

## Impact of Global Trade Policies on Agriculture

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### INTRODUCTION

Agriculture, being the lifeblood of numerous economies—most notably those in developing nations—is closely intertwined with global trade. Global trade policies, including tariffs, subsidies, quotas, and trade agreements, have significant impacts on farm production, pricing, competitiveness, and sustainability. As the global markets become more integrated, policies that regulate global trade have an important role in shaping the availability of agricultural commodities to overseas markets, the inflow of foreign goods, and the economic health of farm communities. This article analyzes the multidimensional effects of global trade policies on agriculture in terms of both opportunities and issues for producers, consumers, and policymakers.

#### 1. Tariff and Non-Tariff Barrier Influence

Tariff barriers, e.g., import duties, have a direct impact on the price competitiveness of agricultural commodities. When high tariffs are imposed on imported agriculture, it insulates local production from foreign competition and promotes local production. Protectionism by this means can lead to higher prices for consumers as well as inefficiencies in the domestic market.

Conversely, non-tariff barriers such as sanitary and phytosanitary measures, technical standards, and quota systems present serious challenges to exporters. For instance, high food safety standards by developed nations can be used as a disguised trade restriction, disproportionately hurting farmers in developing countries who do not have the infrastructure or means to meet these standards.



Source: Arabian Post

## 2. Impact of Agricultural Subsidies

Farm subsidies, especially in developed nations such as the United States and members of the European Union, play a very powerful role in international agricultural markets. By means such as price support, input subsidies, and direct income support, these countries provide an artificially comparative advantage to farmers.

This practice creates market distortions by allowing the export of excess production at below-market prices—a process referred to as "dumping". These subsidized exports drive down domestic prices in importing nations, eroding the livelihood of smallholder farmers in developing countries and halting rural development. This has generated controversy in World Trade Organization (WTO) talks under the Doha Round, where developing nations have demanded the elimination of trade-distorting subsidies.

## 3. Free Trade Agreements (FTAs) Role

Free Trade Agreements have emerged as central to redefining the global agricultural trade. Agreements like the North American Free Trade Agreement (NAFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the African Continental Free Trade Area (AfCFTA) have opened markets by removing or lowering tariffs on a variety of agricultural products.

### Advantages of FTAs are:

- Greater market access for agricultural exports.
- More foreign investment in farming.
- Increased efficiency and competitiveness of agricultural production.

FTAs, however, could also result in:

- Higher exposure to world price volatility.
- Saturation of the domestic market with low-cost imports that hurt local producers.
- Curtailment of policy space in safeguarding vulnerable agricultural segments.

The success of FTAs in fostering sustainable agricultural development would depend on the design, implementation, and availability of safeguards for vulnerable farming groups.

## 4. Impacts on Food Security and Rural Livelihoods

International trade policies play a major role in food availability, affordability, and access—fundamental cornerstones of food security. For net food-importing nations, liberalization of trade can enhance food availability and reduce prices. Nevertheless, excessive dependence on food

imports can undermine local food production systems and resilience to supply chain shocks, such as during the COVID-19 pandemic and current geopolitical tensions.

For rural livelihoods, exposure to unstable international markets without proper safety nets can lead to income insecurity, debt, and migration. Export-oriented agriculture policies may redirect land and water resources from food crops, thus impacting nutrition and food self-sufficiency.

Therefore, a balanced trade policy is needed—one that encourages global integration while maintaining local food systems and small-scale farmers.

## 5. Climate Change, Trade, and Sustainability

The crossroads of climate change mitigation and global trade is becoming more critical. Agricultural trade policy can either worsen or mitigate the environmental effects of agriculture. For example, subsidies for overproduction and intensive agriculture are responsible for soil erosion, water pollution, and greenhouse gas emissions.

Sustainable trade arrangements that reward environmentally friendly practices, promote organic and climate-resilient agriculture, and minimize carbon footprints in agricultural value chains are essential for long-term food system sustainability. In addition, trade-related environmental standards need to be framed to be inclusive and facilitative of developing country involvement.

## 6. Policy Recommendations

In order to ensure that global trade policies promote inclusive and sustainable agricultural development, the following recommendations are proposed:

- Reform agricultural subsidies that distort trade and harm smallholders in developing countries.
- Improve WTO negotiations to establish a more equitable trading system with more equity and transparency.
- Frame FTAs with special provisions for vulnerable agricultural products and rural development.
- Encourage South-South cooperation to increase trade and technology transfer between developing countries.
- Incorporate climate action into trade agreements to harmonize agricultural trade with sustainability objectives.

- Invest in capacity development to enable farmers to acquire international standards and diversify export markets.

### CONCLUSION

International trade policies have a crucial impact on determining the agricultural economies of exporting and importing nations. As much as they may offer prospects for development, innovation, and poverty eradication, they equally bring threats of marginalization, dependence, and environmental degradation if not well managed. For agriculture to flourish in an integrated global economy, trade policy needs to be inclusive, fair, and geared towards the objectives of food security, environmental stewardship, and rural prosperity. A new architecture of global trade that strengthens farmers, safeguards the environment, and promotes cooperation is essential for agriculture in the 21st century.

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