

## Demand Systems and International Trade

### Summary

The United States is one of the world's leading importers and exporters of fruit, vegetable, and nut commodities in both fresh and processed form. U.S. exports exceeded imports by \$2.4 billion in 1995. The surplus shrank to \$276 million in 2000 even though exports had increased. The reduction in surplus was partially due to the strong dollar and currency devaluations by exporting countries. Fruit, vegetable, and nut trade flows are heavily influenced by trade distorting policies. U.S. objectives for the trade negotiations are improving market access by reducing tariffs and tariff rate quotas (TRQs), eliminating the use of export subsidies, and reducing domestic support programs that distort trade. A study by the Economic Research Service (The Road Ahead: Agricultural Policy Reform in the WTO) found that producer prices would rise eight percent if all tariffs, export subsidies, and domestic support policies were removed. The Agreement on Agriculture (from the GATT negotiations in Uruguay) placed limits on tariff increases and minimum access levels for imports; however, this has had a limited impact on the U.S. fruit, vegetables, and nut trade. Since 1995, the record with respect to market access has been mixed. A commodity sector most affected by tariffs is vegetables. Fresh vegetables are among the most heavily protected agricultural sectors, with an average tariff rate of 69 percent. Fruit and vegetables account for 26 percent of the total number of TRQs by WTO members. Finally, only 15 percent of world agricultural trade will become more liberal than base periods by the end of the implementation period (Donovan and Krissoff.) The overall objective of this program is to analyze international food consumption patterns and their effects on Florida specialty crops. Specific objectives include: (1) to describe the extent of specialty crop exports from Florida and the U.S.; (2) to describe the extent of specialty crop imports into the U.S.; (3) to determine the effects of the WTO, FTAA, and NAFTA on specialty crops; (4) to estimate cross-country demand for total food and disaggregated food groups particularly in the Western Hemisphere; (5) to estimate import demand by the U. S. and the rest of the world for specialty crops.

### Projects

- o Import Demand For Specialty Crops By Place Of Production.
- o The Impact of Trade Distorting Policies on Florida's Specialty Crops.
- o Global Food Demand and Implications for U.S. and Florida trade.
- o A Differential Factor Demand Approach to Import Demand Analysis.

Researchers

A. Schmitz, E. Evans, R. Kilmer, J. Seale, and J. VanSickle