

Relationship between non-tariff barriers and trade volume essay

[Business](#)



Relationship between non-tariff barriers and trade volume Russia and the United States have a long and interesting relationship politically and economically in the 20th century to which continues today. One of the most important economic relationships between Russia and the United States is the U. S.

poultry export market to Russia. Below, I will evidence how removal of non-tariff barriers during the mid 90's affected the underlying trade volume and quality of the poultry market in Russia for the better. BACKGROUND Before the eventual downfall of the USSR, international trade made up a very small part pf the overall Soviet economy.

For example, in 1985 exports and imports worldwide amounted to 4% of total gross national product. After all, the logic of USSR was to be self-sustaining under their centrally planned economy. Most of the foreign trade that the Soviet Union did do was with other communist type countries such as China, Yugoslavia, Laos, North Korea, and Cambodia. Soviet Union trading with the United States was stark at best, peaking in 1979 at \$4. billion (total imports / exports). The main exports for the Soviet Union to the United States were chemicals, metals, oil, fur, alcohol, and fish while the US exported agricultural grain and industrial equipment. The political nature and tension between the US and Soviet Union were well known from nuclear arms containment to human rights to political ideologies. Because of this, the USSR had a very silent but understood non-tariff barrier agreement with the Western Industrialized countries, particular the United States.

As shown by the table below various dates before the dissolution of the USSR, trading between the U. S. and Soviet Union were in extremely low amounts. | USSR and US | 1979 | 1987 | | Billions[1] | | | Total Trade | 4.5 | 2 | ? In 1987, out of the \$2 billion in total trade, \$1.

5 billion was U. S. exports to USSR. Out of the \$1.

5 billion, 75% was grain exports while the rest (25%) was mainly industrialized equipment. As noted from the trade above, the Soviet Union did virtually no trade with the U. S. with respect to poultry products. The USSR believed in the method of collective farms for agricultural goods, forming non-tariff barriers essentially for all U. S.

exports outside of grain and industrialized equipment. After 1991, Boris Yeltsin began opening the country to more international trade, particularly imports to provide a greater standard of living for Russian citizens. Russian removed many non-tariff barriers to the U.

S. for poultry and meat. From the opening of U. S. export food products in 1991 to 1996, domestic Russian grain production fell 46%, sugar production fell 41%, dairy production fell 29%, poultry meat output dropped 44%, and overall agriculture production fell 33%. Russian integrated poultry operations worked at approximately 50% of capacity in 1996 and imported food accounts for 40% of all food consumed by Russians.

Particularly, trade volumes for U. S. poultry exports to Russia increased dramatically from the removal of non-tariff barriers. As indicated from the table below, trade volumes grew extremely rapidly from 1991-1996. 1991-96
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075 | 7, 365, 447 | 9, 335, 392 | 33% | % of Total Exports | 20% | 19% | 13% | 13% | 15% | | Even though poultry exports as a % of total Russian exports have decreased steadily the past five years, the poultry market has continued to exhibit strong growth since Russia opened up international trading by removing non-tariff barriers after the disbanding of the USSR in 1991. ANALYSIS Russian opening its economy for international trade by removing its non-trade barriers to the US for poultry meats is an apparent example of allowing countries to trade freely. Because of the non trade barrier removal, Russian citizens enjoyed cheaper and higher quality poultry than from its own domestic brands. As evidenced, Russian could not get enough the U. S.

export trade of poultry, leading to 18 years of tremendous growth. This Russian - US example points to how removal of non tariff barriers can really cause domestic citizens to live a better quality standard of living. Time and time again has shown the strength of allowing free international trade with little impediment. Only time will tell how the current economic crisis will play out with respect to countries hinting at more protectionism. But if history is any guide, domestic protectionism will only lead to a poorer standard of living for its domestic citizens. ALL REFERENCES HAVE BEEN CITED ON THE FOOTNOTES. OTHER REFERENCES USED ARE LISTED BELOW: Palmer, Doug.

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