



Evaluating the Effects of Nontariff Measures on Poultry Trade

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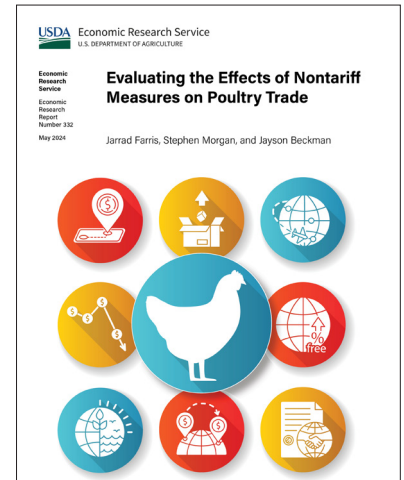
What Is the Issue?

Poultry is the most traded livestock commodity in the world by volume. Rising demand for poultry due to increasing incomes and changing dietary preferences—especially in emerging markets—is expected to persist over the next decade. However, international trade in poultry is subject to protections, including tariffs, tariff-rate quotas (TRQs), and nontariff measures (NTMs) that may distort trade flows. NTMs are policy measures other than ordinary customs tariffs which may affect the quantities and value of international trade flows. They are especially prevalent in poultry trade, but there is limited research on the effects of different types of NTMs on poultry trade. This is due to data limitations as well as the nondiscriminatory application (i.e., an NTM that applies to all countries) of many poultry NTMs, which make econometric analysis difficult.

What Did the Study Find?

The number of country notifications to the World Trade Organization (WTO) of upcoming nondiscriminatory poultry NTMs increased from a low of 18 in 1997 to a peak of 849 in 2018. These poultry NTM notifications include sanitary and phytosanitary (SPS) measures, which are standards applied to international trade flows to ensure food safety and protect human, animal, or plant life or health, and technical barriers to trade (TBTs), which are regulations, standards, and procedures that define the characteristics a poultry product should have to enter into a specific market. NTMs cover a wide variety of different types of measures, including those that may promote trade by harmonizing standards and production processes and those that may disrupt trade by preventing or severely restricting the movement of goods. Most of the increase in poultry NTMs was driven by notification of new poultry related SPS measures. Importers in the Europe-Eurasia region accounted for the majority of new poultry NTM initiation notifications, representing 74 percent of SPS and 40 percent of TBT notifications.

The nondiscriminatory SPS and TBT notifications evaluated in this study were estimated to have small positive effects on the value of international poultry trade relative to domestic trade, on average. This is consistent with previous research suggesting that some SPS and TBT measures may provide information to consumers that enhances demand.



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This study also evaluates the extent to which NTM notifications' effects on poultry trade may vary across regions. The results suggest that, for importers in the Europe-Eurasia region, nondiscriminatory poultry SPS initiation notifications were associated with a reduction in the gap between the value of international and domestic poultry trade. However, we did not find corresponding effects for this region when looking at SPS implementation notifications. For importers in other regions, poultry SPS initiation notifications were associated with increases in the international-domestic poultry trade gap relative to the overall average effect. We found no significant regional differences in the effects of TBT initiation notifications on poultry trade.

How Was the Study Conducted?

This report estimated whether and to what extent different types of nondiscriminatory poultry NTMs affect the value of international poultry trade relative to domestic poultry trade. Our approach incorporated advances in the gravity model literature by including domestic trade flows to enable the identification of the effects of nondiscriminatory NTMs. The model also accounted for other factors that influence poultry trade, such as country characteristics and other trade policies. This study estimated the separate overall effects of SPS and TBT notifications to the WTO. To examine regional heterogeneity, this study allowed the estimated effects of nondiscriminatory NTMs to vary by importer region.

The report's estimates evaluated the effects of poultry-related notifications to the WTO on international poultry trade compared to domestic poultry trade. It did not evaluate the effects of specific NTM measures on individual countries, nor did it identify the effects of any bilateral NTMs that may be implemented between trading partner pairs. The report's estimates reflected the average effect across all nondiscriminatory SPS and TBT chicken meat WTO notifications; results may vary when focusing specifically on NTMs identified as trade barriers.