

135th EAAE Seminar

**Challenges for the Global Agricultural
Trade Regime after Doha**

Proceedings of Abstracts

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SADRŽAJ

SESSION A.....	7
<i>Giovanni Anania</i>	
REGULATING EXPORT RESTRICTIONS IN AGRICULTURE: WHAT'S NEXT?.....	9
<i>Charlotte Emlinger, Houssein Guimbard</i>	
SPECIFIC DUTIES: FRIENDS OR FOES FOR DEVELOPING EXPORTERS?	10
<i>Rade Popović, Boris Radovanov</i>	
VOLATILE WORLD MILK PRICES AND ITS AFFECT TO NATIONAL MARKET – CASE OF SERBIAN MILK MARKET	11
<i>Vasily Erokhin</i>	
TRADE INTEGRATION AND AGRICULTURAL EXPORTS: THREATS AND OPPORTUNITIES OF WTO MEMBERSHIP FOR RUSSIA AND CIS	12
<i>Marie-Luise Rau, Aikaterini Kavallari</i>	
CONQUERING THE EU MARKET WITH NEW COMPREHENSIVE TRADE AGREEMENTS – A SIMULATION OF DCFTAS BETWEEN THE EU AND PARTNER COUNTRIES	13
<i>Danilo Tomić, Vesna Popović, Nataša Tandir</i>	
EFFECTS OF SAA IMPORT LIBERALIZATION ON SERBIAN AGRICULTURE.....	14
<i>Pierre Boulanger, Emanuele Ferrari, Jerzy Michalek, Cristina Vinues</i>	
CROATIA'S ACCESSION TO THE EU – A FOCUS ON TRADE AND AGRICULTURAL POLICIES.....	15
<i>Christophe Gouel</i>	
TRADE POLICY CO-ORDINATION AND FOOD PRICE VOLATILITY.....	16
<i>Guna Salputra, Benjamin Van Doorslaer, Emil Erjavec</i>	
PROSPECTS FOR CROATIAN SUGAR MARKET: THE EFFECTS OF EU ACCESSION IN THE CONTEXT OF DOHA ROUND DEVELOPMENT.....	17
<i>Marija Nikolić, Miladin M. Ševarlić</i>	
COOPERATIVES IN INTERNATIONAL TRADE OF AGRICULTURAL AND FOOD PRODUCTS	18
<i>Gajo Milan Vanka, Wim J. M. Heijman</i>	
AN ECONOMIC EVALUATION OF THE EFFECTS OF BUSINESS STRATEGY OF AGRI-FOOD INDUSTRY CLUSTERS ON EXPORT COMPETITIVENESS IN SERBIAN TRANSITION ECONOMY	19

<i>Ana Corina Miller, Ole Boysen, Alan Matthews</i>	
MEASURING THE IMPACT OF TRADE POLICY REFORM IN IRELAND: A DISAGGREGATED ANALYSIS OF HOUSEHOLD IMPACTS.....	20
<i>Milan Milanović, Simo Stevanović, Vuk Radojević, Erwin Schmid</i>	
TRANSITION CHANGES IN EX-YUGOSLAV COUNTRIES' AGRARIAN TRADE BALANCES	21
 SESSION B.....	 23
<i>Jelena Damnjanović Simić, Vladimir Zakić</i>	
SOUTH EAST EUROPE PTAS – STEP FORWARD TO EU OR NOT?.....	25
<i>Mihaly Himics, Wolfgang Britz</i>	
TRADE DIVERSION EFFECTS OF BI- AND PLURILATERAL AGREEMENTS UNDER TARIFF RATE QUOTA REGIMES	26
<i>Dragica Božić, Marija Nikolić</i>	
REGIONAL ANALYSIS OF AGRICULTURAL AND FOOD TRADE OF SERBIA.....	27
<i>Giulia Listorti, Axel Tonini, Markus Kempen, Marcel Adenauer</i>	
HOW TO IMPLEMENT WTO SCENARIOS IN SIMULATION MODELS: LINKING THE TRIMAG TARIFF AGGREGATION TOOL TO CAPRI.....	28
<i>Mathias Kirchner, Hermine Mitter, Martin Schönhart, Erwin Schmid</i>	
ANALYSING IMPACTS OF TRADE LIBERALISATION AND AGRI- ENVIRONMENTAL SCHEMES ON REGIONAL AGRICULTURE AND ENVIRONMENT	29
<i>Jean-Marc Bourgeon, Sebastijan Jean, Anaïs Maillet</i>	
STATE TRADING ENTERPRISES AND PRICE STABILIZATION.....	30
<i>Koviljko Lovre, Marinko Kresoja, Miloš Tošin</i>	
THE IMPACT MARKETS INTERVENTIONS IN INTERNATIONAL TRADE OF FOOD AND AGRICULTURAL PRODUCTS ON DEVELOPING COUNTRIES.....	31
<i>Vlade Zarić, Zorica Vasiljević, Branislav Vlahović</i>	
BASIC CHARACTERISTICS OF THE STRAWBERRY MARKETING CHAIN AND POSITION OF SMALL FARMERS IN SERBIA.....	32
<i>Gheorghe Hurduzeu, Raluca Hurduzeu</i>	
THE INTERNATIONAL DIVERSIFICATION OF THE ASSET PORTFOLIO BY INVESTMENTS IN AGRICULTURAL COMMODITIES	34

<i>Zoran Simonović, Branko Mihailović, Slavomir Miletić</i> TRADE PREFERENCES IN THE AGRICULTURAL SECTOR AND THE LEVEL OF TARIFF PROTECTION IN LIGHT OF THE FREE TRADE AGREEMENT BETWEEN SERBIA AND THE EU	35
<i>Dalibor Dončić, Rade Nastić</i> IMPACT OF AGRICULTURAL TRADE LIBERALIZATION ON MARKETING MIX OF FRUIT AND VEGETABLES IN BIH.....	36
<i>Branislav Vlahović, Anton Puškarić, Dejan Tomašević</i> CHANGES ON INTERNATIONAL WINE MARKET.....	37
<i>Aleksandra Gajdobranski</i> THE BASIC TENDENCIES OF THE PRODUCTION, EXPORT AND IMPORT OF THE OIL CROPS FROM SERBIA.....	38
SESSION C.....	39
<i>Tomáš Doucha, Karina Pohlová, Josef Mezera</i> CZECH AGRICULTURAL TRADE AFTER EU ACCESSION AS A REFLEXION OF THE COMPETITIVENESS OF THE CZECH AGRARIAN SECTOR ON THE EU SINGLE MARKET AND ITS CHANGES UNDER WTO COMMITMENTS	41
<i>Dimitrios Natos, Christos Staboulis, Efthimia Tsakiridou, Konstadinos Mattas</i> AGRICULTURAL TRADE INTEGRATION IN SOUTH EAST EUROPE: ORIENTATION AND COMPLEMENTARITY	42
<i>Tatjana Papić Brankov, Koviljko Lovre</i> WTO LAW AND GENETICALLY MODIFIED PRODUCTS	43
<i>Aikaterini Kavallari, Marie-Luise Rau</i> PREFERENCE EROSION EFFECTS OUT OF MULTILATERAL TRADE LIBERALISATION: SIMULATING EU'S TRADE AGREEMENTS WITH MEDITERRANEAN PARTNER COUNTRIES	44
<i>Imre Ferto, Trevor Donnellan, Cathal O'Donoghue</i> INTRA-INDUSTRY TRADE FOR AGRI- FOOD PRODUCTS IN THE ENLARGED EUROPEAN UNION	45
<i>Satish Pillarisetti</i> RESTRUCTURING THE WORLD TRADE REGIME IN AGRICULTURE TO ENSURE FOOD SECURITY FOR DEVELOPING COUNTRIES: THE CASE OF INDIA AND KENYA.....	46

<i>Stanislav Zekić, Milivoj Gajić, Bojan Matkovski</i>	
SERBIAN AGRICULTURE IN THE REGIONAL AND EUROPEAN INTEGRATIONS	47
<i>Branko Tešanović, Saša Jović</i>	
FEEDING THE ARMY IN GLOBAL FOOD SECURITY	48
<i>Alexander Itskovich</i>	
TERMS OF JOINING RUSSIAN FEDERATION TO WORLD TRADE ORGANIZATION: NECESSITY AND COMPROMISES	49
<i>Marija Banović, Miladin M. Ševarlić</i>	
THE EU MEAT MARKET AND THE DOHA ROUND AT A GLANCE	50
<i>Baris Karapinar, Tetsuji Tanaka</i>	
HOW TO IMPROVE WORLD'S FOOD SUPPLY STABILITY UNDER FUTURE UNCERTAINTY: POTENTIAL ROLE OF WTO REGULATION ON EXPORT RESTRICTIONS IN RICE	51
<i>Jelena Birovljev, Biljana Ćetković</i>	
THE IMPACT OF THE WTO AGREEMENT ON AGRICULTURE ON FOOD SECURITY IN DEVELOPING COUNTRIES.....	52
<i>Zaklina Stojanović, Radmila Dragutinović-Mitrović, Ivana Popović-Petrović</i>	
SERBIAN FOOD TRADE COMPETITIVENESS AND PTAS IN THE EU INTEGRATION PROCESS	53

SESSION A

REGULATING EXPORT RESTRICTIONS IN AGRICULTURE: WHAT'S NEXT?

Giovanni Anania

Abstract: The paper focuses on the current and potential role of WTO in regulating export restrictions. Export restrictions have been identified as a significant factor behind the severe price ‘spikes’ which occurred in 2007/08 and 2010/11, especially in the case of rice in 2008. Being export restrictions a beggar-thy-neighbour kind of policy, developing countries limiting their exports to achieve domestic food security goals aggravated the difficulties faced by net food importing developing countries. WTO current rules regulating export restrictions are rather ineffective. Export taxes are allowed, while other export limiting policies can be used only if certain conditions hold, conditions which are so vaguely defined to make non compliance de facto impossible to demonstrate. The first part of the paper discusses the use of export restriction policies in 2007-08 and 2010/11, and their direct and indirect effects both on the countries imposing them and for the rest of the world. The second part of the paper presents the debate on regulating export restrictions, which developed since the conclusion of the Uruguay Round. The third part of the paper focuses on possible options for a multilateral agreement on export restrictions. First the different elements which an agreement on export restrictions could include are discussed in details; then alternative agreements in terms of their ‘ambition’ are discussed, from better specifying the current legal text to make it enforceable, all the way to imposing limitations on all export limiting policies, including export taxes (with SDT provisions as well as a Special Safeguard Mechanism similar to that being negotiated for the market access component of the modalities). The concluding section of the paper offers an assessment of what would be needed regarding strengthening multilaterally agreed rules on export restrictions and what is likely to happen and why.

Keywords: *export restrictions; WTO; food security.*

SPECIFIC DUTIES: FRIENDS OR FOES FOR DEVELOPING EXPORTERS?

Charlotte Emlinger, Houssein Guimbard

Abstract: Tariffs may be ad-valorem (percentage of the CIF price of the imported good) or specific (expressed as an amount of money per unit). The intrinsic difference between these tariffs not merely influence the structure of trade flows (through changes in relative prices), but also prices of traded goods. Thus, the implementation of specific duties in a country is a strong incentive for trading partners to export high quality goods whose prices are higher because, mechanically, the translation of such a duty into percentage lowers with the value of the good. This issue is particularly noteworthy in trade negotiations: specific duties are often accused of discriminating nature against exports from low-income countries, as their producers are specialized in low quality segments on their export markets. The current paper focuses on the empirical impact of specific duties on the pattern of food trade. More precisely, we analyze and measure to what extent specific duties limit trade and encourage the countries to export products with higher prices. We also discuss about the discriminating nature of those instruments for low-income countries, in particular in their trade with high income countries. Two main results emerge from our analysis. First, as ad-valorem duties, specific tariffs logically reduce the value of trade, in particular for developing countries. Secondly, specific duties positively affect trade unit values, i.e. trade prices, meaning that they make a strong incentive to export high price products. This effect is particularly important for developed countries as European countries or the US, but is very small or even null for developing countries. This latest result can be explained by the quality specialization of these countries that does not allow them to adjust export prices according to the destination of their export.

Keywords: *per unit / specific duties, developing countries.*

VOLATILE WORLD MILK PRICES AND ITS AFFECT TO NATIONAL MARKET – CASE OF SERBIAN MILK MARKET

Rade Popović, Boris Radovanov

Abstract: International milk market is created by 14% of world production volume. Volatile world milk prices in recent 6 years caused different forms of its transmission to national levels. In the paper this phenomena will be investigated on two levels. First, on macro level how world milk price affects national markets in case of New Zealand as leading world exporter, Germany with growing net export, and Serbia with self-sufficient production. Second, the paper will analyse vertical price transmission in Serbian milk supply chain, according to its magnitude, speed, nature, and direction in period January 2006 to January 2013. Goal is to improve understanding how world milk price influence milk price in Serbia and how price shocks are transmitted through milk supply chain for several most important kinds of milk products.

Keywords: *milk, price, transmission, World, Serbia.*

TRADE INTEGRATION AND AGRICULTURAL EXPORTS: THREATS AND OPPORTUNITIES OF WTO MEMBERSHIP FOR RUSSIA AND CIS

Vasily Erokhin

Abstract: WTO is currently the leading organization regulating the issues of international trade. In 2012, the process of Russia-WTO negotiations had been completed, but many questions related to the accession remain critical. The majority of Russian agricultural industries cannot equally compete with foreign producers. The dependence on import deliveries is critically high. Local agricultural and food products cannot find their customer neither on foreign nor even on local Russian markets. Russian experts anticipate the decrease of the share of the local agricultural producers on the internal market, which, in turn, will effect on the employment in the related industries. Food processing industries, especially meat and dairy, are expected to be the most attackable. At another point, trade integration can bring not only damages, but also advantages. Along with a wide range of disadvantages given by the WTO system to the Russian agriculture, many experts reasonably observe series of opportunities, especially in the sphere of agricultural export. Russia is a traditional exporter of agricultural products to CIS and EU, and WTO membership can provide easier access to foreign markets for the Russian agricultural producers. Trade integration is also a process actively developed nowadays among Russia, Belarus and Kazakhstan (agreement on custom union) and among Russia and Ukraine - the second biggest CIS agricultural producer. These processes supported by the Russia's membership in WTO will influence significantly the character of international trade with agricultural products in the region. The paper includes the overview of the WTO threats and opportunities for the Russian agriculture and trade with agricultural products in CIS and EU. This is also related to state support of agricultural production in Russia and CIS and its influence on volumes, directions, structure, and effectiveness of bilateral CIS-EU trade with agricultural products.

Keywords: *international trade, agricultural products, WTO, CIS, trade integration, support.*

CONQUERING THE EU MARKET WITH NEW COMPREHENSIVE TRADE AGREEMENTS – A SIMULATION OF DCFTAS BETWEEN THE EU AND PARTNER COUNTRIES

Marie-Luise Rau, Aikaterini Kavallari

Abstract: With the lock-up of multinational trade negotiations under the Doha Round, plurilateral and/or bilateral agreements have multiplied. In addition to the growing number of such regional trade agreements, they address specifically address contentious issues such as sanitary and phytosanitary (SPS) requirements and technical barriers to trade (TBT) but also market conditions for capital investment and services. The EU has undertaken considerable efforts of establishing deep and comprehensive trade agreements (DCFTAs) that usually contain specific provisions for the aforementioned issues. In particular, they include the reduction of non-tariff measures (NTMs) as “behind the border” measures and can thus be considered to result in a deep and comprehensive trade liberalisation. The objective of this paper is to look at the DCFTAs between the EU and partner countries and to quantify their trade creating and trade diverting effects. We first provide an overview of the EU DCFTAs, including their scope and coverage. We continue with a quantitative analysis by applying the MAGNET (Modular Applied General Equilibrium Tool) model, which builds upon the GTAP (Global Trade Analysis Project) model. In addition to tariff liberalisation, we model the NTM reduction via the “iceberg costs” approach, using estimates of tariff equivalents provided by Kee et al (2009). Given the insecure economic prospects of the EU, we consider two GDP paths for the EU in the simulation by using latest GDP projections provided by the IMF (2012) and World Bank (2012). The idea is to determine if the EU DCFTAs actually increase trade with partner countries, given two alternative EU economic prospects of growing or stagnating economies. Our research question can be summarised as follows: Given the economic prospects, do EU DCFTAs lead to more exports to the EU member states, thereby helping partner countries conquer the EU market?

Keywords: *regional trade agreements, trade liberalisation, tariff liberalisation, non-tariff measures, DCFTAs, EU.*

EFFECTS OF SAA IMPORT LIBERALIZATION ON SERBIAN AGRICULTURE

Danilo Tomić, Vesna Popović, Nataša Tandir

Abstract: In the frame of EU Stabilization and Association Process, Serbia and EU signed Stabilization and Association Agreements (SAA) in 2008, with Free Trade Agreement (FTA) as one of its main parts. SAA place particular emphasis on liberalizing trade in goods, aligning rules with EU practices (technical barriers to trade, competition policy, consumer protection, etc.) and protecting intellectual property rights. SAA Interim Agreement entered in the fifth year of the transitional period ending on January 1, 2014. Serbia got already (2000) non-reciprocal duty-free access to the EU market for nearly all agricultural products. The agreement provides for Serbia to apply the diagonal cumulation of origin in trade with the EU and partner Western Balkan countries and Turkey. In imports, Serbia committed to abolish and abolish/reduced progressively tariffs on agricultural imports during the transitional period, lowering average agricultural tariff from 22% to 2.49%.

In the paper, the authors will study effects of SAA import liberalization and the future import trends in the key sectors of Serbian agriculture, analyzing: (i) Agricultural import from the EU during transitional period (2009-2012) compared to base 2008 year at the 12-digit level tariff lines grouped under SITC, rev. 4 divisions according to the models of liberalization (Source: SORS), (ii) Dynamics of EU agricultural import and export share in total agricultural import and export in the period 2008-2012 at the level of the SITC, rev. 4 divisions (Source: SORS), (iii) Tariffs on imports from the EU in relation to MFN tariffs and preferential tariffs on imports from CEFTA, EFTA, the Customs Union of Belarus, Kazakhstan and Russia and Turkey, with which Serbia has signed FTAs (Source: RS Customs Tariff 2013), (iv) Balances of key agricultural products in the period 2000-2013 and trends in the production, processing, markets and support policy in 2012/2013 (Source: MAFWM).

The results should provide an assessment of the Serbian agriculture adjustment level to the free trade area requirements, as well as an evaluation of the SAA trade creation/diversion and deeper integration (including multilateralisation) potentials hypotheses that will be wider elaborated in the paper background.

Keywords: *SAA, import liberalization, integration potentials, Serbian agriculture.*

CROATIA'S ACCESSION TO THE EU – A FOCUS ON TRADE AND AGRICULTURAL POLICIES

Pierre Boulanger, Emanuele Ferrari, Jerzy Michalek, Cristina Vinues

Abstract: Croatia will join the EU in July 2013, subject to ratification by the national parliaments of all Member States. This paper assesses the likely effects of this accession on the agricultural and food sectors, and analyses the impact on the EU, Croatia and their main trading partners, such as the Western Balkans and Mercosur countries. It considers both the harmonization of Croatia's trade instruments with those applied in the EU, and the adoption of the Common Agricultural Policy (CAP). The analysis is carried out using MAGNET, a recursive dynamic CGE. Considerable discrepancies in the pattern of protection in the agri-food sectors applied in Croatia and the EU-27 prior to Croatia's EU accession, combined with the differently structured tariffs faced by exports of Croatia and EU-27, suggest a significant potential for trade effects. By joining the EU market and adopting EU policies, results show that Croatia will slightly benefit from its accession to the EU with an increase in its GDP of about 235 million USD and the net creation of about 1600 jobs. The impact on the EU-27's GDP is insignificant while in terms of jobs it is slightly positive for the agri-food sectors and negative for the manufacturing and services sectors. Croatia will experience strong price effects. The most affected sectors in value are vegetable and fruits, meat of pork and poultry, beverage and tobacco, wheat and other cereals. The sugar sector is especially affected with a sharp decrease in production volume on the one hand, but with an increase in production value at real prices on the other hand. Lastly, the CAP is the key for Croatia's economy as a whole. Indeed, without the financial package on agriculture, determined during the accession negotiations, Croatia's GDP would be negatively impacted by its accession to the EU.

Keywords: *EU, Croatia, enlargement, CAP, trade, CGE.*

TRADE POLICY CO-ORDINATION AND FOOD PRICE VOLATILITY

Christophe Gouel

Abstract: Countercyclical adjustments of trade policies to food prices are widespread, to such extent that the use of export restrictions by food exporters has occasionally threatened the food security of food importing countries. These trade policies are not consistent with the terms-of-trade motivation often retained to characterize the payoff frontier of self-enforcing trade agreements, as these policies can worsen the country's terms of trade. This paper analyzes trade policy coordination when trade policies are driven by terms-of-trade effects and a desire to reduce domestic food price volatility. This framework implies that importing and exporting countries have incentives to deviate from cooperation at different periods: exporter when prices are high and importers when prices are low. Since staple food prices tend to have positively skewed distributions, with more prices below mean than above but with occasional spikes, a self-enforcing agreement generates asymmetric outcomes. Although an importing country suffers less in the trade war than an exporting country, this latter has larger incentives to deviate from a cooperative trade policy because positive deviations from mean price are larger than negative ones. Thus, because of the asymmetry of the distribution of commodity prices, it may be more difficult to discipline in trade agreements exports taxes than tariffs

Keywords: *commodity price stabilization, export restrictions, repeated game, WTO.*

PROSPECTS FOR CROATIAN SUGAR MARKET: THE EFFECTS OF EU ACCESSION IN THE CONTEXT OF DOHA ROUND DEVELOPMENT

Guna Salputra, Benjamin Van Doorslaer, Emil Erjavec

Abstract: Croatia is acceding into the EU for also the one of the most regulated markets in the EU – sugar market. Croatian sugar production quota is relatively small comprising 1.4% of EU total quota. However, one third of the EU countries have even smaller production. The reduction of market support during EU sugar reform of 2006-2009 forced EU member states and their producers to assess their competitiveness under the new conditions, and relatively less efficient producers have left the market. The next step proposed for EU sugar sector reform is abolition of sugar supply quotas after 2015, which should make further influence on EU sugar supply and demand. In line with productivity growth and price developments in the world sugar market, the further changes in EU sugar sector structure in medium term can be expected. The purpose of this paper is to analyse the prospects for Croatian sugar market after EU accession and potential effects of expiry of EU sugar quotas compared to the policy of the quota system negotiated before the accession into the EU. Particular attention for drafting prospects will be put on comparison of competitiveness of Croatian sugar sector with two groups of EU countries: sugar producer countries and those countries, which decided to quit producing sugar (Slovenia, Latvia, and Ireland). The methods used are comparative analysis of competitiveness indicators in sugar sector and static comparative partial equilibrium model CAPRI simulating the effects of quota expiry on EU sugar market. The preliminary modelling results obtained for 2020 suggest that net importer status of the EU will be maintained, while price developments after Doha Round would be the main challenge for Croatian sugar sector.

Keywords: *sugar sector, competitiveness, Croatia.*

COOPERATIVES IN INTERNATIONAL TRADE OF AGRICULTURAL AND FOOD PRODUCTS

Marija Nikolić, Miladin M. Ševarlić

Abstract: The cooperative sector is an indispensable and integral part of the global economy; includes cooperatives ranging from small-scale to multi-million dollar businesses in all sectors of the economy, count over 800 million members, and provide 100 million jobs – which is 20 percent more than multinational company. According to Global300 list, the largest 300 cooperatives in the world generate revenue of 1,600 billion U.S. dollars (2010), which is comparable to the GDP of the Russian Federation or Spain and occupies the ninth place among the world's largest economies.

The paper analyze the contribution of cooperatives to the development of international trade in agricultural and food products, starting from agricultural cooperatives which organized small farmers and involve them in world trade, to the consumer cooperatives that have managed to survive in spite of strong competition and increasing prices of agricultural and food products and the global economic crisis, and which significantly contribute to the international trade fair.

The paper consists of two parts. In the first part is given the analysis of the contribution of the largest cooperatives in the world according to the list by Global300 according to regional distribution and activities, with special emphasis on the importance of agricultural cooperatives in the local economy, both in terms of reducing unemployment, as well as in the production of agricultural and food products. In the second, central part of the paper is presented the genesis of the development of a major international cooperative trade event – ICA ExpoCoop, which is a cooperative international fair that was held eight times in the period since 2004 to 2012. Based on the development of this international manifestation, the number of cooperatives exhibitors and visitors, and other important information, it is possible to observe how cooperatives participate and promote the development of international trade of agricultural and food products. It was particularly emphasized that the cooperative sector and ICA ExpoCoop are not adequately recognized and represented in the activities of the WTO after the Doha round.

Keywords: *cooperatives, trade, agricultural and food products, cooperative fair.*

**AN ECONOMIC EVALUATION OF THE EFFECTS OF
BUSINESS STRATEGY OF AGRI-FOOD INDUSTRY
CLUSTERS ON EXPORT COMPETITIVENESS IN SERBIAN
TRANSITION ECONOMY**

Gajo Milan Vanka, Wim J. M. Heijman

Abstract: This particular scientific-research paper collected and presented information on the export opportunities of agricultural and food products and the performance of some clusters and associations within the industry or their branches, which operate in the territory of the Republic of Serbia. As part of this scientific-research paper, producers were described in detail within the clusters in the agricultural and food production, their problems, and opportunities they encounter in the domestic and international markets. Business analysis was carried on the two clusters, the association and on their survival in the domestic market. Since until now clusters Pecos, Sombor's Farmsteads, and the Association of Winegrowers & Winemakers of Serbia have not been analysed in this manner, the work on the processing of data about them, their establishment, strategies, plans and objectives, was a real challenge. The organisation, operations, plans, opportunities, objectives, and obstacles of all three participants in this analysis were examined using organisational maps, SWOT analysis, and their future plans. Their analysis managed to make a good cross-section of agricultural production and food industry through its branches within which these clusters operate. These branches are baking, wine, organic food production and dairy industry. Ethno tourism and the way it connects all of these food items of the food industry, are also described in this paper. In this way a complete picture of the clusters in the agriculture and food industry was gained, which as an important branch of agriculture plays an important role in the present and future development of the Serbian transition economy.

Keywords: *agribusiness, agri-food sector, clusters, competitiveness, macroµ levels, Serbia, SWOT analysis.*

MEASURING THE IMPACT OF TRADE POLICY REFORM IN IRELAND: A DISAGGREGATED ANALYSIS OF HOUSEHOLD IMPACTS

Ana Corina Miller, Ole Boysen, Alan Matthews

Abstract: This paper assesses the impacts of further multilateral trade liberalisation for Ireland with a particular emphasis on the agricultural sector. In addition to evaluating the aggregate impacts on agricultural production as well as the spillover effect of this on the non-agricultural sector and for overall Irish GDP, the effects for different types of households are evaluated. In order to capture the economy-wide impacts of trade liberalisation, a CGE model was constructed using a social accounting matrix for Ireland for the year 2005. Household effects are captured using representative households. The simulation results suggest a small negative impact on the Irish economy. Many agricultural sectors contract in the process and the more efficient reallocation of resources into the manufacturing and services sectors does not fully compensate those losses. While urban households appear to be unaffected, rural and farm households are generally worse off.

Keywords: *trade policy, Ireland, Doha Round, CGE model.*

TRANSITION CHANGES IN EX-YUGOSLAV COUNTRIES' AGRARIAN TRADE BALANCES

Milan Milanović, Simo Stevanović, Vuk Radojević, Erwin Schmid

Abstract: Because of big internal differences in the production-resource structure, the former uniform Yugoslav market was characterized by intensive inter-republic trade. Given the prices of agrarian products controlled by the central authority, their internal trade was frequently referred to as an example of non-equivalent exchange. All the republics had their respective foreign-trade positions; however, the Federation's export was practically a sum of the market surpluses of the agrarian surplus republics. After the violent secession and disintegration of the common country, the agrarian trade balances of the former republics and their positions in foreign trade essentially began to change. The relative changes of the agrarian-export positions of the republics/states are gained an insight into in the context of the market structure and the agrarian potentials of the former shared environment and the current new one. At the same time, we are comparatively analyzing the market structure and relations within the three status/systemically completely different conditions of these countries for the duration of an almost two-and-a-half-decade-long period (from 1988 to 2010), namely: (1) the pre-transition position on the uniform market; (2) the transition period after the disintegration of the common state, and (3) the post-transition period of independence. So, transition changes in the agrarian trade balances are comparatively analyzed in time (through three cuts) and spatially (the ex-Yu countries). The sectoral significance of the agrarian market is assessed via an analysis of the share of agrarian trade turnover in total foreign-trade turnover, while positional changes in the spatial structure of the total and agrarian export and import are being gained an insight into via the relative share of some countries in the total trade turnover of the ex-YU market countries. Remarks and assessments of the structural consequences of the disintegration of the former uniform Yugoslav agrarian market are also generated on that basis.

Keywords: *Ex-YU countries' market, agrarian export, agrarian import, foreign-trade balance, sectoral and spatial structure.*

SESSION B

SOUTH EAST EUROPE PTAS – STEP FORWARD TO EU OR NOT?

Jelena Damnjanović Simić, Vladimir Zakić

Abstract: In many developing countries, regional integration has become a key means of promoting economic growth and fighting poverty. PTAs are increasingly used as engines of change in many developing countries, to promote, implement, and lock in reforms in a wide range of policy areas such as investment regimes, competition rules, and government procurement. They create larger and more competitive markets and benefit producers and consumers through economies of scale and lower prices. Although PTAs may promote development, they necessarily discriminate against non-members and can therefore lead to trade diversion in a way that hurts both member countries and excluded countries. In addition, the proliferation of bilateral and regional PTAs may undermine progress toward a more open, transparent, and rules-based multilateral trading system. In this paper, it will be discussed about the establishment and expectations of a free trade agreement CEFTA 2006. Specifically, the South East European countries, which made the majority of this regional economic integration, still have many unresolved, above all, political problems. On the other hand, the different status of these countries in the process of integration into the European Union chose the inflow of financial resources and speed necessary economic reforms. However, the global economic crisis has slowed the flow of financial resources, especially Greenfield investments, deepened social stratification, and mutual political differences between member states. This paper will try to answer the question: do these PTAs really contribute to deeper integration in EU?

Keywords: *PTAs, integration, CEFTA, European Union.*

TRADE DIVERSION EFFECTS OF BI- AND PLURILATERAL AGREEMENTS UNDER TARIFF RATE QUOTA REGIMES

Mihaly Himics, Wolfgang Britz

Abstract: With the Doha Round of negotiations having come to a standstill, more countries opt for bi- and plurilateral agreements. These agreements often divert trade away from third countries and so have significant second order effects on global trade. Applied equilibrium models are key analytical tools in the ex ante assessment of trade negotiations, but require a decision how to aggregate and present border protection instruments. This study contributes to that research field by contrasting simulated trade diversion effects under different representations of tariff rate quotas (TRQ). In the equilibrium modelling literature TRQ instruments are either modelled explicitly (linking the variable tariff rate and the fill rate of the quota threshold) or transformed into an ad valorem equivalent (AVE) tariff rate. In theory, trade diversion impacts are bigger under the AVE assumption. When trade flows with third countries are close to the quota limit then an explicit TRQ representation tends to keep them close to the quota level and so divert less trade than using simple AVE tariffs. This study demonstrates the sensitivity of simulated trade diversion effects by implementing an illustrative EU-US trade deal scenario with the Common Agricultural Policy Regionalised Impacts (CAPRI) modelling system. The focus is on whether modelling TRQ instruments explicitly or by their AVE tariff rates has a significant impact on trade results with third countries. In default, most policy instruments in CAPRI – including border protection and market intervention mechanisms – are modelled explicitly. Tariffs subject to quota limits are approximated with a smooth function mimicking the switching mechanism between preferential and out of quota rates. For the sake of this study, this mechanism is optionally replaced with the AVE representation. CAPRI is then calibrated under both TRQ representations and the results of the same trade deal scenario are compared.

Keywords: *tariff rate quota, CAPRI, trade diversion, EU-US trade deal.*

REGIONAL ANALYSIS OF AGRICULTURAL AND FOOD TRADE OF SERBIA

Dragica Božić, Marija Nikolić

Abstract: The processes of economic transformation and integration in which Serbia is included (gaining membership in the WTO and the EU), are accompanied by significant liberalization of markets, including the market of agricultural products, which causes certain changes in the size, structure and mode of foreign trade. Foreign trade regime of Serbian agrarian products is being harmonized to the requirements of the World Trade Organization (WTO) in anticipation of acquiring the status of member, as well as the Stabilisation and Association Agreement between Serbia and the EU and CEFTA-2006, whose members are the most important trade partners of our country. Trade liberalization and the growing international market of agricultural and food products represent an opportunity to promote exports of agrarian products from Serbia, but also opening of the market might seem a serious threat to some of our agricultural industries and affect the change of production structure, where agricultural policy makers should pay special attention.

The aim of this paper is to perform a regional analysis of foreign trade of agricultural and food products from Serbia with key trading partners such as EU, CEFTA-2006, and especially with some of its members for the period 2004-2011. In order to gain insight into the degree of integration of the Serbian agricultural sector in the markets of these countries, Grubel-Lloyd index of intra-industry trade (GLIIT) is calculated, which indicate the intensity and the level of intra-industry trade, implying mutual – bilateral exchange (import and export) of similar or identical products between regions (countries). A higher degree of integration on the markets of certain countries indicates the possibility of easier adjustment to the conditions of liberalization (and lower cost) because certain products are already present on them. Performed analysis provides insight into the potential consequences of further liberalization on the development of the agrarian sector and expected structural adjustments.

Calculated GLIIT index for different groups of agricultural and food products and for individual countries are considerably different and vary in the observed period, but in general the level of intra-industry trade between Serbia and its leading trade partners (especially the EU) is low, indicating a low integration of agrarian sector of Serbia on these markets.

Keywords: *foreign trade, agricultural and food products, region analysis, intra industry trade.*

HOW TO IMPLEMENT WTO SCENARIOS IN SIMULATION MODELS: LINKING THE TRIMAG TARIFF AGGREGATION TOOL TO CAPRI

Giulia Listorti, Axel Tonini, Markus Kempen, Marcel Adenauer

Abstract: Import tariffs are typically defined at a very detailed level, which is then used in trade negotiations. The WTO Framework Agreement of July 2004 proposes the use of a ‘tiered’ formula where tariff lines classified in higher ‘bands’ are subject to proportionally higher cuts. Exceptions to the general rule, like sensitive products, are also defined at the tariff line level. Despite the relevance of tariff structure on trade liberalization, computable partial or general equilibrium models usually represent more aggregated product structures. The literature suggests that market models can be combined with detailed tariff modules. We propose a new methodology to more accurately aggregate tariffs from the tariff line level to the one typically required by market models. The Tariff Reduction Impact Model for Agriculture (TRIMAG) uses the highest possible level of disaggregating (8 digits) and allows implementing tariff cuts and deriving the domestic price drops foreseen by alternative trade policy scenarios. In TRIMAG, aggregation weights are initialized as a weighted average of import quantities and simple averages. Then, thanks to the available information on domestic price drops, the aggregated tariff is derived by considering the substitutability effects in consumption from the tariff lines corresponding to the same aggregate product. Our approach extends the current literature since: 1) it makes use of the highest possible level of disaggregating, 2) it is applied horizontally to the whole agricultural sector, and 3) it makes use of information on domestic price drops so as to integrate considerations on the consumer’s utility while calculating the aggregation weights. In addition, we incorporate the tariff aggregates of TRIMAG resulting from a WTO agreement into the CAPRI partial equilibrium model. Differences between the standard tariff aggregation implemented in CAPRI and the newly implemented methodology are also illustrated.

Keywords: *WTO negotiations, tariff aggregation, model linkages, partial equilibrium, simulations.*

ANALYSING IMPACTS OF TRADE LIBERALISATION AND AGRI-ENVIRONMENTAL SCHEMES ON REGIONAL AGRICULTURE AND ENVIRONMENT

Mathias Kirchner, Hermine Mitter, Martin Schönhart, Erwin Schmid

Abstract: The scientific literature shows that the effects of international trade liberalisation on land use and the environment can differ largely in magnitude and direction as well as between regions and pollutants. Hence, we aim to analyse the regional impacts of international trade liberalisation and agri-environmental schemes in Austria on (1) agricultural production, land use, and crop management choices, and (2) environmental outcomes (i.e. N and P emissions, SOC, and irrigation). We employ the spatially explicit bottom-up land use optimization model PASMA_pixel (Positive Agricultural and Forestry Sector Model Austria) that integrates outputs from the biophysical simulation model EPIC (Environmental Policy Integrated Climate) in order to account for heterogeneity in agricultural production and emissions. Sensitivity analysis is performed to determine the relative influence of crop prices and agri-environmental schemes on model outcomes. Monte Carlo simulations are conducted to reveal uncertainty in exogenous parameters such as crop prices. Results indicate that domestic tariff changes, as depicted in the latest WTO draft for agriculture, have small beneficial effects on the regional environment as lower prices and direct payments lead to more extensive agricultural production. Marked regional differences can be revealed. In contrast, the elimination of agri-environmental schemes leads to more intensification and thus environmental deterioration. The alignment of agri-environmental schemes and other environmental policies with WTO rules remains an important issue in the trade and environment debate, especially in light of the next CAP reform and future trade negotiations.

Keywords: *trade and environment, trade liberalisation, agri-environmental schemes, regional environment, Austria, CAP.*

STATE TRADING ENTERPRISES AND PRICE STABILIZATION

Jean-Marc Bourgeon, Sebastijan Jean, Anaïs Maillet

Abstract: Marketing boards and more generally State Trading Enterprises (STEs) play a key role in international trade of commodities. They have been for a long time among the important topics dealt with in multilateral trade negotiations, and they are part of the negotiating agenda of the Doha Round mainly because of their rent-seeking behaviour and on their restrictive impact on market access. While STEs are no longer as widespread as they used to be, they still play an important role in international trade of commodities, and their use increasingly focuses on price stabilization. In investigating the theoretical underpinnings of such interventions, we point out that STEs combine the possibility to stabilize domestic prices with the opportunity to redistribute custom duty proceeds to producers. We use a two-country general equilibrium model with production shocks in agriculture, and assume trade policy instruments to be the only available tools to compensate for the absence of financial markets. Under those assumptions, we show that trade policies can actually improve global welfare: a non-prohibitive, non-zero level of import tax maximizes global welfare when the tax proceeds are fully redistributed to farmers. Such policy allows both price stabilization and risk sharing across agents within the importing economy. Even though gains are reduced if part of the tariff revenues are lost due to rent-seeking behaviour or administrative costs, the qualitative results persist in this case.

Keywords: *prices volatility, trade policies, state trading enterprises.*

THE IMPACT MARKETS INTERVENTIONS IN INTERNATIONAL TRADE OF FOOD AND AGRICULTURAL PRODUCTS ON DEVELOPING COUNTRIES

Koviljko Lovre, Marinko Kresoja, Miloš Tošin

Abstract: The relative contribution of different policy instruments to market distortions has been the subject of particular interest during the Doha round of the World Trade Organization (WTO) negotiations. Especially if one takes into account the still high level of export subsidies and import market access restrictions by the developed countries. Despite the declared efforts to liberalize international trade in agricultural and food products, the developed countries implement comprehensive set of agricultural policy measures that have a distorting effect on the international market. The measures include all forms of border measures as well as domestic production and consumption taxes and subsidies and farm input taxes and subsidies. Distortions especially affect underdeveloped countries that export agricultural products as foodstuffs are the main source of their foreign exchange earnings. The purpose of this paper is twofold. First, it offers a methodological approach to estimating the relative contributions of different policy instruments to trade distortions from agricultural policy. The second goal is to describe and, as far as possible, explain variations in policies, programs, and institutions that influence agricultural trade and impact of border measures on developing countries. If there is heterogeneity across developing countries efforts in the Doha Round of agricultural negotiations, it should be directed at reducing border protection.

Keywords: *agricultural policy, border measures, market distortions, subsidies.*

BASIC CHARACTERISTICS OF THE STRAWBERRY MARKETING CHAIN AND POSITION OF SMALL FARMERS IN SERBIA

Vlade Zarić, Zorica Vasiljević, Branislav Vlahović

Abstract: The strawberry is one of the most important export products of Serbia. According to FAO data, about 80 tons of strawberries are exported annually from Serbia with a total value of 165 million USD. That is why the Republic of Serbia is one of the major exporters of this product. Raspberries are mainly exported in the frozen form. The strawberries are mainly grown on small farms, where the farm owners and their families carry out all necessary activities, with the seasonal hiring of labour during harvest of raspberries. Positive trends in production are both the result of favourable conditions and the knowledge and skills of producers.

After harvest, the raspberries are transported from the farms to the cold storage where it is performed the removal of impurities, then the sorting and quick freezing. From the cold storage, the strawberries are sold to the foreign wholesalers. The longest storage period of the frozen raspberries could last until the next production season. Small producers are not the owners of cold storages and their marketing chain ends with the sale of strawberries to the cold storage. However, the position of small producers depends on developments in the marketing chain, not only to the cold storage, but even when the goods leave the cold storage, i.e. up to the end customer.

The increasing demands of customers in terms of product safety, recently led to the development of quality systems that are mainly related to the processing of the products. However, the increased liberalization of international trade and increased risks in the area of food safety stress more attention to the health and safety of the products in primary production as well. It is expected that the primary producers with introducing a quality system achieve better position in the marketing chain.

This paper aims to analyze the main characteristics of the raspberry marketing chain and position of small producers from two perspectives - the first one is position of the participants at the beginning of the marketing chain, and the second one is the assessment of the effects of introduction the quality system on the volume of production and sales, as well as on the selling price. In this paper there will be used data collected from the farms for the 2006-2012 periods. For assessment of the marketing chain it will be used

the SWOT analysis, and for the effects of the quality system introduction it will be used the Quality Cost Index (QCI).

The results show that the small farmers, regardless of the short marketing chain, can improve their position by adapting to the customers' requirements and that an increase of the quality does not necessarily mean the higher costs. Briefly, the analysis showed that small farms that produce quality products, respect the procedures and requirements of the customers, are able to improve the position in the marketing chain. It can be expected that these types of farms in the future seek to extend the marketing chain and have long-term agreements with their customers.

Keywords: *marketing chain, strawberries, small producers.*

THE INTERNATIONAL DIVERSIFICATION OF THE ASSET PORTFOLIO BY INVESTMENTS IN AGRICULTURAL COMMODITIES

Gheorghe Hurduzeu, Raluca Hurduzeu

Abstract: The international diversification of asset portfolio by investments in agricultural commodities has manifested itself increasingly in the recent years as evidenced by the growth of the investments in commodities 'in 2009 it reached a record level of 60 billion dollars as apposed to 51 billion dollars in 2006' (Wall Street Journal, January 4th, 2010), the prospect being that it will increase further. Moreover, Stoll și Whaley (2010) estimate that the index of the total investment in the commodity market in US at about 174 billion dollars in 2009. The common perception is that the popularity of the investment in the international trade markets resides in the fact that the commodities constitute an alternative class of assets with returns that have, at least at theoretical level small or negative correlation with the returns of the assets belonging to the traditional classes of assets: stocks and bonds. This is because the factors that influence the prices of the raw materials-weather, geopolitical and supply constraints in the physical production, are distinct from those that determine the value of stocks and bonds. Furthermore, in contrast, the commodities may serve as a tool to hedge inflation, a number of empirical studies confirm this correlation (Bodie&Rosansky, 1980; Erb&Harvey, 2006; Gorton&Rouwenhorst, 2006; Geman&Kharoubi, 2008; Büyüksahin et al, 2010; Chong&Miffre, 2010).

Keywords: *portfolio, investment, diversification, integration, prices.*

TRADE PREFERENCES IN THE AGRICULTURAL SECTOR AND THE LEVEL OF TARIFF PROTECTION IN LIGHT OF THE FREE TRADE AGREEMENT BETWEEN SERBIA AND THE EU

Zoran Simonović, Branko Mihailović, Slavomir Miletić

Abstract: The negotiations that took place during the conclusion of the Stabilization and Association Agreement between Serbia and the EU, and related trade preferences due to its great importance and sensitivity lasted the longest. On that occasion, it was agreed that agriculture could retain a certain level of protection, and after the transition period. Serbia is in talks failed to agree that about 23.5% of agricultural products retain a degree of protection even after the passage of the transition period. In the study of trade preferences, we have given a table in which we pointed out the tariff reduction schedule during the five years of the transition period, while retaining seasonal tariffs in all years after the transition period. The paper starts with a consideration of agricultural trade in the light of this agreement, all products are divided into: primary agriculture Agent products, processed agricultural products, fish and fish products, and wine and spirits. Interim Agreement, the European Union is committed to effectively protect geographical marks of goods from Serbia. Geographical indications from the list mentioned above are reserved exclusively for products from Serbia and possible use only under conditions that allow the laws and regulations in Serbia, where he has the option later expand the list of protected drinks provided for their protection in Serbia. The paper provides a detailed overview of the SAA with the EU because it is the basis for accession to the World Trade Organization. It seems to us that this approach is necessary because a large part of the trade relations between Serbia Foreign relations with the countries of the European Union.

Keywords: *trade, SAA, agricultural products.*

IMPACT OF AGRICULTURAL TRADE LIBERALIZATION ON MARKETING MIX OF FRUIT AND VEGETABLES IN BIH

Dalibor Dončić, Rade Nastić

Abstract: In this paper, we analyze elements of the marketing mix fruit and vegetable product, price, distribution, promotion and people in Bosnia and Herzegovina, after seven years of liberal market with CEFTA members. Each element of marketing mix is analyzed for the most important types of vegetables (cabbage, onions, peppers, tomatoes) and fruit species (apple, pear, plum). Analyze elements of the marketing mix are compared with the characteristics of the elements of the marketing mix before Integration in CEFTA and monitor the achieved level of competitiveness producers of fruits and vegetables in BiH and the impact of trade liberalization on business behaviour producers.

Keywords: *agricultural trade liberalization, fruits, vegetables, producers, marketing mix, CEFTA, competitiveness.*

CHANGES ON INTERNATIONAL WINE MARKET

Branislav Vlahović, Anton Puškarić, Dejan Tomašević

Abstract: Knowing international market is a basis for segmentation and making right and timely marketing decisions regarding wine export. In this piece, we have analyzed the international wine market, and determined changes in international turnover, with largest importers and exporters for the period of 2001 - 2011. The average wine export in the world was 8.4 tons, with a growth tendency of 5.0% per year. Converted in money, the average export amounted to 22 billion US Dollars, which makes wine one of the most valuable of all agricultural products. The largest exporter is Italy with 1.8 million tons (21% of the world's export). Italy's wine export is increasing at the rate of 4.14% per year. Large exporters are also France, Spain, Australia, and Chile, which all amount to two-thirds (68%) of the world's wine export. Besides France, whose export is decreasing, all of the abovementioned countries have increased their wine export to the international market. World's import is growing a bit slower than the export. It is a sign of a relative stagnation of demand, on the international market. The largest wine importer in the world is Germany with 1.3 million tons (17% of the world's import). Large importers are also the UK, USA, Russia, and France, which take up more than half of the world's wine import (58%). All of the abovementioned countries have increased tendency of wine import. Within the next period, we can expect stagnation of international turnover, due to the world's economic crisis. Current world's trend is consummation of light, muscat, aromatic white wines, and when it comes to red wine - customers prefer fresh, aromatic, fruit wine. We are expecting to see the growth of rose and organic wine (made out of organic grape).

Keywords: *wine, international turnover, import, export.*

THE BASIC TENDENCIES OF THE PRODUCTION, EXPORT AND IMPORT OF THE OIL CROPS FROM SERBIA

Aleksandra Gajdobranski

Abstract: Sunflower, soya beans, and rape are the most significant oil crops in Serbia. In this production area, the production of sunflower is dominant, after it follows the production of soya beans and rape. The above-mentioned topic is in accordance with the socio-economical situation within which is the production of the oil crops in Serbia. The analyses show us that in the future the production and the yield must be increased so that they may become competitive on foreign markets. This should lead to the increase of export, too. The export results of domestic economy depend on its ability to fight a market battle with foreign competitors. The paper points out the impact of export-import of oilseeds whose focus should be on the increase of final product export. In this respect it of production, improve quality in the direction of creating a recognizable and competitive Serbian products of oilseeds in the world market.

The main aim of this study is to oversee the basic tendencies of the production, areas, and yields of oil crops, by using scientific methods; and of the export-import on EU and world's markets. The primary and secondary data for the period from 2000 to 2011 have been used in this study. The brief data are presented in the tables and they will be processed with the use of standard mathematical and statistical methods (arithmetic medium, standard deviation, coefficient of variation and rate of change). The graphs are used for clearer presentation. According to the quantitative statistical calculations, the ranking of the regions and countries exporting and importing oil crops has been made, and their participation in overall structure. The basic data sources that were used in this scientific research study are the statistical annuals of Serbia, the internal material of the Institute of Industrial Plants Novi Sad, the studies about the competitiveness of agriculture of Serbia, the data found on the internet, and the research of authors that were published in books, other journals and publications.

The conclusion is that significant production and export potential in agricultural production and processing of oilseeds in limited capacity of the domestic market demand accelerated development and modernization of the agricultural processing industry in Serbia. Therefore, its essential task is maintaining and increasing already existing competitive advantages.

Keywords: *production, area, yield, import, export, agri, calculations, European Union, Serbia.*

SESSION C

CZECH AGRICULTURAL TRADE AFTER EU ACCESSION AS A REFLEXION OF THE COMPETITIVENESS OF THE CZECH AGRARIAN SECTOR ON THE EU SINGLE MARKET AND ITS CHANGES UNDER WTO COMMITMENTS

Tomáš Doucha, Karina Pohlová, Josef Mezera

Abstract: Czech agricultural trade (CAT) after entering EU single market has been influencing by more factors. Besides the developments of the EU and world prices and exchange rates there is a question of policy conditions and measures (tariffs, non-tariff barriers, export subsidies, domestic supports, animal welfare, environmental and food standards, etc.), some of which have significantly changed after EU accession, also as differences in “inherited” WTO commitments of the EU. The protection of the Czech agrarian sector related to the third countries and especially domestic supports has increased, but export subsidies mainly as a consequence of the reforms of the EU Common Agricultural Policy have decreased. The main characteristics of the CAT after EU accession are as follows: a tendency to increase negative trade balance; a growth of the total trade turnover, a growing share of the turnover as the intra-trade on the EU single market to the detriment of the share of the third countries, a growth of exports of agricultural raw materials and lower value added food versus a growth of import of higher value added foods. These developments are illustrated by CAT figures 2004 – 2012 compared with the pre-accession period and for selected commodities by various structural indicators (e.g. revealed comparative advantage, contribution to trade balance, etc.). Predominant causes of such developments are: (a) a lower effectiveness of the Czech agriculture with prevailing lower natural productivity of land, and (b) particularly a low effectiveness of the Czech food industry, especially in primary processing (slaughterhouses, dairies, mills, etc.). It is also demonstrated by comparisons with the economic performance of food industries in the developed EU countries. The effectiveness in vertical agrarian chains is linked with structural trade indicators. To eliminate some negative aspects of the CAT developments under discussed policy measures of the “CAP after 2013” are presented.

Keywords: *agricultural trade, Czech Republic, EU single market, WTO commitments.*

AGRICULTURAL TRADE INTEGRATION IN SOUTH EAST EUROPE: ORIENTATION AND COMPLEMENTARITY

*Dimitrios Natos, Christos Staboulis, Efthimia Tsakiridou,
Konstadinos Mattas*

Abstract: Since CEFTA-2006 entry into force in 2007, agricultural trade among CEFTA's members as well as among South East European countries and EU members has expanded significantly. For the period 2009-2011, the volume of CEFTA's members' agricultural trade was increased by 17.8 percent, while EU countries constituted the destination of almost half of CEFTA's agricultural exports. In this context, this paper attempts i) to assess the degree of sectoral and geographical dispersion of CEFTA members' agricultural exports, ii) to evaluate the intensity of intra-CEFTA agricultural trade vis-à-vis CEFTA's agricultural exports to EU members, and iii) to assess the extent of agricultural trade complementarity between CEFTA members and EU countries. The paper, utilizing the latest available agricultural trade data (classified by the Harmonised System nomenclature at two digit level) for the period 2007-2011, identifies twenty four agricultural sectors (HS codes 01-24) in order to construct four trade indices, namely Regional Hirschmann, Sectoral Hirschmann, Regional Orientation Index and the Trade Complementarity Index. Calculations indicate that among CEFTA members, Serbia and Croatia displays the utmost geographical concentration of their agricultural exports, while Bosnia-Herzegovina and Croatia exhibit the greatest sectoral exports diaspora. On the contrary, agricultural exports from Montenegro and FYROM demonstrate a significant degree of geographical dispersion whilst the indices reveal important sectoral concentration for Albania and Montenegro. As concerns the complementarity of CEFTA's agricultural exports to EU markets, Germany, Finland and Belgium and Spain are designated as the most favoured partners for the CEFTA members. Overall, the aforementioned constructed indices reveal considerable heterogeneity among CEFTA members' agricultural export patterns and significant dissimilarities on their sectoral trade orientation.

Keywords: *South East Europe, CEFTA-2006, PTAs, agricultural exports, trade complementarity index, regional orientation index, regional Hirschmann index, sectoral Hirschmann index.*

WTO LAW AND GENETICALLY MODIFIED PRODUCTS

Tatjana Papić Brankov, Koviljko Lovre

Abstract: The paper discusses the mechanisms by which World Trade Organisation (WTO) influence the diffusion of genetically modified (GM) products. We have analyzed the connection between the international trade of GM products and the three WTO Agreements: the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Sanitary and Phytosanitary (SPS) Agreement and the General Agreement on Trade in Services (GATS). It can be concluded that the mechanisms of the WTO organization are often used as instruments of threat to nations seeking to ban imports of GM food. In failing to acknowledge and support the precautionary principle, the WTO may have further weakened its authority to make decisions affecting the human health and environment and, in so doing, lessened its legitimacy in the world arena.

Keywords: *WTO, GM products, TRIPS, SPS, GATS.*

**PREFERENCE EROSION EFFECTS OUT OF
MULTILATERAL TRADE LIBERALISATION:
SIMULATING EU'S TRADE AGREEMENTS WITH
MEDITERRANEAN PARTNER COUNTRIES**

Aikaterini Kavallari, Marie-Luise Rau

Abstract: Preference erosion effects involve the reduction or elimination of tariffs on the third, non-preferred country. Third countries hence are given the duty free access that was granted only to the preferential suppliers. The southern Mediterranean Partner Countries (MPCs) concluded Association Agreements with the EU within the Barcelona Process initiated in 1995. In December 2011, negotiations on deep and comprehensive free trade agreements (DCFTAs) were launched between the EU and some MPCs. The DCFTAs aim at deepening market access by reducing tariff and non-tariff barriers and foresee co-operation to support economic development. Our objective is to put the issue of preference erosion into the perspective of multilateral trade liberalisation and to illustrate it by quantifying preference erosion effects on the MPCs due to multilateral trade liberalisation. For the analysis, we apply the MAGNET (Modular Applied General Equilibrium Tool) model that builds upon the GTAP (Global Trade Analysis Project) model in a recursive dynamic general equilibrium framework. In our simulations, we consider tariff elimination as foreseen within the DCFTAs between the EU and the MPCs on the one hand and we combine it also with elimination of non-tariff barriers on the other hand. In a separate scenario, we simulate multilateral tariff elimination. Our simulations underlie a Reference Scenario in which we update the GDP growth path of all regions of the model using the most recent GDP projections and assuming that trade preferences between the EU and the MPCs would not deepen according to the schedule of the DCFTAs but instead would be kept as in the time before they were launched (2010).

Keywords: *preference erosion, Mediterranean Partner Countries, trade liberalisation, DCFTAs, CGE modelling.*

INTRA-INDUSTRY TRADE FOR AGRI-FOOD PRODUCTS IN THE ENLARGED EUROPEAN UNION

Imre Ferto, Trevor Donnellan, Cathal O'Donoghue

Abstract: International trade theory suggests that advanced trade integration may lead to higher level of IIT. The enlargement of the European Union during last decade is as a good example to analyse the IIT in agri-food products. The aim of the paper is to analyse the pattern and drivers of IIT within European Union between 1999 and 2010. Previous empirical studies fail to provide an exact link between the theory and the data. Thus, we employ a new empirical strategy developed by Cieslik (2005) to test the predictions of Helpman and Krugman (1985) model. We examine whether the hypothesised relationships between factor endowments and total and horizontal IIT, arising from the theory hold for the EU in agri-food products. The balanced panel data set includes 27 EU countries and seven years (1999-2010), giving 7772 observations. Trade data based on Eurostat Comext database in HS6 for chapter 1-24, resulting 964 product groups. GDP, GDP per capita are coming from the World Development Indicators in US dollar, physical capital are calculated by perpetual inventory method and labour participation employing Penn World Tables. Land data are based on the FAO database. Finally, the distance between the capital cities of partner countries, in 1000 kilometres, based on CEPII database. Our results confirm the increasing role of IIT within enlarged EU for agri-food products during analysed period. Estimations support the dominance of vertical over horizontal type trade accords with the general findings of recent empirical literature. At the country level, Belgium, France, Netherlands, and Germany report the highest level of IIT within the EU. Our results highlight the importance of distinguishing horizontal and vertical IIT. Moreover, our calculations mainly support the Cieslik's (2005) proposal to find the missing link between empirics and theory of IIT.

Keywords: *EU enlargement, intra-industry trade.*

**RESTRUCTURING THE WORLD TRADE REGIME IN AGRICULTURE
TO ENSURE FOOD SECURITY FOR DEVELOPING COUNTRIES:
THE CASE OF INDIA AND KENYA**

Satish Pillarisetti

Abstract: Even after Doha round there has been no movement on modifying the amber box to enable developing countries to secure their food security. This paper studies the wheat farming in India and corn farming in Kenya to observe the results if these countries fully conform to the AoA of WTO. The results reveal that both these crops would be rendered completely uncompetitive in their respective countries forcing them to stop production and completely rely on imports, jeopardizing their food security. On this basis the paper suggests a set of modifications in the WTO protocols on agriculture to ensure that these two crops remain competitive in these countries thereby securing the food security as these crops are the major staple crops in India and Kenya

Keywords: *staple crops, food security, WTO.*

SERBIAN AGRICULTURE IN THE REGIONAL AND EUROPEAN INTEGRATIONS

Stanislav Zekić, Milivoj Gajić, Bojan Matkovski

Abstract: Agriculture is an important economic activity in Serbia. Additionally, the importance of agriculture stems from the upcoming full implementation of the Interim Trade Agreement with the EU, and the expected start of the negotiation process for full membership in this organization. In this context, the starting point of analysis will form the consideration of resource potential of agriculture, which is a prerequisite for the analysis of productive performances of agriculture. In addition, it will elaborate on the export performance of the agribusiness, which, together with the production performance of agriculture, provides insight into the degree of competitiveness of agribusiness sector in Serbia. A comparative approach to the problem, aims to identify the position of the agriculture in Serbia, both in regional and European terms. This will allow the overview of development perspective and determination of the role of agriculture in the Serbian economy integrating into regional and European frameworks. This approach should provide an empirical basis, which will be used for the formulation of future steps in the creation of the agricultural policy and the formulation of appropriate strategies in the pre-accession negotiations with the EU. These measures, above all should be directed towards improving the competitiveness of agriculture, which while ensuring food security and food safety, and adequate income of farmers, had to be imperatives during the negotiation process with the EU in the field of agriculture.

Keywords: *agriculture, development performances, agrarian policy, antegration.*

FEEDING THE ARMY IN GLOBAL FOOD SECURITY

Branko Tešanović, Saša Jović

Abstract: Feeding the population ages was reviewed by numerous experts in the field. The sources of food appear to agriculture and the food industry. The Army does not operate independently of the society in which it exists, and is forced to introduce international standards and quality systems, including in the field of nutrition, to safeguard the security of its members in terms of food consumption. Feeding area of the Army may consider the qualitative and quantitative aspects. Qualitative aspect consists in the application of highly effective nutrition programs that provide health-safe and balanced diet of consumers. In this paper, the qualitative aspect of the diet of the Army will be analyzed primarily from the perspective of food safety. Quality management system is the basis of food security during the military reform. Promotion of global food security and the integration of the Republic of Serbia to the WTO will contribute to the aggravation of the degree of implementation of food safety standards in the future. This paper will analyze the achieved level of ISO 9001, ISO 22000, and HACCP in the Army in the past.

Keywords: *nutrition, members of the Army, the global food security.*

TERMS OF JOINING RUSSIAN FEDERATION TO WORLD TRADE ORGANIZATION: NECESSITY AND COMPROMISES

Alexander Itskovich

Abstract: The negotiations about the joining of Russian Federation (RF) to the World Trade Organization (WTO) were carried on in the period from 1993 yr till up 2012 yr. The President of Russia undersigned on July 21, 2012 yr. a Federal Law "About the Ratification of the Protocol about the Joining of RF to the Marrakesh Agreement of the World Trade Organization Foundation of April 15, 1994". After this ratification, Russia becomes a member of the WTO and assumes corresponding obligations established by multilateral trade agreements. The Protocol becomes also a part of the legal foundations of Russian Federation. In a case when the Protocol establishes some other rules than the Russian Law are used the rules of the Protocol.

Keywords: *WTO, "yellow basket", conditions of "WTO-plus" regime.*

THE EU MEAT MARKET AND THE DOHA ROUND AT A GLANCE

Marija Banović, Miladin M. Ševarlić

Abstract: Meat market has always had a special attention due to repeating crises and confidence breakdowns. Even though global meat trade has grown in the past decades, driven mainly by gains in poultry and pig meat originating from developing regions, many countries that produce and consume meat still remain disconnected by trade. Trade barriers, as sanitary and protectionist standards, have heavily influenced meat market. Sanitary standards related to animal diseases, food safety concerns and health issue awareness mostly identify those countries that are “free” and those that are “not free” of potential risks. Although sanitary barriers can inhibit trade flows, they protect against the spread of serious diseases and other risks that can break animal production. On the other hand, protectionist barriers in the form of tariffs and tariff-rate quotas designed as domestic support may distort international markets and prevent significant potential trade in meats. The EU occupies an important position in the world meat market due to its export performance drawn from subsidies and sanitary and protection barriers that have been the focus of strong criticism by some developed and developing countries, among others. The Doha round has had an ambitious call in lowering protectionist barriers and achieving substantial improvements in market access and reductions of export subsidies and in trade-distorting domestic support. Yet, major protectionist barriers linger even so and the average global meat tariffs are higher than the average tariffs for other agricultural goods. Furthermore, these developments in trade liberalization and market access seem not to be only precondition for trade to occur as well as only answer to meat crisis.

Keywords: *meat market; Doha round.*

HOW TO IMPROVE WORLD'S FOOD SUPPLY STABILITY UNDER FUTURE UNCERTAINTY: POTENTIAL ROLE OF WTO REGULATION ON EXPORT RESTRICTIONS IN RICE

Baris Karapinar, Tetsuji Tanaka

Abstract: In recent years, international grain markets have been exposed to high degree of price volatility, which was partly caused by supply shocks driven by extreme climate events affecting major grain exporters. In addition, number of exporting countries resorted to distortive trade measures in the form of export restrictions, which have led to additional shortages, undermining the reliability of the world trading system. Recent climate studies suggest that climate change-induced extreme events are likely to increase yield fluctuations significantly in the near future. One of the trade policy implications of this is that countries may react to domestic productivity shocks by instituting export restrictions. As trade volumes are also projected to increase under climate change, export restrictions constitute a systemic threat on global food supply security. However, WTO rules and regulations on export restrictions are highly lenient, offering ample 'policy space' to member countries. In this context, this paper explores the potential welfare implications of productivity shocks and consequent export restrictions imposed on rice. We use a computable general equilibrium (CGE) model with a Monte Carlo simulation. We take into account risk factors in the form of a wide range of productivity shocks in world's rice supplies. We simulate rice export restrictions imposed by countries intending to mitigate the effects of domestic productivity shocks. We explore how these policy measures might affect domestic and international prices and trade flows in the rice sector. We also explore the implications of potential WTO reform alternatives aiming at limiting the global welfare losses caused by export restrictions.

Keywords: *export restrictions, food supply security, rice, WTO law, WTO reform.*

THE IMPACT OF THE WTO AGREEMENT ON AGRICULTURE ON FOOD SECURITY IN DEVELOPING COUNTRIES

Jelena Birovljev, Biljana Četković

Abstract: Free trade has become a modern-day creed, accepted by both wealthy industrialized countries and many governments of developing countries as the generator of economic growth, development, and employment. However, free trade has also been condemned by non-governmental organizations (NGOs) in developing countries as the tool through which the economic dominance of wealthy, developed countries is institutionalized and maintained. Agriculture has been one of the most controversial issues in the multilateral trade negotiations for the past fifty years. The aim of this article is to examine food security implications of the WTO Agreement on Agriculture. It discusses the WTO Agreement on Agriculture, which is systematically favouring agricultural producers in industrialized countries at the expense of farmers in developing countries, and explores ways in which the Agreement may be modified to achieve a more equal chance for success for both parties. The article also deals with the extent to which realization of the Agreement's stated objective – the establishment of a fair and market-oriented agricultural trading system – is likely to advance food security in developing countries. The first section defines food security, discusses the relationship between trade and food security, and analyzes the impact of the WTO Agreement on Agriculture on food security in developing countries. The second section sets forth the reforms necessary to address inequities in the global trading system for agricultural commodities, and enhance and protect food security in developing countries. The last section concludes that levelling the playing field between industrialized and developing countries is a necessity, but not sufficient to promote food security. Promotion of food security requires additional trade reforms, so as to provide developing countries with a wide range of solutions and ensure access by all people at all times to sufficient, safe, and nutritious food.

Keywords: *free trade, WTO, agriculture, developing countries, food security.*

SERBIAN FOOD TRADE COMPETITIVENESS AND PTAS IN THE EU INTEGRATION PROCESS

*Zaklina Stojanović, Radmila Dragutinović-Mitrović,
Ivana Popović-Petrović*

Abstract: The aim of the paper is to investigate Serbian food trade in the process of EU integration, particularly the effects of EU Preferential trade agreements (PTAs) and CEFTA integration on Serbian food exports. We analyse the developments in Serbian food trade flows from various aspects: the importance and growth of overall food exports and net-exports, intra-regional (with CEFTA) and extra-regional trade (with EU), as well as trade competitiveness of Serbian food trade related to its most important foreign trade markets. Trade in food items is classified in accordance with UNCTAD methodology as the sum of trade in sections 0, 1, 4 and division code 22 of SITC, revision 4. Using several indicators (e.g. geographical concentration index, relative trade balance indicator, RCA indices), we try to identify changes in geographical composition of Serbian food trade and its competitiveness which could come along with changes in trade regimes (e.g. EU PTAs and CEFTA) in the process of the EU integration. The main conclusion, in the case of Serbian food trade during the last decade, especially after the Great economic crisis, is the fact that food export did not record a decrease, as obvious as in the case of the total trade, or export. That points out the importance of the food trading, especially during the crisis times. The food trading is the only sector that one country can count on, in the world trade continuously, and the main reason for this conclusion we can find in the real nature of this sector, as the sector, which satisfies existential needs.

Keywords: *food trade, competitiveness, geographic concentration, RCA indices, EU integration.*

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