

IMPACT OF LITHUANIAN EU INTEGRATION ON EXTERNAL TRADE IN AGRICULTURAL PRODUCTS

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The task of the study was to identify the impact of EU membership on Lithuanian trade in food products. The author has carried out an analysis of the inevitable and likely changes which will affect Lithuanian trade policy, terms of trade within the EU and the third countries, export and import volumes, and social consequences of these changes. The conclusions are based on a comparison of the existing Lithuanian and EU tariffs for key items of Lithuanian foodstuffs exports and imports.

Keywords: trade policy, export, import, tariff, foodstuff

Introduction

The purpose of this study has been to find out whether the Lithuanian EU membership will really have dramatic social consequences on the welfare of its citizens, as sometimes is stated by researchers, politicians and journalists. With the restoration of independence there have been major changes in the Lithuanian trade policy, trade structure and trade destinations. Since the start of transition to the free market economy Lithuanian trade policy has undergone impressive transformations from the state controlled protectionist regime to one of the most liberal trade regimes in the world. There have been changes in foreign trade structure,

although less striking, namely, a decrease in trade share of agricultural products and an increase in the share of textiles and chemicals. The destinations since 1991 have also changed considerably. The role of the CIS as a trade partner has shrunk, while the share of the EU has dramatically increased.

In order to advance in exploring the abovementioned issues, the article is structured in the following way. Section 1 describes the broad state of affairs in the Lithuanian agricultural sector, while Section 2 outlines the major aspects of the existing Lithuanian trade policy. In Section 3, an analysis of the Lithuanian external trade in foodstuffs based on Lithuanian statistics for 2002 is carried out.

Section 4 focuses on changes in the Lithuanian tariff system with the EU membership and their potential impact on imports, local production, prices and consumer welfare. Section 5 attempts to discover the effect of changes in tariffs on the Lithuanian export to the EU and the third countries. The article ends with a concluding section, in which the obtained findings are summarized.

1. General situation in Lithuanian agriculture

At present, agriculture remains a very important sector in Lithuania, comprising 9% of the national GDP and 17% of employment (according to the survey of population of 2001). The high employment rate in agriculture is a direct result of low productivity and the prevalence of tiny subsistence farms (on average 12.6 ha). As in other Central and Eastern European countries, the productivity (value added per capita) remains very low and accounts around 11% of the EU level [1, p. 7]. Despite the low productivity, Lithuania is almost fully self-sufficient in food products, except fish, fruits and vegetables. Statistics indicates that agriculture plays a crucial role in the country's economy and the food still plays a vital role in private consumption. In 2001, food accounted for 38.3% of the total household expenditures [2, p. 180].

During the last decade, agricultural production has declined as a result of losses of the traditional former Soviet Union markets, the abolishment of consumption subsidies and the price cursor. In 2001, total agricultural production was only 4.5 billion Lt, compared to 6.3 billion Lt in 1997 [2, p. 180]. Other trends in agriculture and rural development include the migration of urban population to rural districts, both open and hidden unemployment, low uti-

lization of fertilizers and modern technologies. The latter is the main reason for low productivity, although it has a positive environmental impact and ensures production of healthier food.

2. Lithuanian trade policy

Since the restoration of independence, Lithuania has undergone substantial changes in trade policy. During the first years of independence, Lithuania has broadly applied quantitative restrictions, including export embargo and licensing to prevent food deficit and a price rise. In 1993, the state foreign trade monopoly was abolished, and priority was given to tariff regulation and first of all to *ad valorem* tariffs. In 1995, a tariff system consisting of preferential, conventional and autonomous tariffs was introduced. Further attempts of Lithuania to speed up foreign trade contained the conclusion of free trade agreements with the most of trade partners and further reduction in tariff lines and size. This has resulted in the lifting of market access barriers, the introduction of liberal trade regime and conclusion of regional trade agreements. In 2002, the average applied conventional weighted tariff for industrial products comprised only 2.3%, while for agri-food it vacked 14.3%. Exceptionally high are only tariffs for sugar (165 Lt/ t), butter (34%) and few other items. As a result, more than 70% of Lithuanian trade is carried out with the countries with which Lithuania has agreed on a free trade regime. Most of these agreements cover agricultural and food products.

The free trade agreement with the EU entered into force in January 1995. This agreement envisaged a transitional period for agri-food products. Initially, Lithuania has reserved the right to apply high tariffs, while the EU applied conventional tariffs reduced by 60%

(since 1996 – by 80%). The reduced tariff rates for sensitive products were applied only for import within a set quota. However, it was not tariffs or quotas that impeded Lithuanian foodstuffs export to the EU, but mostly the inability of the Lithuanian foodstuffs to meet EU quality, hygiene and health requirements.

3. Lithuanian agri-food trade

In 2002, agri-food import (2.4 billion Lt) comprised 8.2% of the Lithuanian total import and agri-food export (2.2 billion Lt) 10.6% of the total export. In absolute terms, agricultural import slightly exceeded agricultural export. Since 1996, Lithuanian agri-food import remained stable, although its share in the total import has dropped from 13.2% in 1996 to 8.2% in 2002. Stable import and demand for foodstuffs is a sign of low elasticity of demand for imported food which, to a large extent, consists of high value products not produced in Lithuania like vines, tobacco or oils as well as tropic fruits and vegetables.

During the same period, there was a slight reduction of agri-food export in absolute terms (from 2.3 billion Lt in 1996 to 2.2 billion Lt in 2002), but more dramatic was the reduction of its contribution to the total Lithuanian export – from 17.1% in 1996 to 10.6% in 2002. These figures indicate that despite the general boost in the Lithuanian foreign trade (in 1996–2002 the Lithuanian export soared by 51% and import by 57%), the agri-food trade remains steady. The export and import of foodstuffs revived only in 1999. The reason for a relatively slow growth in agricultural export is a low compatibility of the Lithuanian agricultural products caused by a low productivity and comparatively high prices, despite low input costs, the elimination of export subsi-

dies and the high level of protection in the former markets.

The Lithuanian export of agricultural products is quite homogeneous and dominated by a dozen of products. About 40% of the Lithuanian exports (788 million Lt) account for low value added live animals and their products (CN commodity group I) and similar share (1036 million Lt) for the prepared foodstuffs (CN commodity group IV).

The major trade partners of Lithuania are the current and future EU members accounting for approximately 60% of the total agricultural export. One third of the exports go to the EU and about 20% to the other Baltic States. For Lithuania, a very important is the CIS market, where 28% of the Lithuanian agricultural and food goods are exported, including 15% to Russia. The geography of the Lithuanian agricultural export has undergone dramatic changes since 1995. The share of the Lithuanian exports to the EU has increased from 28 to 35%, while the CIS share has shrunk from 58 to 28% in 2002. With the EU membership, Lithuania may face restrictions in exporting low value added foodstuffs to CIS markets as a result of growing cost due to higher EU standards, which would have a negative impact on the Lithuanian export [3, p. 5]. The tripartite free trade agreement of the Baltic States has allowed increasing the exports' share to these countries from 8% to 19%. The main source of the Lithuanian agri-food import is the EU and its future members, exceeding 60%, while import from the CIS countries accounts only for around 12%. A large number of foodstuffs are re-exported, confirming the status of Lithuania as a transit country between the CIS and the EU. Re-exports of the foodstuffs include milk products, vegetables and fruits, mushrooms, etc. In the Lithuanian agri-food trade, a substantial role is played by intra

industry trade, especially in tobacco, fodder, confectionary and fish sectors. The first three sectors to a large extent are controlled by the foreign investors.

Table 1 provides a list of the main agri-food items in the Lithuanian trade and the share of trade with the future EU, comprising 25 members. Statistics indicates that in imports prevail the foodstuffs that are either not produced in Lithuania or used as a raw material by food industry. Approximately 10% of imports cover fruits and nuts, 10% prepared foodstuffs, 9% fish, etc. About one third of the Lithuanian agri-food exports consist of milk and milk products, around 15% of pet and animal fodder. The Lithuanian foodstuffs export is dominated by cheese and pet fodder, accounting for 28,6%

of the total agricultural export, while the structure of import is much more diverse.

As Table 1 discloses, the EU dominates in agri-food imports, while the third countries in the exports. Import to Lithuania from the third countries is not very high and does not include essential foodstuffs, such as meat and milk products. Therefore the expected changes in the trade regime will have a tangible impact only on the imports of A few products. The agri-food imports, which will be affected by changes in the trade regime, contain mostly fish, fruits and tobacco. Lithuania is a net importer of fish: in 2002 fish accounted for 11% of the Lithuanian agricultural import (265 million Lt) and for 6.6% of agricultural export (142 million Lt) [4, p. 30,35]. Most of the fish

Table 1. Main agri-food products in Lithuanian trade 2002 [4, p. 82–114]

Item in CN	Exports		Imports	
	mill. Lt	Export to the EU (%)	mill. Lt	Import from the EU (%)
Animal sub-products			40,9	79,5
Frozen fish fillet			63.6	5.5
Other fish fillet			60.3	5.1
Milk powder	50.7	21.2	19.5	9.2
Butter	39.1	44.2		
Cheese	357.2	10.3		
Bananas			55.9	–
Coffee			92.4	81
Wheat	128.4	87	27.2	5.5
Melt			43.8	100
Rape seed	60.1	100		
Soy oil			50.0	99
Prepared fish	99.1	64		
Other foodstuffs			109.4	77
Soy waste			73.1	77
Pet fodder	262.6	93		
Animal fodder	55.6	2.3	39.3	97
Cigarettes	104.7	93	38.6	66

imports (herring, salmon, mackerel and other) come from Norway or Island, which form part of the European Economic Area and have a preferential regime in trade with the EU. Until EU membership import of fish from these countries is tax-free, while the EU applies minor tariffs for fish imports from these countries.

Imports of fruits (268 million Lt, or 11.3% of agri-food import) include bananas from Ecuador, mandarins and oranges from Mauritania, pistachios and raisins from Iran, almonds from the USA, etc. There are also other items of essential agricultural import from the third countries. Tobacco, as a raw material for tobacco factory, is imported from Turkey and Brazil, soy waste from Brazil and USA, extracts from Brazil, rice from India, Thailand and Vietnam, maize and flour from Ukraine, wine from Bulgaria and Moldova, mushrooms from Russia, cacao beans from Ivory Coast. These imports will be affected by the tariff changes only to a limited extent, as the EU to imports of a number of goods from most third countries applies the General System of Preferences.

As to Lithuanian agri-food exports, the most successful is the Lithuanian milk sector. In 2002, milk stuff export, dominating by cheese, accounted for more than 20% of the Lithuanian agri-food export. Around one half of cheese exports goes to the USA, 27% to Russia and only 22% to the EU (10% in 2000). The second largest item in this sector exports in 2000 was milk powder (181.1 million Lt), which in fact was only re-export of Russian made milk powder. In 2002, export of milk powder dropped to 50.7 million Lt. The third item in the milk export is butter, which is sold out mainly outside the EU, with about one half of the export going to Russia and Uzbekistan.

The second position in agri-food exports

belongs to the prepared pet fodder, which is sold out mainly to the EU, but Russian and Norwegian markets are also important. In 2002, the Lithuanian agricultural export contained relatively large amounts of fish. While fish import consists mainly of unprocessed fish, its export contains mostly the value added products. In 2002, 64% of the prepared fish was exported to the EU market, while in 2000 most of its export went to Russia and Ukraine. In 2000, export of sugar to Uzbekistan and Russia played an important role. In 2002, the absolute majority of animal fodder was exported to Belarus and Russia. A small fraction (around 10%) of large Lithuanian wheat export also went to these countries.

4. Changes of import tariffs with EU membership

The purpose of this article is to determine how a new trade regime enforced with the EU membership will influence the tariffs and, subsequently, prices and consumer welfare. The widespread point of view is that with the Lithuanian accession to the EU the food prices as a result of tariff increase would rise significantly as "the enlargement is likely to lead to an important increase in CEEC agricultural protection against third-countries suppliers" [5, p. 9]. Other authors state that the prevalence of agriculture may result in "the substantial welfare loss incurred by Baltic states. The explanation has to do to a large extent with the perverse effect of CAP funds that will have their pattern of specialisation. The full adoption of EU tariff system will entail a sizeable loss in tariff duties. At the same time CAP flow will lead to a dramatic shift of resources to the agricultural sector (which in Baltic states is less efficient than IN the rest of the EU) at the expenses of the rest of the economy" [6, p. 20].

In order to verify the consistency of these views, the existing Lithuanian tariff system was compared with those in the EU and other selected countries. The comparison was not an easy task because the EU applies much more tariff lines, and tariffs are diversified for different country groups. For the most items Lithuania has only few tariffs when the EU has a large number. For instance, under the tariff line "other foodstuffs" Lithuania has only 2 when the EU a multitude of tariff lines. Under such circumstances, the quantification of change in tariffs requires a detailed analysis of the trade volumes for certain items. We decided not to seek a greater accuracy because efforts would not be justified, as the imports of these items are quite small and unsteady and a high tariff import for a large number of goods might be easily substituted by local production. In some cases, imports from the third countries will be diversified to imports from the EU. By import appreciation we understand a feasible growth in prices as a result of changes in the tariffs provided that the same trade routes will be kept after changes in the tariff regime.

There are little doubts that the alterations of most of the tariffs will affect the production for the local market, however, we do not expect a tangible impact of changes in tariffs on the whole agriculture. There will be a positive impact on the production of certain foodstuffs for the local market, as in 2002 the local market was a destination for 52% of the Lithuanian agri-food outputs. Abolishment of tariff restrictions for imports from the EU will result in the removal of barriers and an increase in competition in the Lithuanian agriculture and first of all in its two major sectors, namely meat and milk. In the meat sector, the abolishment of the 34% tariff for beef may not be a destructive shock because of high cost and price differences between Lithuania and the

EU. However, for the producers of butter and condensed milk products the impact of the removal of protection may become more serious, as the Lithuanian producers have almost no cost advantages. The sugar sector will also face a stronger competition, as well as the producers of chocolates, malt, ketchup, macaroni, etc. However, the reduction or removal of tariffs would not necessarily lead to the increase of imports. There are factors that will allow the Lithuanian producers to survive in a stronger competition at least in the short run and first of all due to a relatively high quality of locally produced foodstuffs and/or low producer prices. Moreover, recent trends in Lithuania's trade indicate that the reduction of tariffs does not lead to a proportional increase in imports of the affected foodstuffs. This is an indication that Lithuania's trade relations are not properly established yet and that much of trade is done by chance. In some cases, where changes of import source are difficult or impossible, alteration of tariffs will have an impact on consumer prices and consumption, but from the figures below it is clear that no tangible reduction of welfare is expected, as only a few non-vital foodstuffs will be affected more seriously. Figures in Table 2 allow us to compare the current and the future Lithuanian tariffs for the most affected items of the Lithuanian import. There are a number of items for which the tariffs will go up, but their imports are rather small.

Import is the part of trade that will be mostly affected by Lithuania's accession to the EU and the alteration of tariffs. The trade with the EU will not undergo remarkable changes, as most of the trade in the agri-food products between Lithuania and the EU is already free. Lithuania also has a free trade regime with the Baltic States, while the trade with other future EU members has small barriers in few items.

Table 2. Conventional tariffs for main foodstuffs imported from third countries in 2002 [4, p. 82–114]

Item	Import value (mill. Lt)	Conventional Lithuanian tariff	Conventional EU tariff
Cod	8.7	0%	12%
Herring	21.0	0%	15%
Mackerel	23.9	0%	15% or 20%
Hake	13.8	0%	15%
Other fish	24.4	0%	7.5% – 22%
Frozen fish fillet	63.6	0%	2% – 15%
Other fish fillet	60.3	0%	15%
Milk powder	19.5 (138.8 in 2000)	30%	125 Euro/100 kg
Mushrooms	7.7 (39.6 in 2000)	0%	12.8% (9.3% GSP for Russia)
Bananas	58.9	0%	16%
Mandarins	30.2	0%	16%
Wheat	27.2	40	95 Euro/t
Extracts	30.4	5%	9%
Other foodstuffs	109.4	0%. (50% – containing alcohol)	Diverse
Wine (CN 220421)	37.5	20%, but no less 4 Lt/l	13.1 – 32 Euro/l
Wine (CN 220429)	16.7	20%, but no less 4 Lt/l	9.9 – 32 Euro/l
Cigarettes	38.6	30%	57.6%

With the EU membership all the remaining barriers will be removed. It means that Lithuania will abolish 50% of the tariff for butter, 34% for beef, 26% for milk products imported from the EU. There will be few changes in terms of trade between Lithuania and other Eastern European Countries. Lithuania will remove the 28.8% tariff for chocolates, 30% for cigarettes, 10% tariff for apples, 5% tariffs for maize, potatoes and spices from Poland, 10% for malt and 5% for macaroni from Czech Republic, 30% for malt from Slovakia, 30% for milk products from Hungary, 7% or 20% for wines, 3% for macaroni, ketchups and tomato juices from Hungary. The removal of these barriers will have the most serious impact on the Lithuanian tobacco and confectionary sectors as well as on the local malt com-

pany. Although the tariffs for milk products from Hungary will shrink by 30%, no great threat for the Lithuanian producers is expected, as the present import volumes are very low, however, the Lithuanian consumers may find the Hungarian wine more attractive.

The alterations in tariffs will have a greater impact mostly on Lithuania's trade with the third countries, as higher tariffs and new tariff lines will be applied for a number of agri-food imports from these countries. The introduction of new trade restrictions will mean an increase in the protectionism of the currently liberal Lithuanian trade policy. Changes in the terms of trade between Lithuania and the third countries will have a more serious impact on local producers and consumers, as will do the changes of tariffs in trade between Lithuania

and the future EU members. Alterations of the trade terms will have the most tangible impact on the imports from Russia, Ukraine and the USA. A number of tariffs will go up, however, the highest effect is expected from the introduction of tariffs for a number of items being free before the accession.

Introduction of a new EU tariff (95 Euro/t) for wheat would result in price growth of imports by 66.4%. That is likely to cut the import not only from Russia, but also from Kazakhstan. A visible impact will be seen on the imports of mushrooms from Russia. For the moment, a large amount of raw mushrooms is imported from Russia (39.6 million Lt in 2000) for the developed Lithuanian mushroom processing industry, where they are processed and higher value added products are exported to the EU. Introduction of 9.3% preferential tariff will make import from Russia less profitable. Imports from Russia might also be affected by the introduction of tariffs for caviar (20%), vegetables (6.4 and 12%), water-melons (5.3% GSP tariff), and other foodstuffs, whose import volumes are not high, e. g. wheat (5.1 million Lt in 2002) or "other foodstuffs" (7.7 million Lt in 2002). There will also be a reduction of some tariffs, e. g. for biscuits (from 37.5% to 9%), flour products (from 37.5% to 6.2%).

Although Lithuania has concluded a free trade agreement with the Ukraine, agri-food trade between the two countries currently is small. Therefore the increase in some tariffs with the denouncement of agreement (for water-melons, nuts, sunflower oil, processed grain) will have only a very limited impact. However, maize import from the Ukraine (13.3 million Lt in 2002) will be restricted by 94 Euro/t tariff and that will result in the growth of import value by 11 million Lt. This will almost double the import price and inevitably reduce

the import. No barriers will meet the imports of sunflower waste (13.6 million Lt) as the EU applies the same 0% tariff.

As a result of the introduction or increase of tariffs, a growth of prices for agricultural products imported from the USA is expected. The import of "other foodstuffs" from the USA (11,3 million Lt in 2002) as a result of application of the tariff will raise the price by around 9%, the raw tobacco import (10.1 million Lt in 2002) will be dearer by 1 million Lt, as the EU applies 11.2% tariff. The import of almonds (5.6 million Lt in 2002), with the introduction of tariff will become more expensive approximately by 3.5%. The import of "other fish fillet" from the USA (41.5 million Lt in 2002), upon Lithuania's accession, will also become dearer with the introduction of tariffs ranging from 0 to 15%. The terms of trade, however, will not alter the imports of soy waste (9.2 million Lt in 2002), as 0% tariff will remain.

Lithuania's EU membership will evoke some changes in the terms of trade with the EFTA countries, with which Lithuania has free trade agreements and for the most imports applies 0% tariffs, including fish. As a result of the European Economic Area, the EU applies preferential tariffs for imports from the EFTA countries, including fish imports from Norway and Island. Tariffs for frozen fish fillet from Norway and Iceland range from 0% for herring to 5.4% for tuna, while import duties for similar fish from other countries are up to 18%. It means that the prices for frozen fish with EU membership will go up.

The introduction of tariffs will affect the imports of certain types of foodstuffs from developing countries. The alteration of tariffs will have the most tangible impact on bananas (12.2 or 16% tariffs), fish fillet (7.5–15% tariffs), cigarettes (tariffs will go up from 30% to 57.6%) and some other items. In 2002, Lithua-

nia imported bananas for 55.9 million Lt, including 49.4 million Lt from Ecuador. Bananas were imported duty free, while with the EU accession, 12.2% tariff will be applied for their import from Ecuador and 16% for import from other countries. However, total tariff burden will be only around 3 million Lt, as a large part of bananas is re-exported, mainly to Belarus (29.5 million Lt in 2002). Cacao import conditions from Ivory Coast (27.0 million Lt) will not change, as the EU applies the same 0% tariff as Lithuania does. The tariffs for extracts from Brazil (9.6 million Lt in 2002) will go up from 5 to 9%, but the statistics indicates that there is a possibility for import diversion from Brazil to Germany. Upon Lithuania's accession, 7.5–15% tariffs will be introduced for the frozen fish fillet import (11.2 million Lt in 2002) and 15% for the hake import (8.7 million Lt in 2002) from Argentina, while pistachios import from Iran (6.9 million Lt in 2002) will not be restricted with the application of 0% tariff. No tariff increase is expected for the import of oranges and mandarins from Morocco (respectively 12.4 million Lt and 16.8 million Lt in 2002), rice from India and Vietnam, as the EU does not apply any tariff within the preferential quota. In addition, there will be an improvement of import conditions for a few items, for instance, the 20% tariff for wine import from Moldova will be removed, as the EU applies the 0% preferential tariff.

A recent comparison of the Lithuanian and the EU tariffs carried out by the Lithuanian Government indicates that an increase of the existing tariffs and an introduction of new tariff lines will have a significant impact on the trade in industrial goods. However, as the import of the agri-food products from the third countries is not considerable, it should not bear serious consequences. Prices for some products will go up, especially for bananas, fish and

imported cigarettes, which may lead to the reduction of consumption of the imported foodstuffs. An increase in the prices of some fruits may encourage local consumers to look for substitutes, e. g., to replace bananas with the local fruits. Higher tariffs for imported cigarettes will encourage smokers to switch to the EU-made cigarettes. In the fish sector, the introduction of tariffs may provide an impetus for the expansion of the local fishery industry. In general, we expect only a minor impact on the inflationary process within the range of 1–2%.

5. Changes of export terms with EU membership

As agricultural exports account only for 10.6% of the total Lithuanian exports, the minor changes in terms of trade should not have a serious impact on the overall Lithuanian trade. The markets of the EU and the future member countries are already now almost free. There will be a slight improvement of export terms only for the Lithuanian exports to the future EU members – Czech Republic, Hungary, Poland, Slovakia and Slovenia, which will remove the remaining tariffs. It should be noted that the exports to these countries are rather small. The third countries, like the CIS, in most cases apply similar conventional tariffs for both the Lithuanian and the EC imports. Lithuania's exports will face higher tariff barriers only in the countries that currently apply a more preferential regime than do for the imports from the EU.

Although there will be almost no changes in the tariffs for the exports to the EU, technical barriers like standards, hygiene requirements will remain at least in the near future, and some of the Lithuanian companies may find difficult to meet them. By mid 2003, only

18 out of 57 milk processing companies fully met the EU requirements and had export certificates. According to the Lithuanian Food and Veterinary Service (LFVS), out of the remaining companies 10 may satisfy and 29 may not satisfy the EU requirements in the future. In the meat sector the situation is even worse. In 2003, only 12 large companies out of 75 had the EU hygiene, veterinary and sanitary certificates permitting exports of meat and meat products to the EU market. The LFVS informs that since July 2003 all the licensed companies can export both beef and pork and their products to the EU. According to the LFVS, by mid 2003 Lithuania was the only Baltic country, which had obtained export certificates for domestically produced meat to export it to the EU. Unfortunately, a number of large and most of the small companies do not meet the EU standards and cannot export their products to the EU. In addition, "these small-scale family farms have not been conducive to rapid restructuring and productivity growth over the past years. They are characterised by hidden employment, low skills, difficult access to inputs and inefficient scales"[7, p. 58].

Despite the fact that the EU export certificates allow expanding meat export, Lithuania still remains the net meat importer. The majority of meat is exported to Latvia and only a very small portion is exported to the EU. This indicates that market access and export certificates are not the only obstacles to penetrate the EU market. There are other imperative constraints, like effectiveness of the marketing tools, domestic support and others. OECD report points out also to such factors as poor infrastructure and transaction costs (labour market rigidities, the lack of rural credit, weak contract enforcement, inefficient marketing channels) [see 8, p. 17]. According to some

authors, because of quality, hygiene and health requirements "exports from the EU-15 may therefore further increase when CEEC import constraints are removed with accession." [7, p. 56].

We do not expect dramatic changes in the export terms with Russia, the USA and other countries. There will be some deterioration of the export terms, however, mainly due to the abolishment of GSP status granted to Lithuania by the USA and some other countries. However, the main export item to the USA, notably cheese, will not suffer. The CIS market continues to be very important for the Lithuanian exports, however, the Lithuanian export to these countries is shrinking, especially to Russia, which employs high conventional tariffs (15% for beef, prepared fish, butter, cheese, 40% for sugar, etc). Much better conditions are maintained for the exports to Uzbekistan, which applies 0% tariffs for both butter and sugar. Lithuania's trade with the Ukraine will be affected by denouncement of the free trade agreement; e. g., export of prepared fish (in 2002 10 million Lt) will become more expensive by 20%.

There is another factor that will have a more serious impact on Lithuanian export than changes in tariffs. This is the introduction of CAP measures in Lithuanian agriculture, which will result in an increase of the competitiveness of agricultural products. According to the figures provided by the Lithuanian Ministry of Agriculture, the direct payments and other support to agriculture in 2004 in comparison to 2002 will increase 6 times. Therefore to a large extent we endorse the opinion of other authors that "extension of EU agricultural policy to the CEEC economies could lead to potentially dramatic increases in CEEC agricultural exports" [5, p. 21].

6. Conclusions

1. In the end of the pre-accession period, the prevailing point of view is that with the Lithuania's accession to the EU the food prices as a result of tariff changes, should go up dramatically. However, a comparison of the Lithuanian and the EU tariffs has revealed that no dramatic changes are expected.

2. The major trade partners of Lithuania are the current and the future EU member states accounting for approximately 60% of the total agri-food exports and imports. The CIS countries still play a vital role, especially in the Lithuanian exports. As regards the Lithuanian imports, the foodstuffs that are either not produced in Lithuania or used as a raw material by the food industry prevail.

3. A large number of foodstuffs are re-exported, confirming the status of Lithuania as a transit country between the CIS and the EU. In the Lithuanian agri-food trade, the intra industry trade plays a substantial role, especially in the tobacco, fodder, confectionary and fish sectors. Foreign investors dominate the first three sectors.

4. Although with the accession to the EU in Lithuania most of the tariffs will be higher and a number of new tariff lines will be introduced, we expect only a minor impact on the trade volumes and foodstuff prices as a result of this tariff alteration. The trade with the EU will undergo only minor changes, as most of the trade is already free, while imports to Lithuania from the third countries are not very high and do not include essential foodstuffs such as meat and milk products. There will be

a small deterioration of the terms of trade with the EFTA countries. However, only minor tariffs will be applied to the imports from these countries.

5. A more tangible impact is expected only on the imports of specific foodstuffs from the third countries. However, the negative impact will be diminished by a number of factors. First, the application by the EU of the General System of Preferences to imports of a number of goods from most of the third countries, including the CIS, will reduce tariffs to a moderate level. Second, the imports of these items are quite small and not steady, and high tariff imports for some goods might be easily substituted by local production. And third, no tangible impact on the whole agricultural production is expected. We assume that other factors, like domestic and EU support, will have a higher impact. In some cases this will result in import diversion from the third countries to the EU. Alterations of the trade terms will have the most tangible impact on the imports from Russia, the Ukraine and the USA. Resulting from tariff increase, only a minor impact on the inflationary process within some 1-2% is expected.

6. Also, we expect only a very limited impact of the accession on the entire Lithuanian exports. The quality, hygiene and health requirements in the near future will remain the main barriers for the Lithuanian agri-food export to the EU with the EU accession. An attempt to meet these requirements will increase costs and reduce competitiveness.

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LIETUVOS INTEGRACIJOS Į ES PADARINIAI UŽSIENIO PREKYBAI ŽEMĖS ŪKIO PRODUKTAIS

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Santrauka

Šio straipsnio tikslas – remiantis Lietuvos užsienio prekybos žemės ūkio produktais 2002 metais statistika bei lyginant dabartinius ir būsimus tarifus, Lietuvai tapus ES nare, pabandyti atskleisti, ar narystė ES iš tikrųjų turės didelį padarinių gyventojų gerovei, o tai dažnai tvirtina žurnalistai ir kai kurie mokslininkai.

Pirmoje straipsnio dalyje trumpai įvertinama bendra situacija Lietuvos žemės ūkyje, atkreipiant dėmesį į žemės ūkio svarbą Lietuvos ekonomikai, mažą darbo našumą, didelę maisto produktų lyginamąją gyventojų vartojimo dalį, žemės produktų gamybos mažėjimą.

Antroje dalyje pateikiama trumpa Lietuvos užsienio prekybos politikos apžvalga, o dabartinė politika apibūdinama kaip liberali.

Trečioje dalyje atliekama Lietuvos užsienio prekybos analizė daugiausia dėmesio skiriant Lietuvos prekybai su trečiosiomis šalimis, su kuriomis labiausiai pasikeis Lietuvos užsienio prekybos režimas. Dabar 60 procentų Lietuvos prekybos žemės ūkio produktais vyksta su ES ir būsimosiomis narėmis. NVS dalis vis mažėja, tačiau ji vis dar svarbi Lietuvos eksportui. Lietuvos importo struktūroje vyrauja produktai, kurie Lietuvoje negaminami arba naudojami kaip žaliava maisto pramonėje. Daug maisto produktų yra reeksportuojama, o tai patvirtina Lietuvos, kaip tranzitinės valstybės, statusą. Didelė dalis prekybos yra prekyba šakos viduje, ypač tabako, pašarų, saldinių ir žuvis produktų gamybos šakose. Pirmuose trijuose sektoriuose dominuoja užsienio kapitalas.

Ketvirtoje straipsnio dalyje analizuojama narystės ES

padariniai Lietuvos tarifų sistemai ir dydžiui. Nors Lietuvai tapus ES nare bus apmuitinta daugiau importuojamų prekių ir didesniais nei dabar tarifais, naujos tarifų sistemos poveikis importo apimtims ir maisto produktų kainoms nebus labai didelis. Prekybos su kitomis ES šalimis sąlygos mažai pasikeis, nes jau dabar beveik visa prekyba, išskyrus keletą maisto prekių, yra laisva. Tuo tarpu importas iš trečiųjų šalių nėra didelis ir apima tik mažiau reikšmingus produktus. Šiek tiek pablogės prekybos su ELPA šalimis sąlygos, nes bus taikomi tarifai žuvis importui iš Norvegijos ir Islandijos. Kai kurių maisto produktų importui iš trečiųjų šalių bus taikomi nemaži tarifai, tačiau neigiamą poveikį vartojimui sušvelnins tai, kad ES kai kurių maisto prekių importui taiko Bendrąją preferencijų sistemą, be to, esant dideliems tarifams vartotojai galės naudoti pigesnius vietinius maisto produktus arba ES pakaitalus. Tačiau mažai tikėtina, kad importo pabrangimas turės didesnį poveikį vietinei gamybai. Pastarosios plėtrai nepalyginti didesnį poveikį turės padidėjusi parama žemės ūkiui. Analizė rodo, kad tarifų pasikeitimas lems maisto produktų kainų pakilimą tik vienu dviem procentais.

Penktoje dalyje analizuojamas prekybos sąlygų pasikeitimo poveikis Lietuvos eksportui. Čia nesitikima didelio pasikeitimo, nes ES rinka jau dabar laisva, o NVS šalių tarifai mažai pasikeis, nes tiek Lietuvai, tiek ES taikomi tokie patys konvenciniai tarifai. Pagrindinėmis Lietuvos eksporto kliūtimis ir toliau išliks netaarifiniai barjerai – kokybės ir higienos reikalavimai.

Įteikta 2004 m. sausio mėn.