

Accession of Black Sea Region Wheat Producers to the WTO: What will it Mean for World Wheat Trade?

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In the light of increasing importance of world wheat trade, examining the growing role of Black Sea region on the international stage accompanied by trade policy changes is important as it might bring about major re-alignment of world wheat trade



Trade liberalization as a result of the Black Sea regions accession to the WTO

Black Sea region's WTO membership status

- Russia → Membership granted in 2012
- Ukraine → Member of the WTO since 2008
- Kazakhstan → pending accession since 1996

Membership means – moving from facing non-MFN tariffs to facing MFN

Increased access to markets
Some examples of MFN vs. non-MFN

	MFN	non MFN
China	65%	180%
Turkey	65%	130%
Kenya	0%	35%
Switzerland	36.78%	118.22%

Sources: WTO, Trade Map

Methodology

World wheat trade liberalization effects will be examined using the Global Simulation Model (GSIM) developed by Francois and Hall (2003).

The GSIM is a multiregional partial equilibrium model.

Inputs

- bilateral trade matrix at world prices
- initial matrix of bilateral import tariffs
- scenario matrix of bilateral import tariffs
- export supply elasticity
- aggregate import demand elasticities
- elasticities of substitution

GSIM model

25 countries including main exporters, importers and aggregated regions

Output

- Δ in trade flows
- Δ in prices
- Δ in exporter and importer surpluses
- Δ in tariff revenues.

Why is it important?



Wheat trade is important and will remain so!

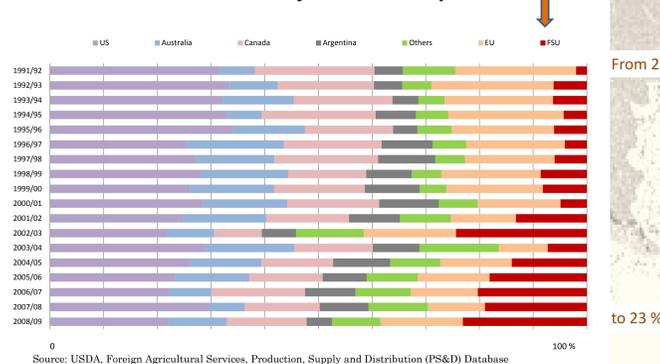
World Wheat Imports



What would this mean to the world wheat trade?

The role of the Black Sea region exporters is growing

Market Share of major wheat exporters



Source: USDA, Foreign Agricultural Services, Production, Supply and Distribution (PS&D) Database

The objective

Simulate the liberalization of the world wheat trade and assess changes in trade flows, prices, tariff revenues, and welfare

Results and conclusions

Trade liberalization outcomes will be reported in terms of changes in trade flows, prices, exporter and importer surpluses and tariff revenues.

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