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An Evaluation of the Effects of Special Safeguards in Meat upon International Trade and the Brazilian Economy

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Abstract : This study identified the impact of special agricultural safeguards (SSG) for the global market of meat and for the Brazilian economy. The tariff lines subject to SSG were selected and the period of analysis was 1995 (when the rules about the SSGs were established) to 2015 (more recent period for which there are notifications). The value of additional tariff was calculated for each of the most important tariff lines. The import volume and the price elasticities for imports were used to estimate the impacts of each additional tariff estimated on imports. Finally, the effect of Brazilian exports of meat without SSG taxes was calculated as well as its impact in the country's economy by using an input-output matrix. The most important markets that applied SSGs were the U.S. for beef and European Union for poultry. However, the additional tariffs could be estimated in only two of the sixteen years that the U.S. applied SSGs on beef imports, suggesting that its use has been enforced when the average annual price has been higher than the trigger price level. The results indicated that the value of the bovine and poultry meat that could not be exported by Brazil due to SSGs to both markets (EU and the U.S.) was equivalent to BRL 804 million. The impact of this loss in trade was about: BRL 3.7 billion of the economy's production value (at 2015 prices) and almost BRL 2 billion of the Brazilian Gross Domestic Product (GDP).

Keywords : beef, poultry meat, SSG tariff, input-output matrix, Brazil
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