

BATModel

better agri-food trade modelling for policy analysis

Food Trade and Regional Trade Agreements: A Network Perspective

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HIGHLIGHTS

- Analysis of agricultural trade networks from 1995 to 2019.
- Examination of the role of Regional Trade Agreements (RTAs) on trade connectivity.
- Case studies on Uganda and VietNam to illustrate the impact of overlapping RTAs.
- Key findings indicate a positive relationship between RTAs and trade connectivity, particularly at the extensive margin.
- Policy recommendations for enhancing trade integration and addressing regulatory complexities.

The study highlights the significant role of RTAs in enhancing agricultural trade connectivity, particularly at the extensive.

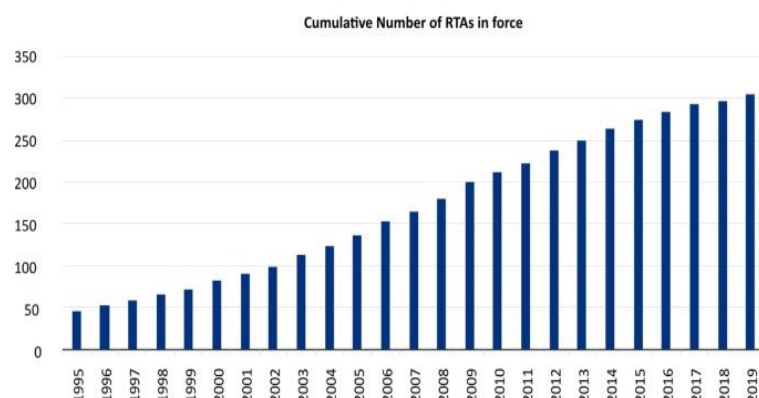
However, the complexities introduced by overlapping RTAs and the varying impacts observed in different regions underscore the need for targeted policy interventions to promote inclusive and effective trade integration.

INTRODUCTION

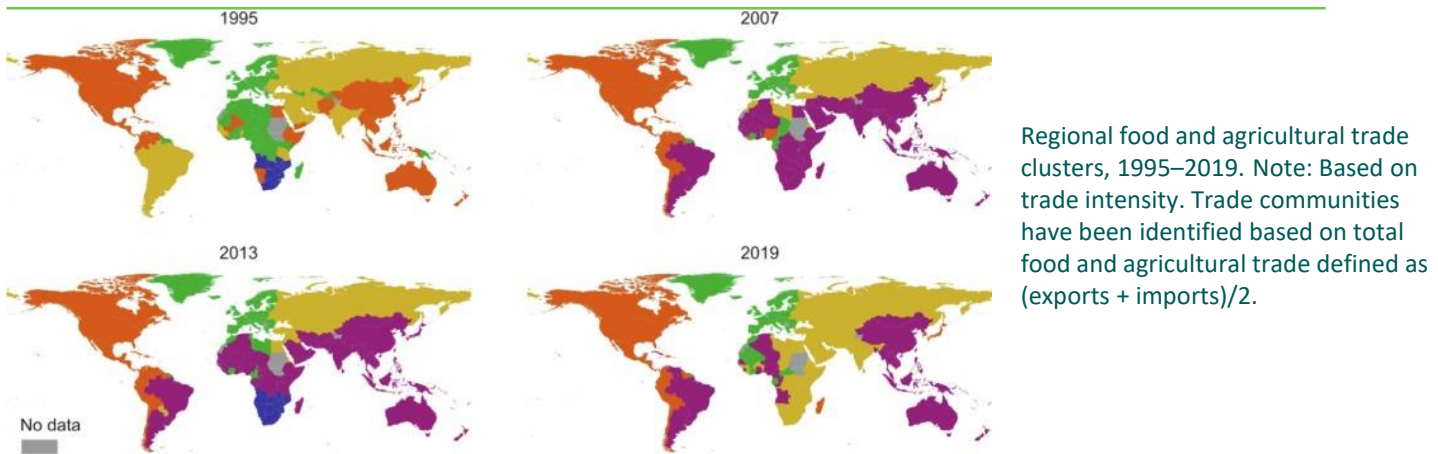
The study investigates the interplay between food trade and Regional Trade Agreements (RTAs) from a network perspective.

The primary aim is to understand how the increasing number of RTAs affects agricultural trade patterns and connectivity among countries.

This analysis spans from 1995 to 2019, a period marked by significant developments in global trade and the proliferation of RTAs.



The analysis uses bilateral trade data from FAOSTAT covering 425 food and agricultural products for 190 countries, across four key years: 1995, 2007, 2013, and 2019. The study employs both binary (unweighted) and weighted network measures to assess trade connectivity. RTA data is sourced from the WTO Regional Trade Agreements database, focusing on agreements covering goods and services. The connectivity measures for RTAs are compared with trade connectivity measures to explore their relationship.



MAIN RESULTS

- 1. Global Trade Connectivity:** Both the extensive (number of trade links) and intensive (value of trade) margins of global agricultural trade networks have increased from 1995 to 2019.
- 2. Impact of RTAs:** Countries involved in RTAs exhibit higher trade connectivity. This effect is more pronounced at the extensive margin, indicating that RTAs increase the number of products traded.
- 3. Overlapping RTAs:** The presence of multiple overlapping RTAs tends to strengthen trade connectivity between countries, suggesting deeper political and economic integration.
- 4. Case Studies:** The analysis of Uganda and VietNam reveals mixed results. While RTAs generally promote trade, the extent of their impact can vary depending on regional and economic contexts.

POLICY RECOMMENDATIONS

- 1. Enhance Trade Rule Integration:** Efforts should be made to integrate and harmonize trade rules at regional and multilateral levels to enhance trade connectivity.
- 2. Support for Lower-Income Countries:** Policies should address the challenges faced by lower-income countries in negotiating and implementing RTAs to ensure they are not left out of the integration process.
- 3. Addressing Overlapping RTAs:** Clear guidelines and cooperation frameworks should be established to manage the complexities arising from overlapping RTAs.
- 4. Promote Comprehensive RTAs:** Encourage the formation of RTAs that cover a broad range of products and services to maximize their impact on trade connectivity.