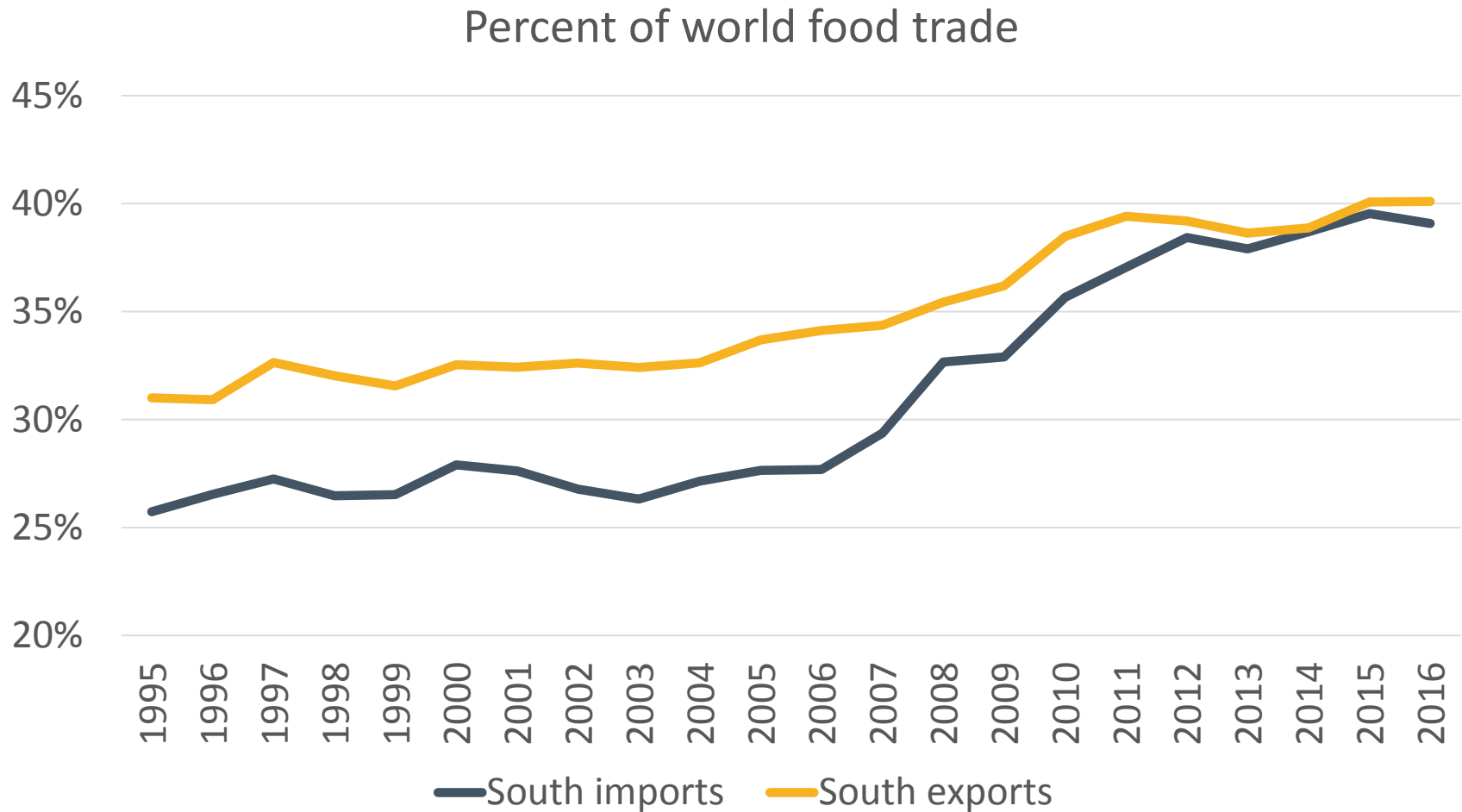
Source: USDA, Economic Research Service



Growth of developing country trade



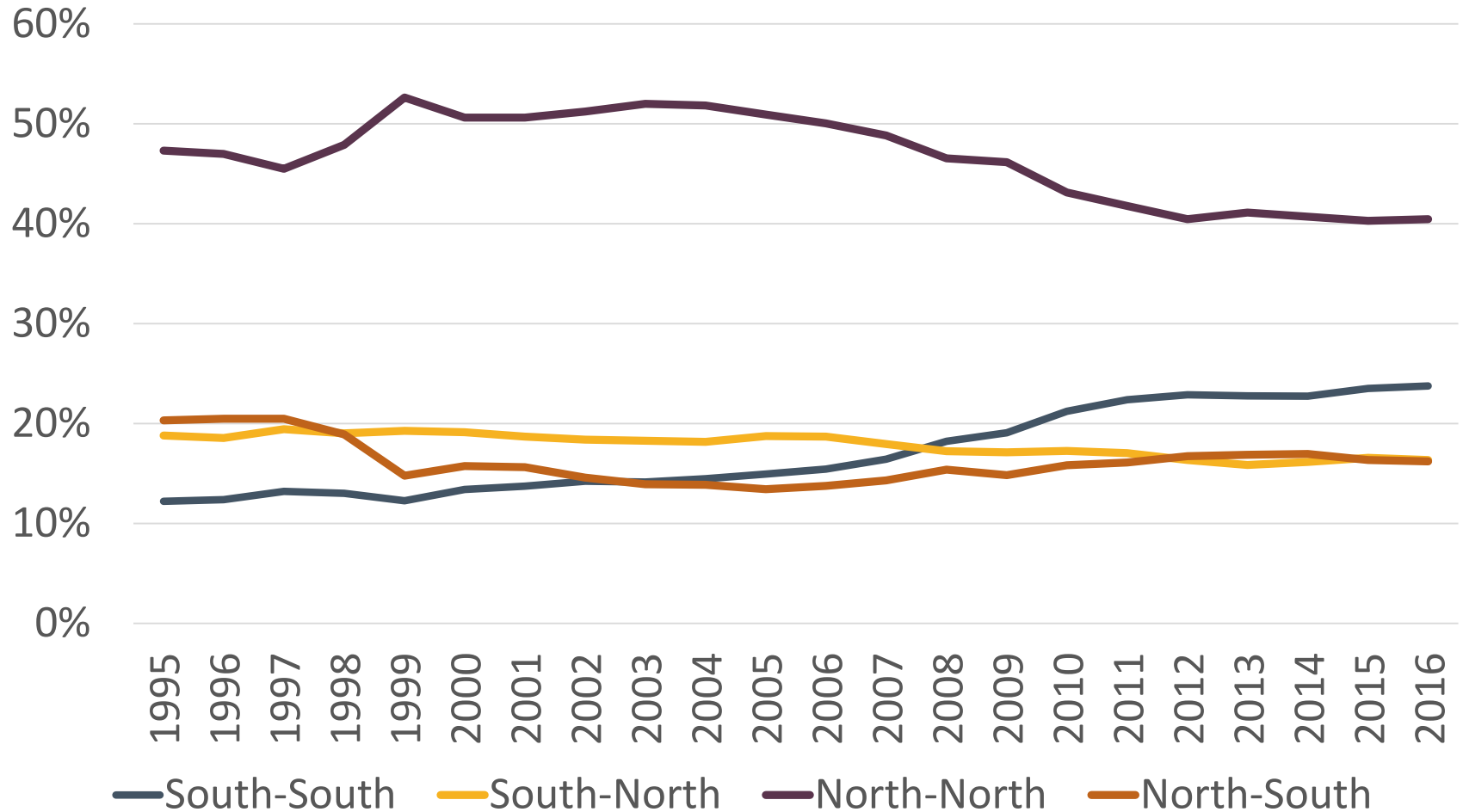
Growth of developing country trade



Source: UNCTAD, *All food items* (SITC 0 + 1 + 22 + 4)



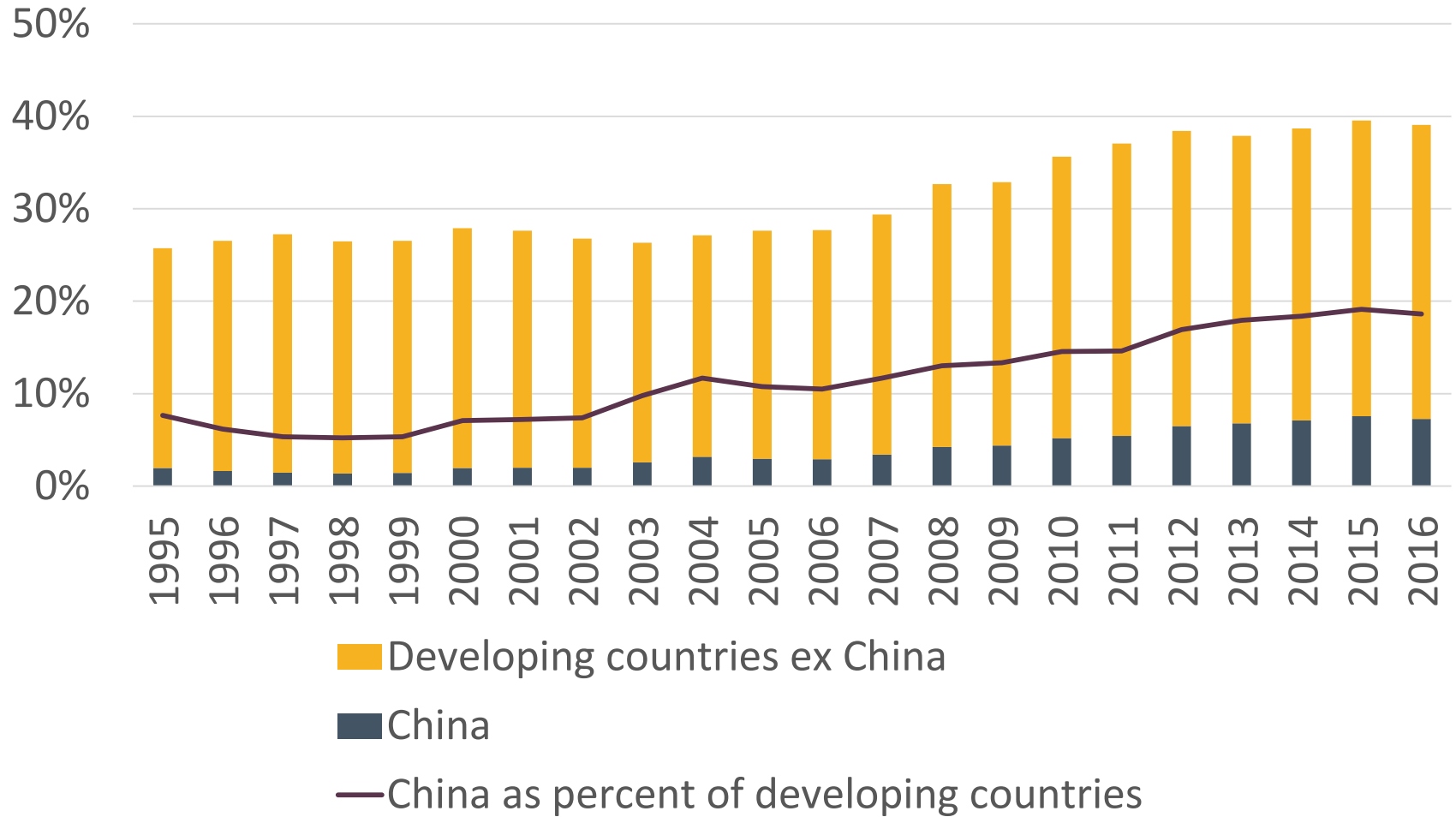
Share of global food exports



Source: UNCTAD, *All food items* (SITC 0 + 1 + 22 + 4)



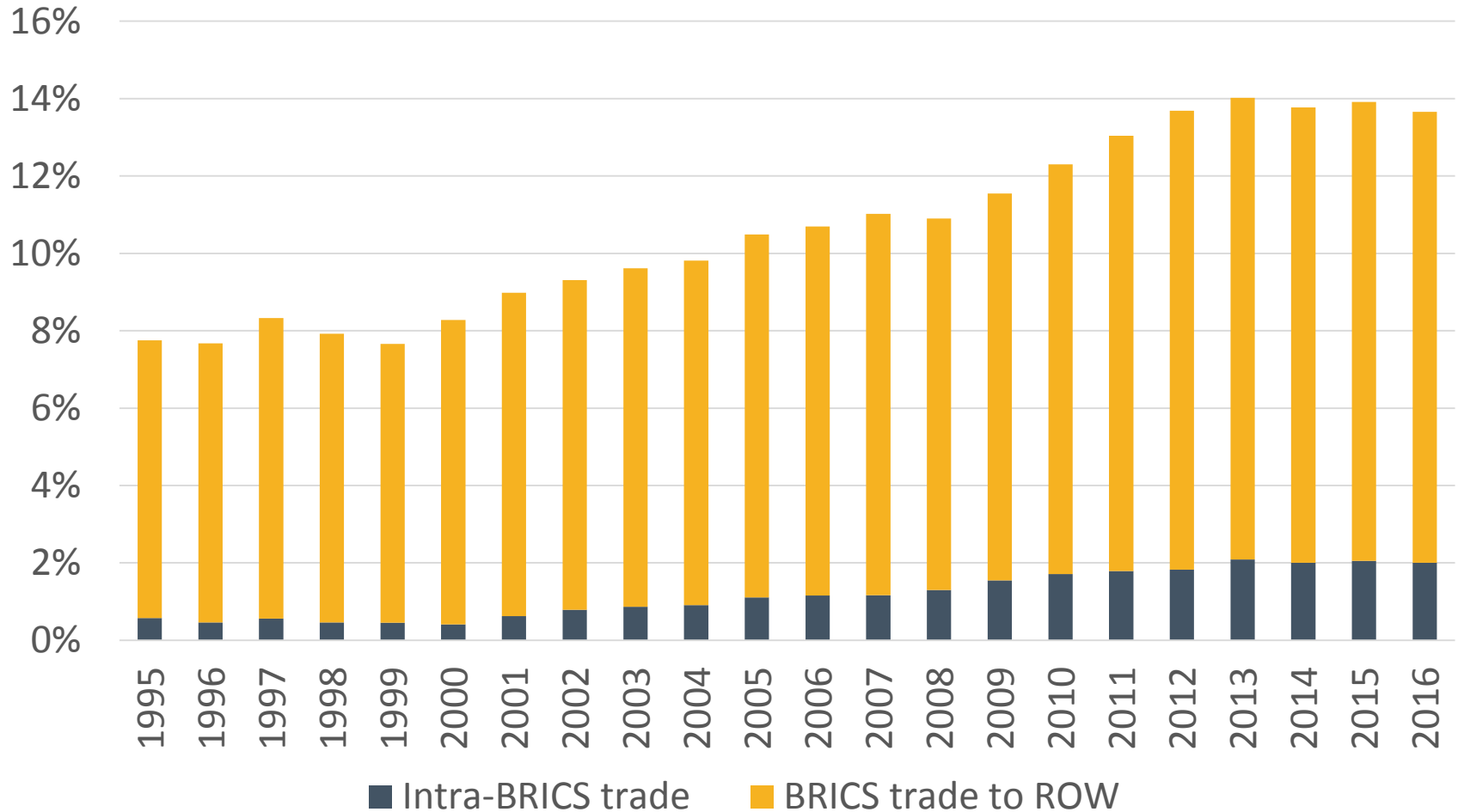
Developing countries' share of global imports



Source: UNCTAD



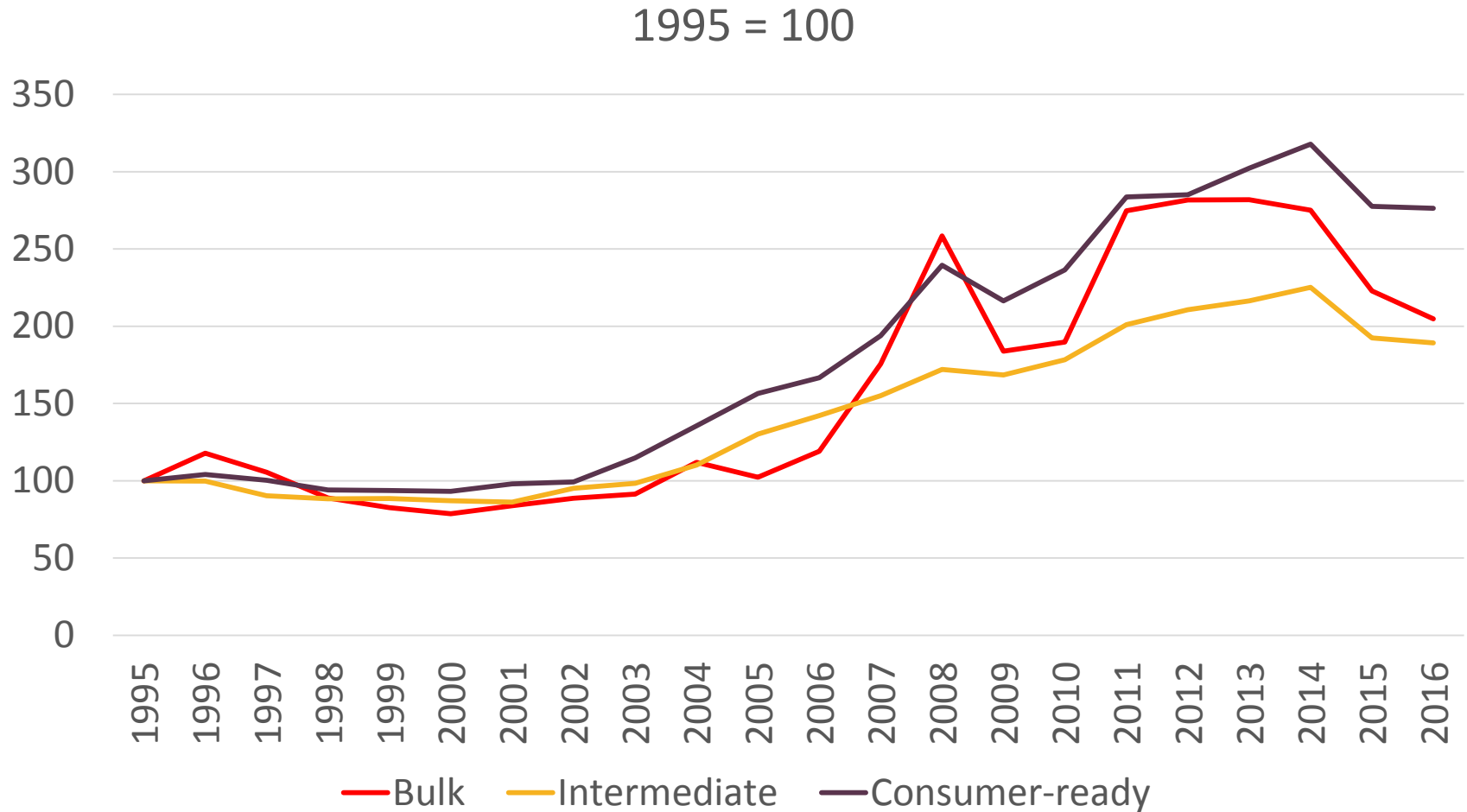
BRICS share of global food exports



Source: UNCTAD

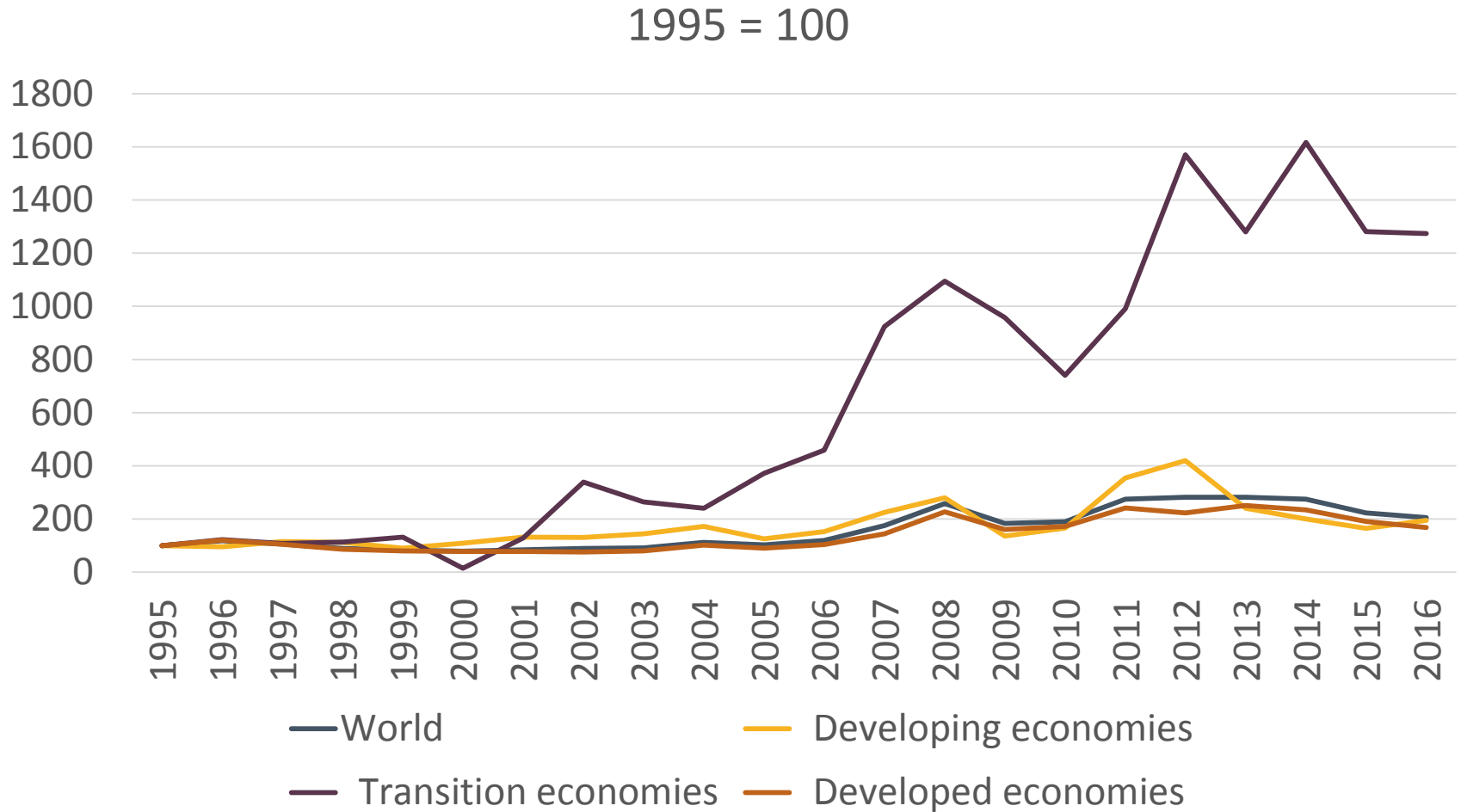


Growth in food exports by category



Source: UNCTAD

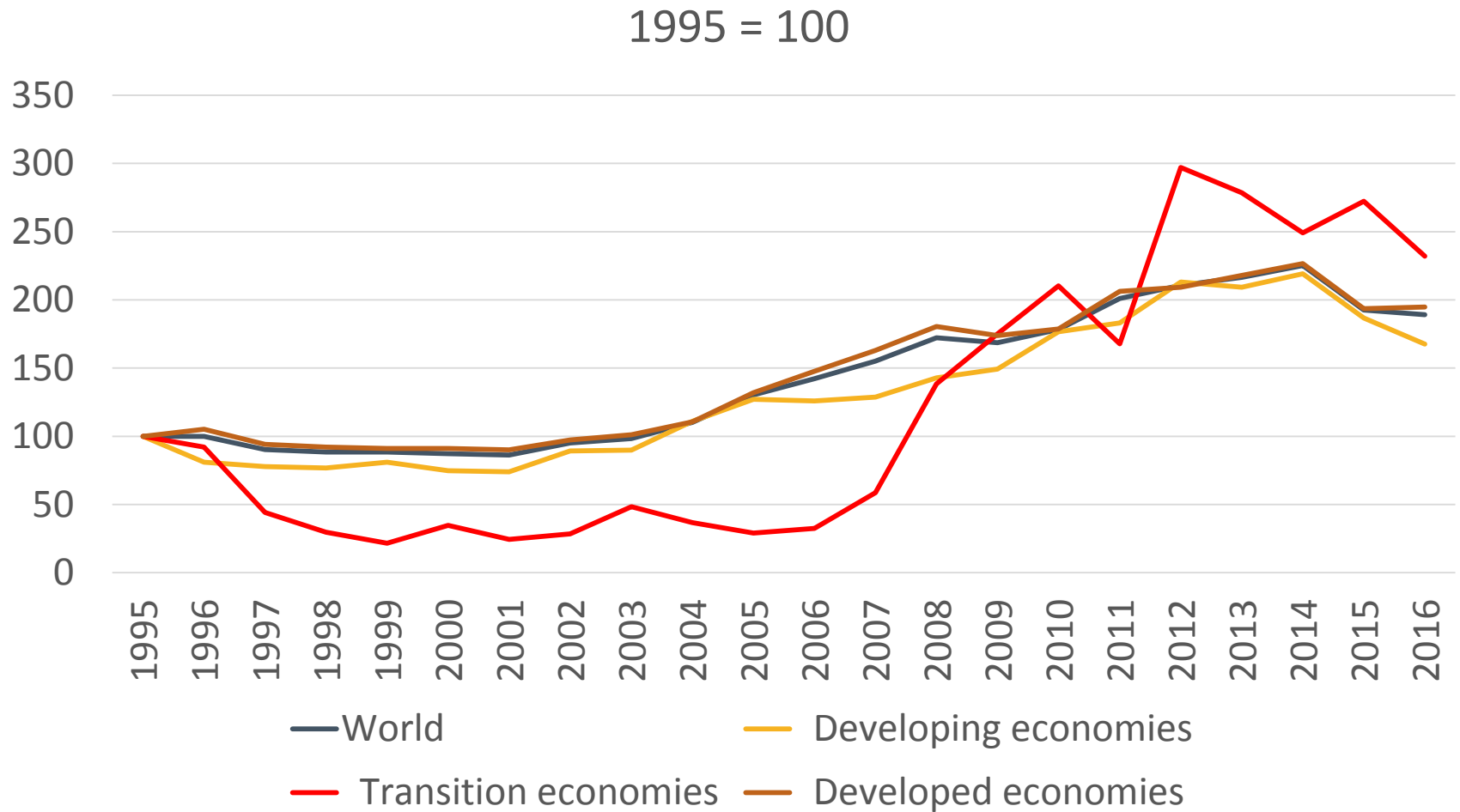
Growth in bulk food exports



Source: UNCTAD



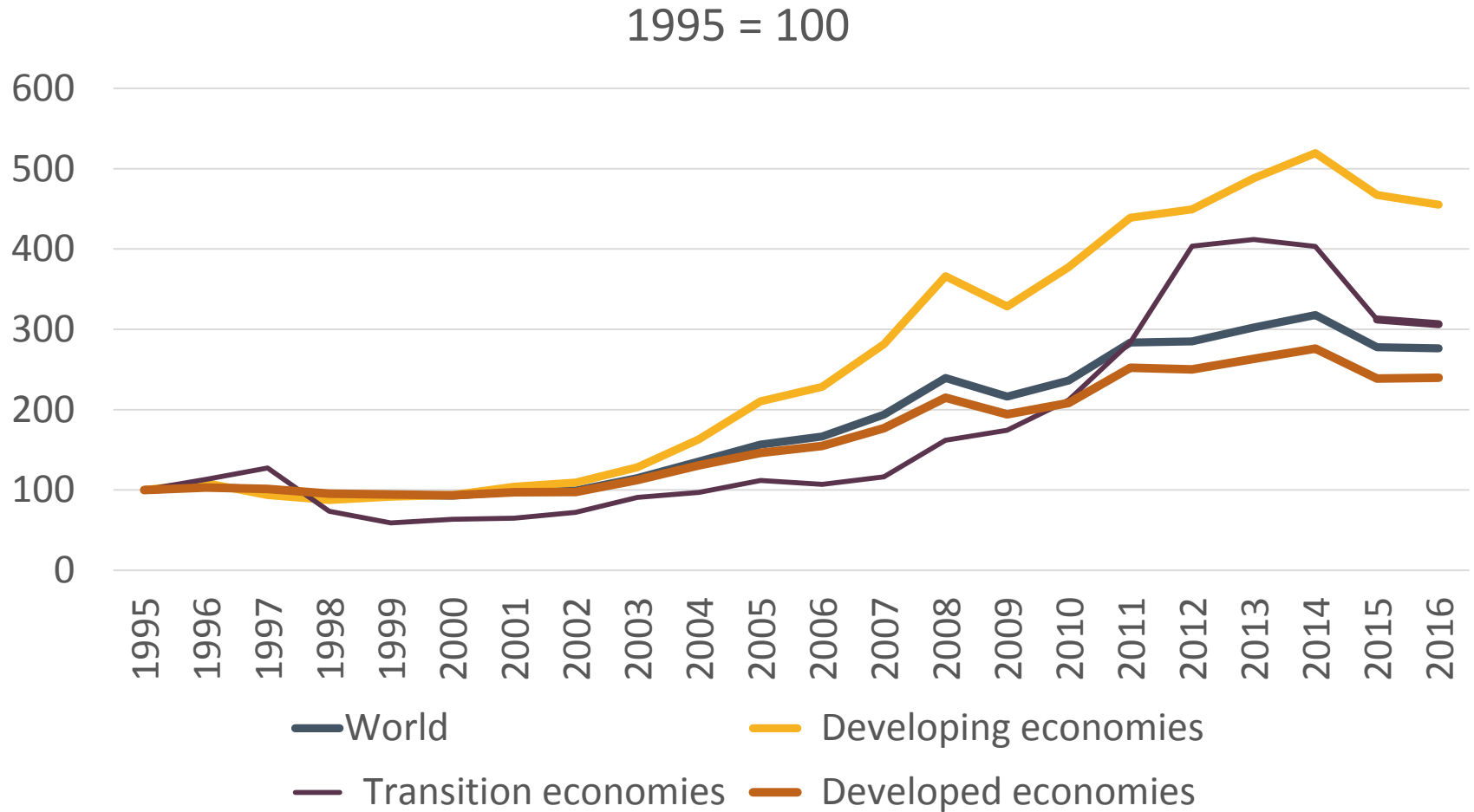
Growth in intermediate food exports



Source: UNCTAD

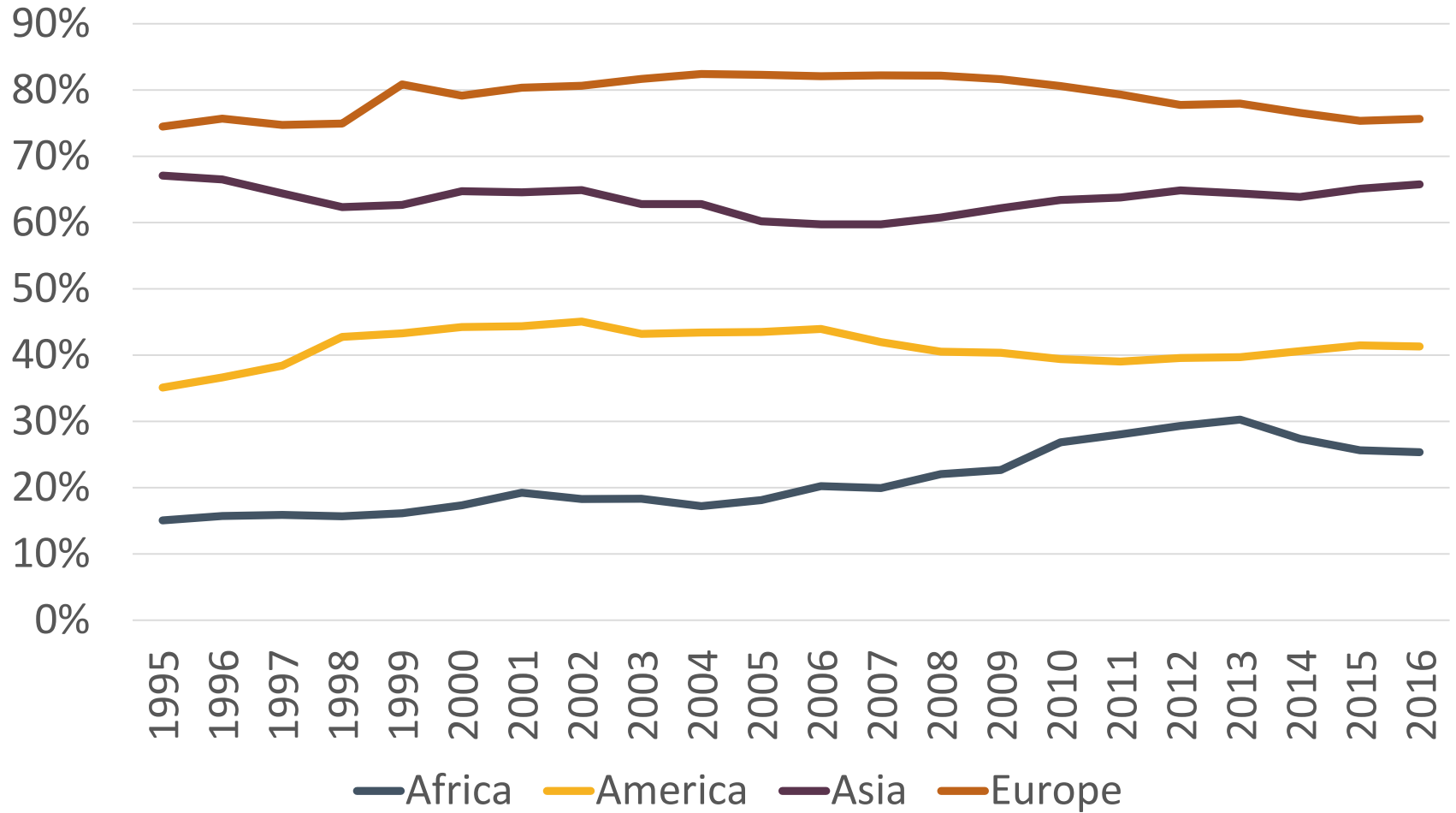


Growth in consumer ready food exports





Intra-regional trade as percent of total regional food exports



Source: UNCTAD

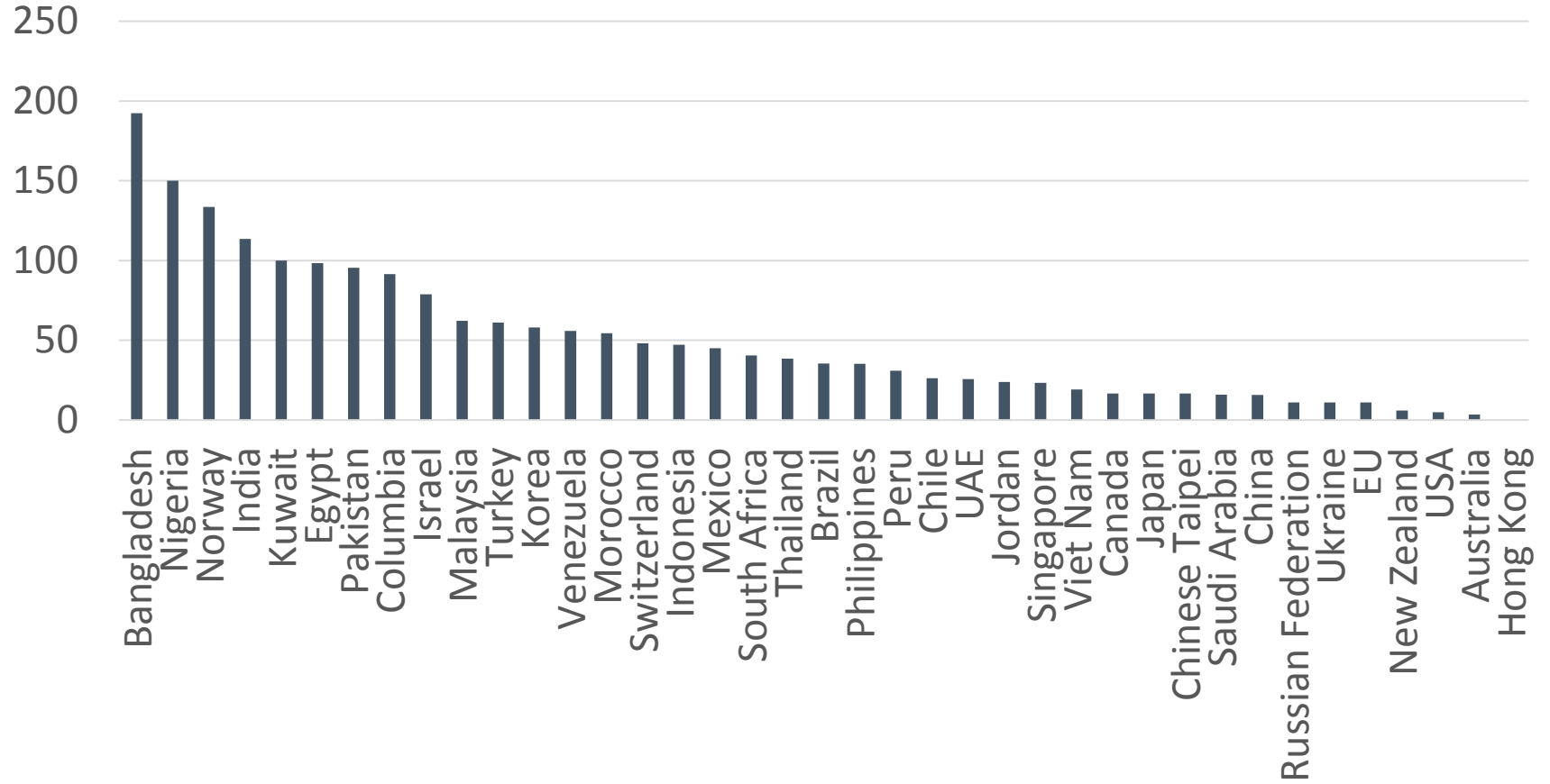


Tariff structure and trends



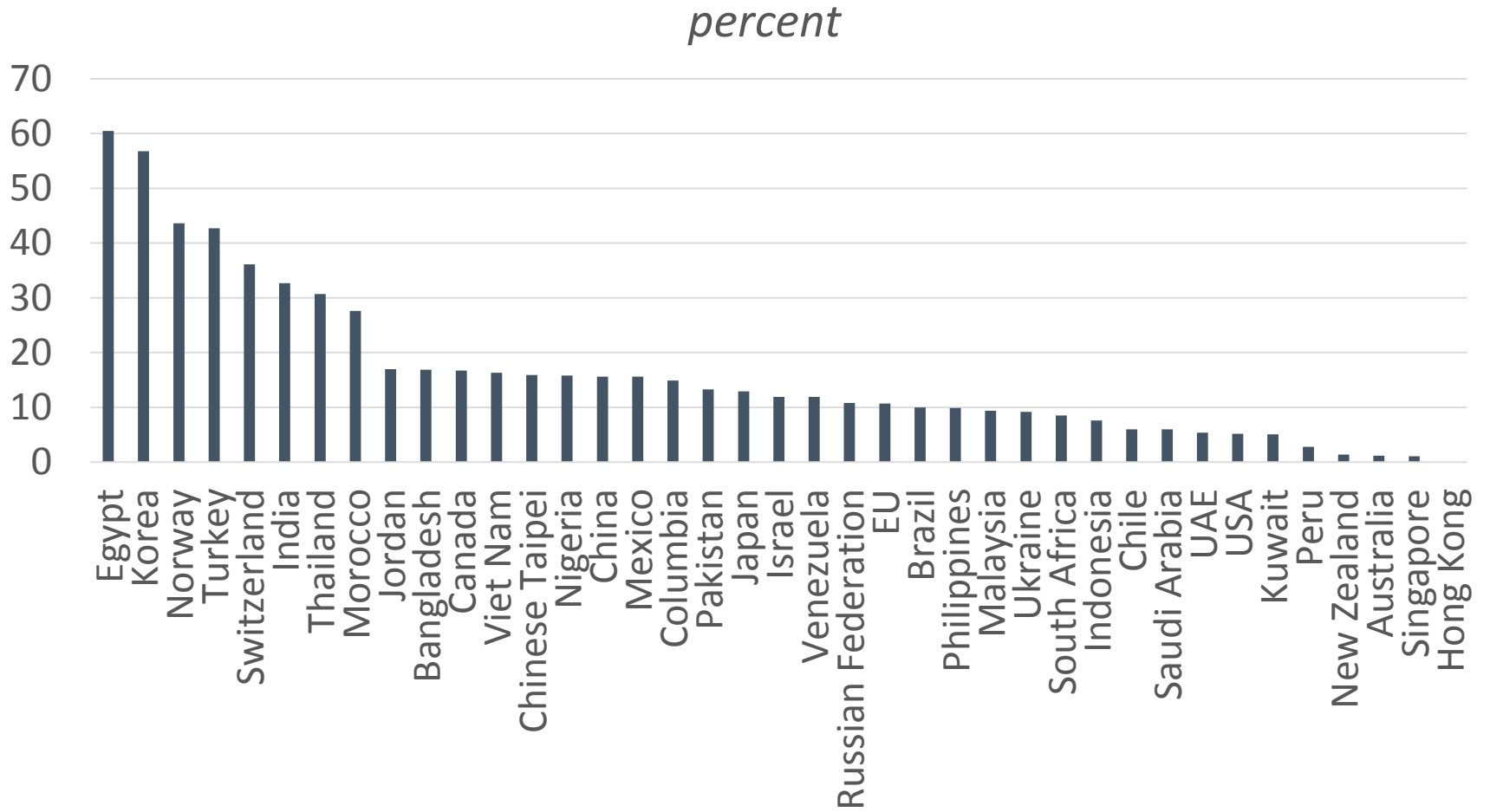
Average bound tariff rates

percent



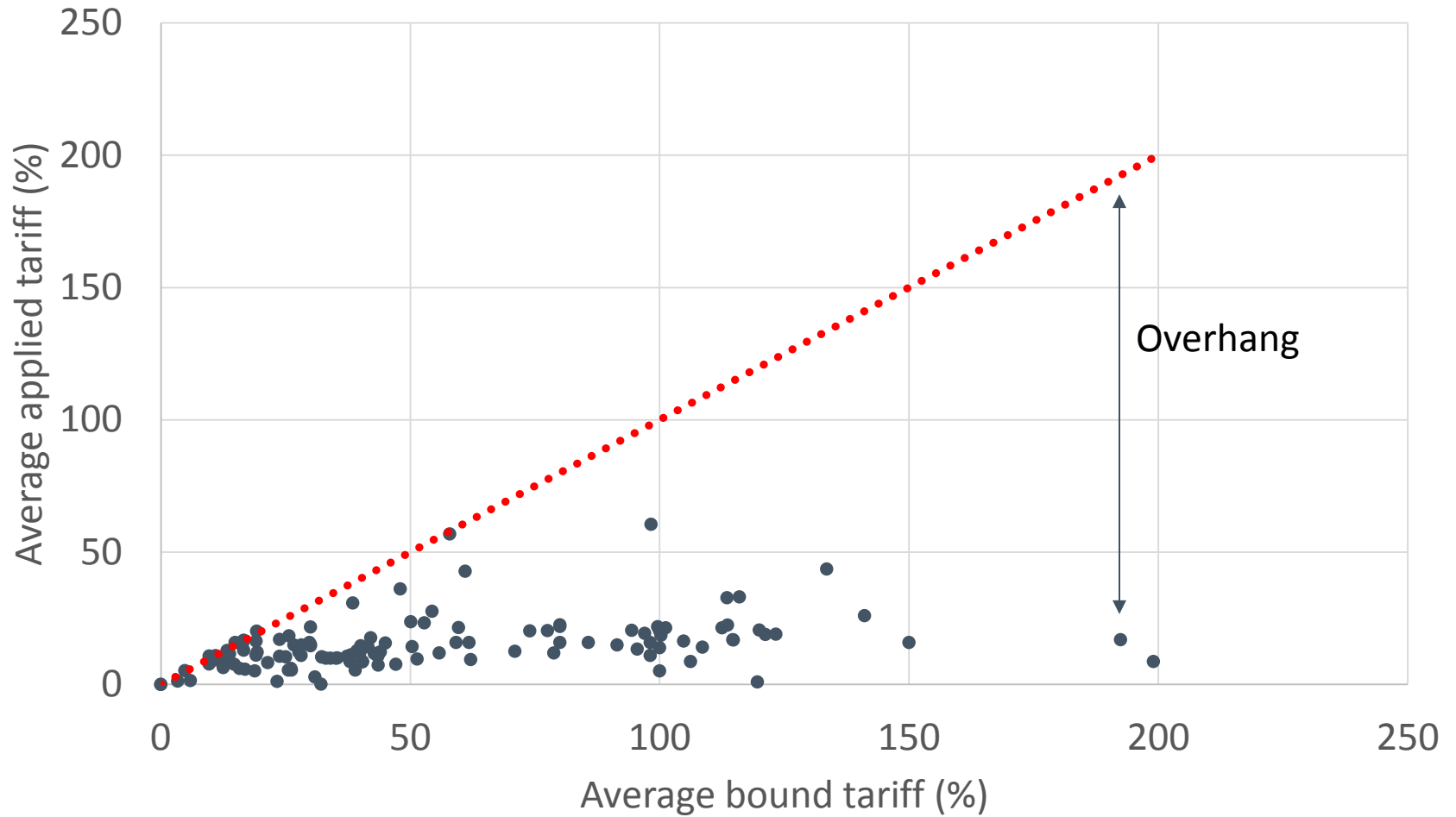


Average applied tariff rates



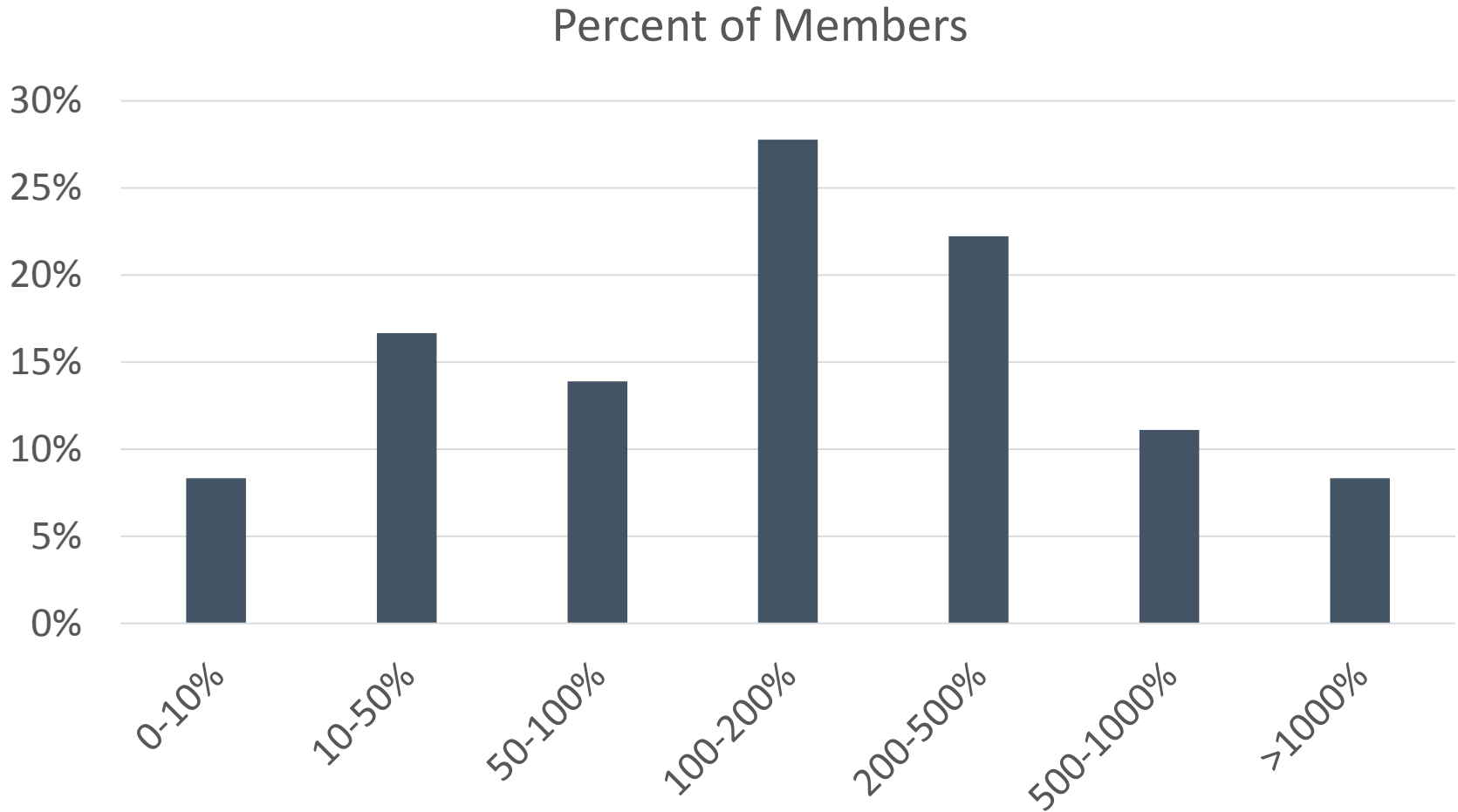


Tariff overhang





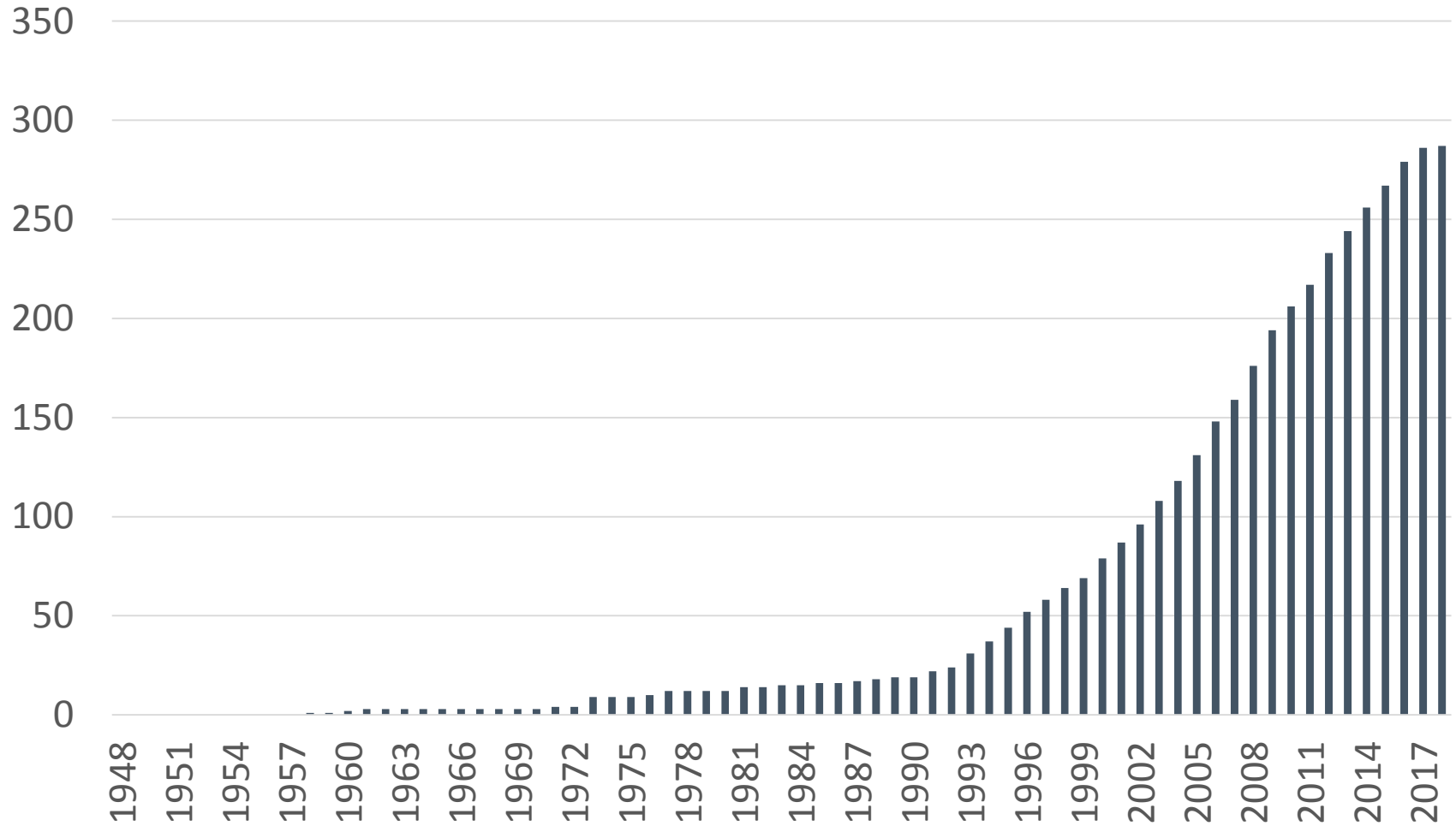
Maximum applied tariff rates for major importers



Source: WTO



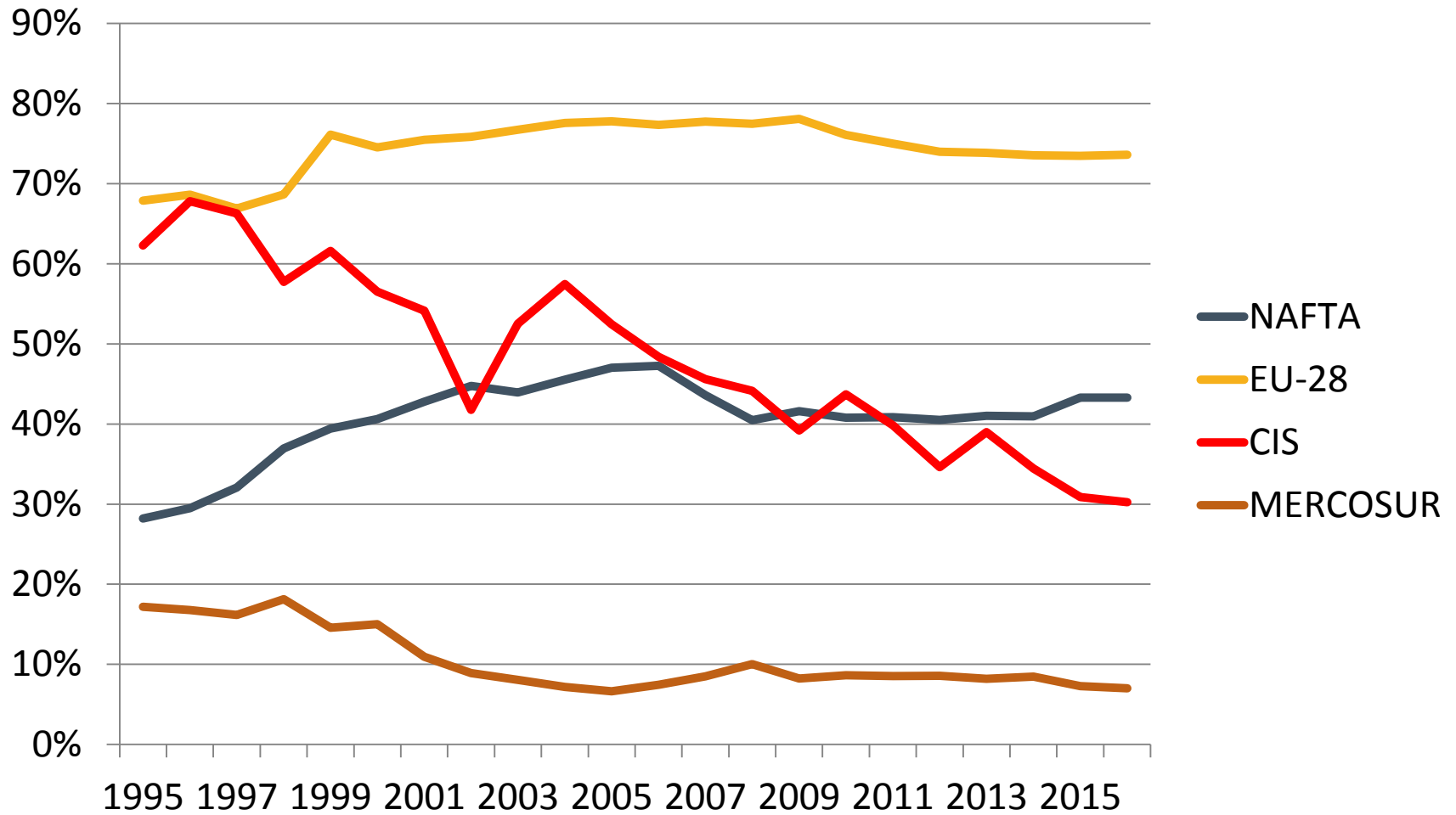
Preferential Trade Agreements



Source: WTO



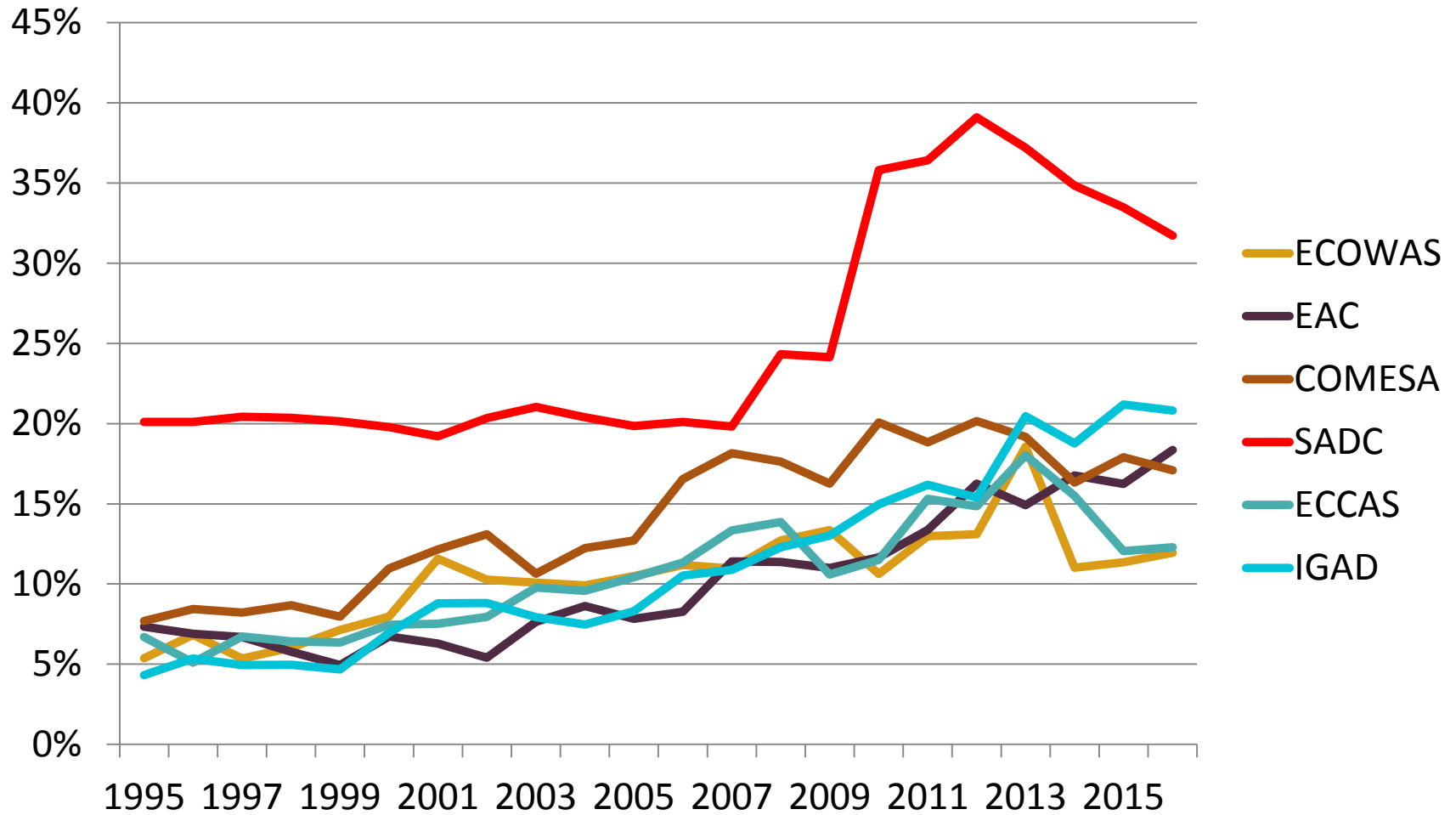
Intra-group trade as percent of total food exports of group



Source: UNCTAD



Intra-group trade as percent of total food exports of group—SSA



Source: UNCTAD

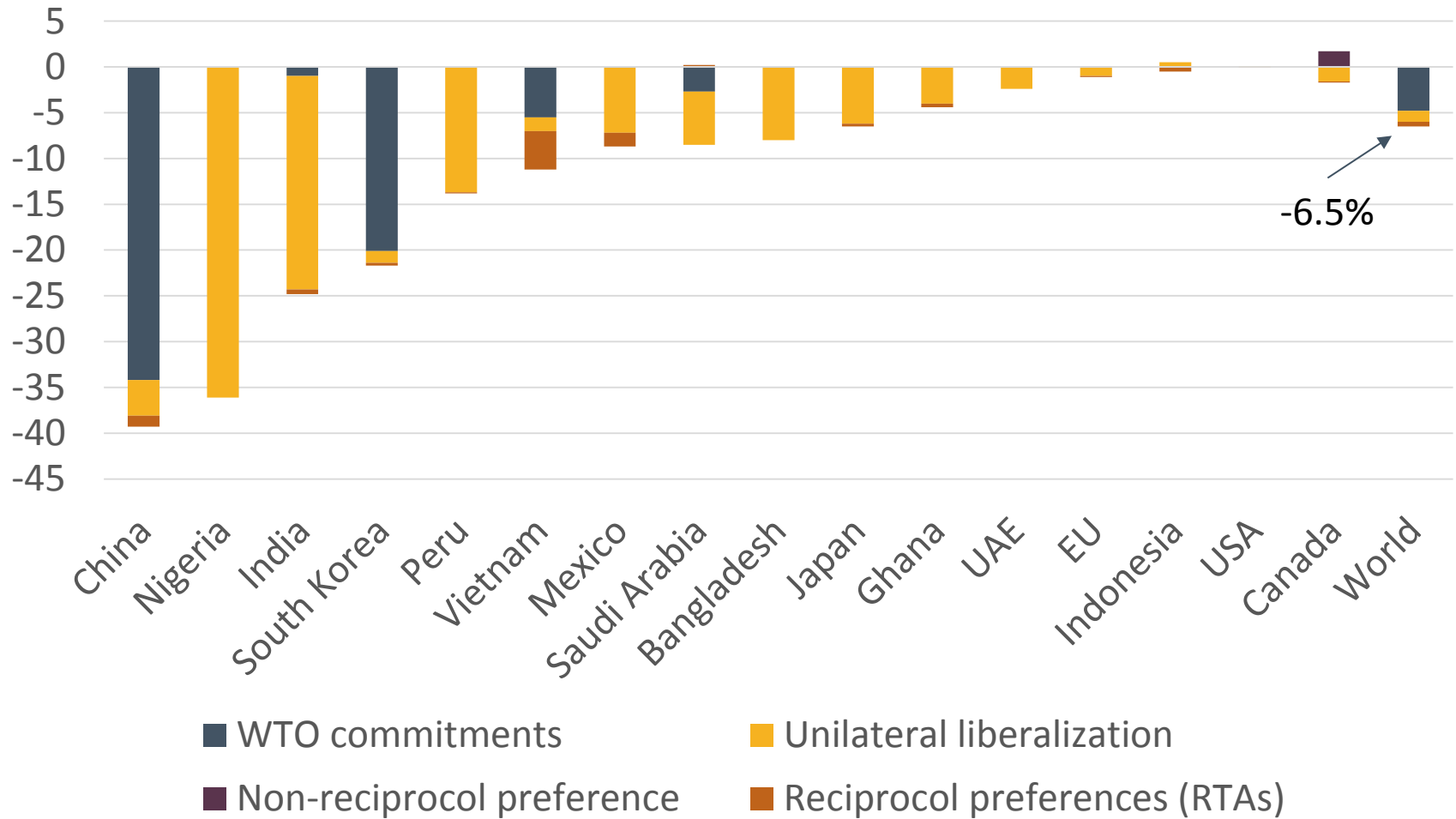


Empirical research

- Caliendo et al (2017): more than 90% of the welfare gains from trade over 1990-2010 are a consequence of the reduction in MFN tariffs; additional gains from total liberalization are significant, particularly for Emerging/Developing countries
- Bureau, Guimbard and Jean (2018): since 2001, multilateral reforms have played smaller role, with substantial liberalization coming from unilateral dismantling of tariffs
- Bouët and Laborde (2010): Substantial gains from locking in applied tariff rates



Change in agricultural applied tariffs between 2001 and 2013



Source: Bureau, Guimbard and Jean (2018)



Conclusions

- Developing countries are playing increasing role in world agricultural trade—both as importers and exporters
- Those trends are likely to continue in future as population and income growth rates are higher for developing countries and on the production side, most of the productive capacity will likely come from developing and transition economies
- Climate change will likely increase the importance of trade in meeting food security goals.
- Over the past 20 years much of the gains in market access has been due to implementing Uruguay Round commitments, accession to WTO (e.g., China) and unilateral liberalization (eg, India)
- Preferential trade agreements will drive future liberalization but potentially to the exclusion of some Members
- Large potential benefits in locking in applied tariff rates