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Impact of trade agreements and international markets on the agricultural sector

Elti Shahini*
Postgraduate Student
Simon Kuznets Kharkiv National University of Economics
61166, 9A Nauky Ave., Kharkiv, Ukraine
https://orcid.org/0009-0004-8299-4236

Abstract. The aim of this study was to comprehensively examine the impact of trade agreements and international markets on the development of the agricultural sector, in particular on the case of Albania and Austria. The study aimed to identify the mechanisms through which trade agreements stimulate production, export orientation and cooperation in agriculture. The findings indicate that the reduction of trade barriers and tariffs contributes to a significant increase in the competitiveness of agricultural products on international markets. By simplifying export procedures and reducing trade-related costs, producers can better integrate into global supply chains, which provides access to new markets. This is especially true for countries with developed agricultural sectors, where tariff reductions allow them to expand their exports, increasing production volumes and improving product quality to meet international standards. It also improves the efficiency of the domestic market, stimulating innovation and investment in the agricultural sector, which in turn has a positive impact on the country's overall economic development. In Albania, for example, trade agreements with the EU have increased exports, while Austria has gained access to significant subsidies through its participation in the EU's common agricultural policy. In addition, structural changes in the agricultural sector under the influence of international trade have led to increased production efficiency in Austria and adaptation to new market requirements in Albania. The conclusions show that international trade not only opens new markets for agricultural products, but also stimulates technological development and integration of agricultural sectors into global economic processes

Keywords: globalisation; supply and demand; pricing; dumping; protectionism; investment

INTRODUCTIONS

The development of models and mechanisms for the impact of trade agreements and international markets on the agricultural sector remains one of the key challenges facing both developed and developing economies. In the context of globalisation, trade liberalisation and growing competition in international markets, agricultural products are becoming not only an economic resource but also an instrument of political influence. Participation in global trade agreements determines not only the country's export opportunities, but also affects domestic agricultural policy, the development of farming, rural areas and food security. This issue is especially important for countries with a strong agricultural sector, where market fluctuations and the impact of international trade restrictions can have serious consequences for the national economy and the welfare of citizens. At the same time, despite numerous studies in this area, the interaction of specific agreements with the structural features of agricultural markets remains insufficiently studied. This makes it important to analyse the impact of trade agreements not only on macroeconomic indicators, but also on the development of individual segments of the agricultural sector. In this context, the study of models of the impact of trade agreements on the agricultural sector is of particular relevance, as changes in market conditions under the influence of international regulations can lead to both positive and negative consequences for agricultural producers. Research on the impact of trade agreements on the agricultural sector has repeatedly been the subject of attention of

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*Corresponding author

scholars. In particular, the works of Y. Kunimitsu *et al.* (2020) and P. Wang *et al.* (2023) demonstrated that liberalisation of agricultural markets can contribute to economic growth, but also threatens traditional forms of agriculture.

Studies on the agricultural sector in the context of global market processes focused on various aspects related to the impact of international agreements on local agricultural economies. Among them are the works of R.D. Thrasher (2021) and D.A. Irwin (2020), which showed that for countries with a strong agricultural base, joining international organisations and concluding free trade agreements open up new opportunities for exports, but also create challenges in the form of increased competition with foreign producers. Other studies, such as those by B. Jiménez-García & J. Rodríguez (2022) or X. Yao *et al.* (2021), focus on the impact of bilateral and multilateral agreements on individual countries' economies. They point out that tariff reductions and simplification of customs procedures contribute to the growth of agricultural exports, which, in turn, leads to an increase in the profitability of agricultural enterprises.

The issue of environmental sustainability remains critically important in the context of modern agricultural practices, which is especially reinforced by the impact of international trade agreements. In T. Białowąs & A. Budzyńska (2022) clearly emphasised that international agreements contribute not only to the growth of agricultural production and exports, but also stimulate the intensification of agricultural processes. There is a growing need for trade agreements to not only stimulate economic growth, but also respond to the challenges of environmental sustainability. As noted by A. Poletti *et al.* (2021) or J.M. Balogh & A. Jámbor (2020), the introduction of stricter environmental responsibility requirements at the international level would help reduce the negative environmental impact of agricultural intensification. The consequences of non-compliance with such standards could be catastrophic for both the environment and agricultural production in the long run.

Another important issue raised in current research is the impact of international co-operation agreements on the development of agricultural technologies and the efficiency of agricultural production. The study by Y.E.L. Doukas *et al.* (2022) showed that international cooperation, in particular between EU countries, promotes the introduction of new technologies and innovations in agriculture, which, in turn, increases the competitiveness of agricultural products in international markets. At the same time, authors such as N. Chaparro-Banegas *et al.* (2024) pointed out that technological barriers remain a significant problem for developing countries, where the agricultural sector lacks innovative solutions. However, most studies focused on individual countries or markets, while comparative studies analysing different patterns of trade agreements' impact on the agricultural sector in different economic conditions remain rare. Therefore, it is important to conduct a more detailed analysis of how trade agreements affect the agricultural sector in countries with different levels of economic development and political systems.

This study aimed to reveal the main models and mechanisms of the impact of international trade agreements and global markets on the agricultural sector, which is important for understanding economic processes in the context of globalisation. The key objectives of the study were as follows:

1. Analysing the main types of trade agreements and their impact on the agricultural sector in different countries.
2. Assessment of the role of international organisations and agreements in shaping agricultural trade rules and regulations.
3. Analysing strategies for adapting national economies to the new requirements of international markets and their impact on the development of farming and agribusinesses.

MATERIALS AND METHODS

The study used a comprehensive approach that combines both quantitative and qualitative methods of analysis to examine the patterns and mechanisms of impact of trade agreements and international markets on the agricultural sector. The study included several stages, each with its own objectives and goals. The first stage involved collecting and selecting a sample of materials for analysis. The sample covered a wide range of sources, such as documents of the World Trade Organisation (Agreement on Agriculture, 2024), reports of the Food and Agriculture Organisation of the United Nations (FAO) (2024). This ensured a representative sample and reflected the international and national specifics of the impact on the agricultural sector.

The second stage of the study involved a comprehensive content analysis of the collected documents covering a wide range of international trade agreements, national legislation and reports of international organisations. The main objective of this stage was to study in detail the key aspects of trade agreements, in particular such elements as agricultural quotas, tariff regulation, farm subsidies, and various forms of non-tariff barriers affecting access to international markets. Particular attention was paid to the study of quotas, a mechanism that regulates the amount of products that can be exported or imported under preferential conditions. In addition, non-tariff barriers, such as product quality requirements, sanitary and phytosanitary standards, were also studied, which also have a significant impact on the structure of production and export opportunities (Agreement on Sanitary and Phytosanitary Measures, 1998). These barriers often result in restricted access to foreign markets, especially for developing countries. In addition, attention was paid to the impact of market trends on the structure of production and export opportunities in the agricultural sector. A particularly important aspect was the analysis of changes in world prices for major agricultural commodities (High food prices…, 2024).

The third stage involved a comparative analysis of the impact of international trade agreements on the agricultural sector in Austria and Albania (Decision of the Council of Ministers…, 2014, October; Agreement on the European Economic Area, 2016, European Union and Albania, 2021;

August; Austria – CAP Strategic Plan, 2024). The main focus was on the differences in approaches to farmer support, market regulation, and participation in European and global economic associations, such as the European Union and its common agricultural policy (CAP) (2024). The implications of globalisation and market opening for agriculture in the two countries were also analysed. In this context, the paper examines how integration into world markets affects smallholder farmers, rural development and the changing structure of production. Particular attention was paid to how international agreements facilitate or hinder sustainable agriculture and food security.

Finally, the findings were summarised and conclusions were drawn on the main trends in the impact of trade agreements and international markets on the agricultural sector in Austria and Albania. The key factors impacting the dynamics of agricultural production, including trade preferences, export opportunities and regional market characteristics, were identified. The results of the study helped to outline new approaches to studying the impact of global markets on national agricultural policies in the context of international trade and changing economic conditions.

RESULTS

Models and mechanisms of influence of trade agreements and international markets. Trade agreements play an important role in the development of the agricultural sector by creating favourable conditions for expanding market opportunities and providing access to international markets. Typically, countries that sign such agreements benefit from lower tariffs, reduced administrative barriers, and new sales channels. This is especially true for the agricultural sector, where products are often seasonal and need to be sold quickly to prevent losses. Reducing or completely eliminating customs barriers allows agricultural producers to freely export their products to partner countries, which significantly increases their competitiveness. Access to international markets opens up new opportunities to increase production, expand exports and optimise production costs.

In addition to economic benefits, trade agreements help diversify risks for the agricultural sector. Opening new markets allows producers to avoid dependence on domestic demand, especially in times of economic instability. It also helps to avoid situations where a surplus of products on the domestic market can lead to lower prices and, as a result, financial losses for farmers. Access to foreign markets allows producers to tap into global demand for agricultural products, which may vary depending on seasons, climatic conditions, or changes in consumer preferences in different countries. In addition, free trade agreements, such as the European Economic Area (EEA) (2016) or various bilateral agreements, have an important effect on the economies of the participating countries. They create conditions for the development of international cooperation, which, in turn, contributes to economic growth through increased trade. Thanks to such agreements, countries receive not only economic benefits from increased exports, but also the opportunity to adapt their production processes to global standards, which increases their long-term sustainability on the global stage. As a result of trade liberalisation, the profitability of the agricultural sector increases, which has a positive impact on the national economy. Another important aspect is to stimulate investment in infrastructure and innovation. Given that international markets are much more competitive, producers need to improve their production efficiency to remain competitive. This may include technological innovations, improved logistics processes, better storage of products, and the development of transportation infrastructure. Investments in infrastructure, including the development of transport networks and modernisation of production facilities, can reduce the cost of shipping and storage, reduce losses and improve the quality of exported goods.

Institutional harmonisation and regulatory coordination provided by trade agreements is also an important element. Compliance with international standards is becoming a critical aspect of successful operation in global markets. The harmonisation of regulations, such as food quality and safety requirements, reduces trade barriers and simplifies certification and quality control procedures. This is especially important for agricultural products, which often require strict compliance with sanitary and phytosanitary regulations to be admitted to markets with high standards. For example, exports of organic products to the European Union require compliance with strict environmental standards and certificates (Standards, tools and labels, 2024).

Trade agreements have a long-term impact on the sustainability of the agricultural sector by promoting exports, improving product quality, and increasing the efficiency of production processes. They create favourable conditions for attracting foreign investment and, at the same time, stimulate the agricultural sector to improve environmental and social standards, which contributes to the sustainable development of both national economies and the global agro-industrial sector. This development does not take place in a vacuum, as international agricultural trade is a complex and multidimensional system based on different economic models that explain the mechanisms of movement of goods between countries.

Trade agreements and trade patterns interact to create a comprehensive infrastructure for the development of the global agricultural market. One of the most famous and fundamental models is the Theory of Comparative Advantage (Faccarello, 2023). According to this model, each country should specialise in the production of those goods in which it has a relative advantage. This means that even if one country can produce everything more efficiently than others, it still benefits from specialising in goods that are relatively less costly to produce. For example, countries with large land resources, such as Ukraine, Canada, or Argentina, have a comparative advantage in growing grain crops, while countries with more favourable climatic conditions, such as Italy or Mexico, can specialise in growing fruits and vegetables. This leads to more efficient use of resources and lower production costs on a global scale. This model not only explains the movement of goods, but also serves as a basis for developing international trade strategies for many countries, especially those whose economies are heavily dependent on agricultural exports. An important aspect is that specialisation allows countries to concentrate their resources on products that provide them with the greatest economic benefit. This helps to improve the quality of goods, increase their production, and expand markets, which is a key factor in the agricultural sector.

However, in addition to the theory of comparative advantage, there are other models that help to better understand the structure of international trade. One of them is the gravity model of trade (Gantuya *et al*., 2021), which assumes that the volume of trade between countries depends on their economic size and geographical proximity. This model states that large economies trade more with each other because they have a higher demand for goods and services. At the same time, countries that are closer to each other are more likely to cooperate because transportation costs are lower and delivery times are shorter. The gravity model of trade is particularly relevant for the agricultural sector, as many agricultural products have a limited shelf life and require rapid delivery to markets. For example, fresh fruits, vegetables, dairy products, and meat are perishable, so it is critical for such products to be able to transport them over short distances or using efficient logistics solutions. This model helps to explain why agricultural products are often exported to neighbouring countries or regions with high food demand. For example, the European Union countries actively cooperate in agricultural trade, as geographical proximity helps to reduce transportation costs and ensures fast delivery of goods.

In addition, the value chain model plays an important role in modern international agricultural trade (Pylypenko *et al*., 2024). It emphasises the importance of integrating countries into the global economy not only through the production of raw materials, but also through participation in various stages of the production process. For the agricultural sector, this means that countries can specialise not only in growing commodities, but also in processing, packaging, storage, and transportation. This approach allows them to increase the added value of their products and improve their competitiveness in international markets. The value chain model is important for countries seeking to diversify their export opportunities. For example, countries that export raw materials such as grain can develop infrastructure to process it and produce end products such as bakery products that have much higher added value. This not only increases export revenues, but also contributes to job creation and economic growth at home.

International agricultural trade is based on the interaction of several key models, each of which helps to explain different aspects of the process. The comparative advantage model emphasises the importance of specialisation, the gravity model draws attention to the impact of economic size and geographic proximity, and the global value chain model emphasises integration into the global economy through participation in all stages of the production process. At the same time, international trade agreements and the activities of key organisations play an important role in shaping trade rules, product quality standards, financial support, and the general conditions for the agricultural sector. Together, these models and mechanisms of influence of agreements and organisations create a holistic view of how international trade in agricultural commodities takes place, and determine the dynamics, efficiency and opportunities for economic development of countries.

The role of international organisations in the world agricultural market. The World Trade Organisation (WTO) is the central institution for regulating global trade, including agricultural trade. One of the key regulatory instruments is the Agreement on Agriculture (AOA) (2024). This agreement establishes clear rules relating to three main aspects: support for domestic subsidies, customs tariffs and market restrictions. Implementation of this agreement is aimed at gradual liberalisation of international trade in agricultural products and reduction of inequalities between developed and developing countries.

One of the main provisions of the Agreement on Agriculture is the gradual reduction of subsidies provided by governments to their agricultural producers. Prior to joining the WTO, many countries used domestic subsidies to support their agricultural sector, which helped protect producers from fluctuations in global markets and ensure price stability. However, the agreement requires signatory countries to reduce direct subsidies to farmers and gradually move towards more competitive market conditions. For example, countries such as the US, EU, Australia, and Canada have been forced to revise their agricultural policies, including reducing subsidies and tightening export regulations. In the European Union, this led to the reform of the CAP, which includes subsidy cuts and increased transparency in the provision of state support to farmers. On the other hand, developing countries such as India and Brazil, although signatories to the agreement, have somewhat different conditions for implementing the provisions of the agreement. According to WTO rules, these countries have more time to adapt their agricultural systems and can continue to provide some support to their farmers, albeit in a limited way. However, the general trend is toward reducing subsidies and opening markets to international competition. This allows them to integrate their agricultural sector into the global economy and provides access to new markets.

The WTO's activities contribute not only to improving the quality of agricultural products, but also to expanding markets. Countries that have signed agreements with the WTO, such as China, India, Japan, and many others, have been able to improve their export opportunities by accessing the markets of the EU, the US, and other major economies. For example, China has significantly increased its agricultural exports since joining the WTO in 2001 (Table 1), especially in sectors such as fruit, vegetables, and cereals.

Table 1. China's exports since the signing of the WTO agreement

Year	Trade value (USD)
2000	249 billion
2005	761 billion
2010	1 trillion 577 billion
2015	2 trillion 273 billion
2020	2 trillion 589 billion
2023	3 trillion 308 billion

Source: compiled by UN Comtrade Database (2024)

At the same time, the WTO requires member countries to increase transparency in trade relations and subsidy reporting. This helps to avoid excessive protectionist policies, which used to be widespread in many countries. For example, in 2014, the European Union was forced to reform its system of agricultural subsidies due to complaints from developing countries in the WTO. As a result, new rules for supporting the agricultural sector were introduced, which better meet the requirements of free trade (Singh, 2017).

The European Union (EU) and the common agricultural policy (2024) are important in the context of agricultural sector development. The CAP's impact covers a wide range of issues, including support for farmers, control over environmental standards, and food security. One of the key objectives of the CAP is to ensure stable production of quality agricultural products that meet strict environmental and health requirements. This has become the foundation for agricultural development within the EU, while encouraging countries that have trade relations with the EU to adapt their agricultural policies to the requirements of the European market. The main advantage of the CAP is the system of subsidies that supports farmers in their activities. Subsidies help to ensure stable incomes, which is especially important for small and medium-sized farms. This helps to maintain the sustainability of production, even in times of economic instability or natural disasters. However, it is important to note that the CAP not only provides financial support, but also requires farmers to comply with environmental standards. Farmers must implement practices aimed at preserving the environment, such as reducing the use of chemical fertilisers, optimising water use, introducing technologies to reduce greenhouse gas emissions, and improving biodiversity.

The impact of the environmental component of the CAP can be seen in many EU member states. For example, in France, farmers are forced to significantly reduce the use of pesticides and fertilisers due to CAP requirements, which has led to the transition to organic farming in many regions of the country (Lenormand, 2023). In Germany, considerable attention is paid to innovations in the field of agrotechnology, in particular the introduction of "precision farming", which allows optimising the use of resources while reducing the negative impact on the environment (Biagini *et al.*, 2023). Such technologies have become a key tool for meeting the CAP's stringent environmental standards and have a significant impact on increasing the competitiveness of the EU's agricultural sector in the global market. For non-EU countries seeking to export their products to the European market, compliance with CAP standards is a prerequisite. For example, Ukraine, which signed the Association Agreement between the European Union and its Member States and Ukraine (2024), has to adapt its agricultural products to EU standards, in particular in terms of environmental safety and product quality. This agreement provides for close trade relations, which opens up access to the European market for Ukrainian producers, but at the same time requires significant investments in modernisation of production.

The impact of the CAP is manifested not only through improved environmental conditions, but also through expanded export opportunities for countries that adhere to its standards. For example, Poland, after joining the EU, was able to significantly expand its export opportunities in the agricultural sector (Table 2), especially in meat and dairy production. Thanks to the modernisation of agriculture and compliance with CAP requirements, Polish farmers have gained access to the world's largest market, which has contributed to the development of the country's agricultural sector.

Table 2. Poland's exports since the signing of the EU agreement

Year	Trade Value (US$)
2004	73 billion
2008	171 billion
2012	179 billion
2016	196 billion
2020	254 billion
2023	318 billion

Source: compiled by UN Comtrade Database (2024)

Another example is Spain, where farmers are actively using CAP subsidies to develop sustainable viticulture and olive plantations. Thanks to compliance with EU environmental requirements and the use of new technologies, Spanish producers have been able to significantly increase their exports to other EU countries, including France and Germany. Countries outside the EU, such as Turkey and Morocco, are also seeking to comply with CAP requirements to ensure access to European markets for their agricultural products. They are adapting their production processes by introducing environmentally sustainable technologies, which allows them to remain competitive in the face of stringent requirements of European consumers. The CAP is also important for African, Caribbean, and Pacific (ACP) countries that have signed partnership agreements with the EU (Economic Partnerships, 2024). These agreements provide preferential access to EU markets for agricultural products from these countries, but require compliance with certain standards of quality and environmental sustainability. This allows ACP countries to expand their export opportunities while modernising their agricultural sectors. The impact of the European Union and the common agricultural policy is multifaceted. Not only do they stimulate the development of the agricultural sector within the EU, but they also set the rules of the game for global agricultural trade. Compliance with the CAP's strict environmental, health and safety standards are becoming a prerequisite for all countries seeking access to the European market. This helps to improve the quality of agricultural products and ensures sustainable development of agriculture, which has positive consequences for both the economy and the environment at the global level.

The Food and Agriculture Organisation of the United Nations (FAO), which is one of the leading international institutions that influences global processes of food security and sustainable agricultural development, also has a significant impact on the agricultural sector. Established in 1945, the FAO is actively working to address critical issues related to food production, environmental protection, and adaptation of agricultural systems to global challenges such as climate change, hunger, and land degradation. The organisation cooperates with developing countries as well as developed countries, providing technical, financial and political support in the development and implementation of effective agricultural policies. One of the key aspects of FAO's activities is monitoring of global food markets. The organisation analyses global trends in supply and demand for major agricultural products, which allows member countries to better plan their food strategies. This is important not only for developed countries, but also for developing ones, as FAO provides them with forecasts and analytical tools to formulate effective national agricultural policies. For example, during the global food crisis of 2007-2008, FAO was an important source of information on food price spikes, helping governments to make more informed decisions on export and import operations (High food prices…, 2024). Countries that have signed agreements with FAO are obliged to implement its recommendations and use the technical resources provided to develop their agricultural sector. These countries include all 194 UN member states, including the European Union as a regional member. FAO's activities are global, but different countries have different levels of cooperation with this organisation. For example, Brazil, which is one of the world's leading agricultural exporters, actively cooperates with FAO to disseminate its innovative methods of growing crops in Africa. At the same time, the European Union countries are focused on implementing high standards of food safety and environmental protection, which is also supported by FAO projects. It is also important to note the role of FAO in the fight against hunger, which is one of the main missions of the organisation. According to the FAO *et al.* (2024), in 2023, about 733 million people in the world suffered from malnutrition, and this figure is growing due to worsening climate conditions and social conflicts. The organisation develops strategies to overcome the food crisis, in particular by providing financial assistance and technical support to countries with high levels of hunger.

When analysing current global trade agreements and financial instruments, it is worth noting the influence of the International Monetary Fund (IMF) (2024) and the World Bank. These two institutions play a crucial role in supporting economic development, especially in developing countries. Their activities have a direct impact on the modernisation of agricultural sectors, economic stability, and the implementation of structural reforms aimed at attracting investment and improving economic efficiency. The World Bank focuses on financing projects aimed at long-term economic development. One of the key areas is agriculture. The Bank provides loans and technical assistance to increase agricultural productivity, develop infrastructure, manage water resources, and provide access to modern technologies. For example, in many African countries, the World Bank finances projects aimed at modernising irrigation systems, improving storage and processing conditions for agricultural products (Batchelor & Schnetzer, 2018). This allows local farmers to increase yields and improve access to domestic and international markets, contributing to regional economic growth.

The International Monetary Fund (2024), in turn, focuses on macroeconomic stability and support for countries in times of financial crises. The IMF provides loans to countries facing balance of payments deficits, high budget deficits, and other financial difficulties. However, these loans are often linked to requirements for economic reforms, including reforms in the agricultural sector. These reforms are usually aimed at increasing the transparency of public administration, liberalising trade, and reducing budget expenditures, in particular by cutting subsidies. An example is Albania, which has repeatedly cooperated with the IMF to receive financial assistance to stabilise its economy. As part of these agreements, the government was forced to revise its agricultural policy, including reducing state support for farmers and opening markets to competition. This also included reforming the land market to attract foreign investment in the agricultural sector and increase its competitiveness. In 2014, Albania implemented an agricultural subsidy reform program that met the requirements of cooperation with the IMF (Decision of the Council of Ministers for…, 2014). Although the reforms have led to some challenges for small farmers, in the long run they have contributed to the stabilisation of the economy and the development of the agricultural sector. The reforms implemented by Albania in cooperation with the IMF were aimed at liberalising markets and developing the country's export potential. However, as in other countries, these measures caused certain socio-economic challenges, in particular for small farmers who could not always compete with large international producers. At the same time, in the long run, these reforms were aimed at increasing the productivity of the agricultural sector and attracting new investments, which had a positive impact on the overall economic development of the country. It is worth noting that participation in IMF and World Bank programs is not always without conflicts and risks for developing countries. Although financial assistance provides access to new technologies and modernisation of agricultural sectors, it is often accompanied by strict requirements for market liberalisation, which can lead to negative consequences for certain segments of the population, in particular small farmers who become less competitive in the face of global market changes.

Free Trade Agreements (FTA) are one of the key mechanisms that stimulate the development of international agricultural trade. These agreements provide for the reduction or complete elimination of customs duties on goods and services, which allows participating countries to gain access to new markets and increase the efficiency of their economies. FTA are an important tool for the development of the agricultural sector, as they allow producers to gain direct access to international markets with minimal barriers to trade. Free trade encourages producers to improve product quality, reduce costs and increase international competitiveness. Free trade agreements encourage manufacturers to adopt innovative technologies that help optimise production processes and increase productivity. After the signing of the FTA between Chile and China (State Council of the People's Republic of China, 2019), Chilean producers significantly expanded their export potential by gaining access to the large Chinese market. However, free trade agreements can also pose challenges for the domestic markets of the participating countries. Opening up markets through tariff reductions can lead to increased competition from foreign producers, which in turn puts pressure on domestic producers. For example, after the conclusion of the North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico, Mexican farmers faced significant competition from large American agricultural corporations, which led to a reduction in some types of production in Mexico (Denata *et al.*, 2023). This has necessitated the adaptation of Mexican producers to new market conditions, including the introduction of new technologies and increased productivity.

The economic and political impact of trade agreements on the agricultural sector in Albania and Austria. Trade agreements are an important tool for shaping the economic climate for the agricultural sector, which directly affects farmers' incomes and the profitability of agricultural enterprises. These agreements have different impacts on agriculture in different countries, depending on the level of economic integration and agricultural policy. For example, Albania and Austria, which, although in different economic conditions, face the need to adapt their agricultural sectors to the requirements of global markets, are worth considering.

Albania, as a country in transition, continues to undergo a complex process of reforming its agricultural policy. This is especially important in an environment where agricultural productivity remains relatively low and the technological base needs to be modernised. However, thanks to trade agreements, in particular with the European Union (European Union and Albania, 2021), Albanian farmers have gained access to new markets for their products. One of the key points is access to the European market, which stimulates production and increases export opportunities for certain agricultural products, such as fruits, vegetables, and dairy products. For example, food exports, primarily of grapes, have increased significantly since the agreement with the EU, which has boosted the development of this sector in Albania (Table 3).

Table 3. Albania's exports since the signing of the EU agreement

Year	Trade Value (US$)
2009	1 billion 087 million
2013	2 billion 331 million
2015	1 billion 929 million
2018	2 billion 875 million
2021	3 billion 562 million
2023	4 billion 306 million

Source: compiled by UN Comtrade Database (2024)

However, it should be noted that trade with developed countries places high demands on product quality. The Agreement on Sanitary and Phytosanitary Measures (2024), which is actively supported by the WTO, provides for strict standards that Albanian farmers must meet in order to be able to export their products to Europe or other regions. This creates serious challenges for small farmers, who often do not have sufficient resources to implement the necessary technologies or modernise their production. As a result, Albanian farmers are often forced to limit their trade opportunities, which affects their income and ability to develop their farms.

In contrast, Austria, as a full member of the European Union, enjoys significant advantages in the agricultural sector through its participation in the EU's CAP. This policy provides member states with substantial subsidies and grants, which stabilises farmers' incomes and keeps Austrian farmers highly competitive on international markets. For example, the CAP provides financial support to Austrian farmers to introduce new technologies and improve the environmental sustainability of their production, which allows them not only to meet the needs of the domestic market but also to actively export their products outside Europe (Austria – CAP Strategic Plan, 2024). The Austrian agricultural sector is highly technological and has access to diverse markets, which allows it to maintain stable income even in the face of global economic challenges. At the same time, it should be noted that international trade agreements may lead to certain inequalities in the development of the agricultural sector in both Albania and Austria. Large agricultural enterprises benefit from such agreements, as they have sufficient resources to scale up production and adapt to international quality standards. They can easily integrate into global markets, gaining access to new export and profit opportunities.

International trade agreements act as a powerful catalyst for structural change in the agricultural sector of countries, affecting not only production but also employment and labour organisation. Their impact on agricultural development varies across countries depending on their level of economic development, access to technology and ability to adapt to global market demands. For countries such as Austria, international trade provides an incentive for innovation, which leads to higher production efficiency and lower production costs. However, these developments also have significant social and economic consequences, including the loss of agricultural jobs.

Austria, as a developed country with a high level of agricultural mechanisation, has long benefited from international trade. Trade agreements have contributed to the active development of agricultural infrastructure and the introduction of new technologies, which, in turn, have increased productivity and reduced unit costs. For example, Austrian farmers widely use automated systems for animal care and land cultivation, which significantly reduces the amount of manual labour and increases the quality of their products (Edan *et al*., 2023). However, this shift to more mechanised production has had implications for the agricultural labour market. In particular, many workers who were traditionally engaged in manual labour have lost their jobs due to the automation of production processes. In the long run, this restructuring of agriculture allows Austria to remain competitive on international markets, but it requires retraining of the workforce and investment in the development of new skills.

Albania, whose economy is still heavily dependent on traditional forms of agricultural production. Despite the potential benefits of international trade agreements, Albania's agricultural sector faces numerous challenges to improving its competitiveness. One of the main barriers is the lack of sufficient investment in modernising agricultural infrastructure, which makes Albanian agriculture less efficient compared to developed countries. Local farmers, who mainly use traditional production methods, have limited access to technology and cannot always ensure compliance with high international quality standards. This makes it difficult for them to enter international markets, even if trade agreements exist that provide such access. Trade agreements for Albania, while opening up new export opportunities, require significant changes in the way production is organised. In particular, local farmers have to adapt to the new requirements of international standards, such as food safety and environmental regulations. For example, the Sanitary and Phytosanitary Agreement (SPS Agreement) (The WTO Agreement…, 2024) imposes strict requirements on the safety of agricultural products, which requires significant investments in technological innovations such as quality control at different stages of the production cycle. For many small-scale farmers who traditionally work with old technologies, these requirements put serious pressure on their financial viability and ability to compete internationally. This, in turn, leads to a need to change the structure of employment, including a growing demand for skilled workers capable of implementing new technologies and managing modernised production processes.

It is worth noting that trade agreements have a mixed impact on the social aspects of agriculture. On the one hand, they help to increase efficiency and open up access to new markets, which can potentially boost economic growth. On the other hand, modernisation and standardisation requirements put additional pressure on small farms and workers, who often do not have access to financial resources or support to adapt to new conditions. For example, in the case of Albania, local farmers face limited opportunities to invest in new technologies, which puts them at a disadvantage compared to large agricultural holdings or farmers in developed countries. Austria, which has access to financial support under the EU's common agricultural policy, has been able to effectively use international trade agreements to modernise its agricultural sector and increase its competitiveness. Even here, however, there is a downward trend in agricultural employment as automation of processes reduces the need for manual labour. In the long run, this may create additional social challenges, such as retraining workers and providing new jobs in related industries. Investments in agricultural infrastructure play a key role in ensuring the sustainable development of the agricultural sector, especially in the context of international trade agreements. The development of this area allows countries to effectively integrate into world markets, increase productivity and ensure global competitiveness. Accordingly, the effective use of investments in logistics, technology, and storage is becoming a crucial factor for the success of the agricultural sector in global trade.

Austria is a prime example of how international trade agreements, including participation in the European Union and the CAP, have helped to attract significant investment in agricultural infrastructure. Thanks to agreements with the EU, Austrian farmers have access to a wide range of financial resources and technical assistance, which allows them to modernise production facilities, introduce new technologies and improve supply chains. For example, the Austrian agricultural sector pays considerable attention to the development of transport logistics, which ensures fast and safe delivery of products both in the domestic market and abroad (Erixon *et al*., 2020). The introduction of new technologies for storing and handling products also contributes to the competitiveness of the Austrian agricultural sector. This is particularly important in the fiercely competitive international market, where the speed and quality of product delivery are crucial factors for success. In addition, international trade agreements encourage the development of sustainable practices in Austria's agricultural infrastructure. European environmental standards, which are binding on all EU member states, encourage Austrian farmers to adopt practices that minimise their environmental impact. This includes the use of renewable energy sources, efficient waste management and the reduction of greenhouse gas emissions. As a result, Austria's agricultural infrastructure is not only more productive but also environmentally sustainable, enabling it to hold a strong position on international markets.

In contrast, the situation in Albania is more complex due to the limited level of investment in agricultural infrastructure. Despite the significant potential for agricultural sector development, Albania faces serious challenges in modernising its infrastructure capacity. Trade agreements with the EU and regional partners have undoubtedly created conditions for attracting foreign investment, but their volume is still insufficient to have a significant impact on the agricultural sector. As a result, Albanian farmers remain less competitive on international markets due to the lack of adequate infrastructure for transporting and storing products. One of the main challenges for Albania's agricultural infrastructure is the underdeveloped logistics network, which does not allow for efficient delivery of products to foreign markets. Many farmers do not have access to modern technologies for storing agricultural products, which leads to significant losses of products after harvest. This, in turn, limits their ability to compete with more developed agricultural economies such as Austria. However, efforts to attract foreign investment, including from international organisations, may change the situation. In particular, the World Bank and the European Investment Bank have already begun to finance several projects aimed at developing agricultural infrastructure in Albania, which could significantly improve the situation in the long run.

Trade agreements, while playing an important role in the development of the global economy, can cause a number of problems for the agricultural sector, including increased competition from foreign producers, dumping practices, and the need for protectionist measures. In the case of Austria, a country with high standards of agricultural production, there is a need to protect domestic markets from the influx of cheaper products from other countries that do not adhere to such strict quality and environmental standards. Products imported from countries with lower production standards can be significantly cheaper due to lower production costs, which puts Austrian farmers at a disadvantage. To prevent the negative consequences of this situation, the Austrian government has been forced to apply protectionist measures aimed at protecting local producers. This includes higher duties on certain imported products, restrictions on the import of goods that do not meet national standards, and financial support for local agricultural enterprises. At the same time, this approach raises complex economic and political questions, as it may contradict the principles of free trade enshrined in international trade agreements, such as those governed by the WTO. Austria, as part of the European Union, is bound by the general rules of the EU's common market, which limits its ability to unilaterally impose such measures, as most decisions on protectionism are taken at the EU level.

Albania, on the other hand, as a country with a less developed economy and agricultural sector, faces significant difficulties in competing with more economically powerful countries. Dumping practices, often used by large producers from developed countries, pose a serious threat to Albanian farmers. Dumping is the artificial reduction of prices for exported goods in order to capture the market, which puts Albanian farmers in an extremely difficult situation. Most of Albania's small and medium-sized agricultural enterprises operate with relatively low productivity, due to limited access to modern technology and lack of investment. As a result, Albanian agricultural products are often unable to compete on price with dumped products from abroad. In addition, due to weak state support and limited access to finance, many Albanian farmers are unable to invest in improving their production, modernising their machinery or adopting new technologies. This reduces their competitiveness on international markets, even though there are certain trade agreements in place that could theoretically open up access to new markets. Such conditions create additional risks for the Albanian agricultural sector, as farmers may lose domestic market share due to the influx of cheap imported goods, which leads to a drop in income and, in some cases, bankruptcy for small producers. It is also worth noting that while issues such as dumping and protectionism are common to many transition economies, Albania remains vulnerable due to the low level of institutional support for farmers. The absence of effective mechanisms for state aid or export promotion makes Albanian producers vulnerable to external factors, which reduces their ability to compete on equal terms with foreign producers. State support policies for agriculture are a key factor in ensuring the competitiveness of the agricultural sector, especially in international markets, where competition is becoming increasingly fierce due to globalisation. In many countries, state support policies are aimed at ensuring the stability of farmers' incomes, maintaining high production standards and developing agricultural enterprises, which allows them not only to survive in the domestic market but also to actively participate in export operations.

Austria, as a member state of the European Union, benefits from its participation in the CAP. As a result, Austrian farmers have access to stable sources of funding, which allows them not only to maintain production levels but also to actively innovate and develop technologies. EU support helps Austria to maintain high quality standards that meet international requirements and also stimulates the development of organic farming, which has become one of the hallmarks of the Austrian agricultural sector. For example, in 2022, Austria was one of the leaders in Europe in terms of the share of organic land under organic farming, which was made possible by government support. Among European countries and globally, Liechtenstein has the highest share of organic land at 43.0%, followed by Austria, the EU country with the highest share of organic land at 27.5% (FiBL, 2022). According to the FiBL, the percentage of organic land should rise to 35% by 2030. In addition, Austrian government policy is focused on improving the efficiency of small and medium-sized agricultural enterprises, which are the backbone of agricultural production. Conditions are created for farmers to modernise their farms and receive additional support when implementing environmental innovations or upgrading their technical facilities. This allows even small farms to remain competitive in open markets and fierce competition.

On the other hand, Albania, as a country in transition, does not have such extensive financial resources to support the agricultural sector. This poses serious challenges for Albanian farmers, who face limited opportunities to modernise production and integrate into international markets. However, the Albanian government is taking active steps towards agricultural development through cooperation programmes with the European Union and other international organisations. These programmes are aimed at increasing productivity, supporting small and medium-sized farms, and improving rural infrastructure. In particular, EU programmes for transition countries, such as Instrument for Pre-Accession Assistance for Agriculture and Rural Development (IPARD) (IPARD III implementation…, 2024), help Albania to secure funding for projects aimed at increasing the competitiveness of farms. The IPARD programmes provide financial assistance to farmers seeking to modernise their production and meet European quality standards. Although this process requires considerable effort, it opens up prospects for Albanian farmers to enter new markets, including the European one. However, even with international support, the Albanian government has to address a number of critical issues. Firstly, it concerns the lack of infrastructure and technology, which significantly complicates the production and processing of agricultural products. In addition, many Albanian farmers face difficulties in accessing finance and credit, which limits their ability to grow and invest in new technologies. This creates a gap between large agricultural enterprises and small farms, where the latter often remain at the level of traditional farming methods, limiting their productivity.

Nevertheless, it is worth noting that in the face of global challenges and growing demands for agricultural products, state support policies are crucial for the success of the agricultural sector. The examples of Austria and Albania show how the level of state support affects the ability of countries to develop their agricultural sector, introduce innovations and enter international markets. Trade regulations are also important in this context. In the case of Albania and Austria, these requirements are largely determined by international standards and agreements that set specific requirements for the quality, safety and environmental responsibility of agricultural products. However, the implementation of these standards and the challenges faced by these countries differ due to their different economic status and level of integration into international markets.

DISCUSSION

The study on the models and mechanisms of the impact of trade agreements and international markets on the agricultural sector, based on the examples of Albania and Austria, showed that trade agreements have a significant impact on the development of the agricultural sector, creating conditions for expanding markets and increasing the competitiveness of agricultural products. Reducing tariff barriers, simplifying customs procedures and introducing modern technologies stimulated by international cooperation creates new opportunities for agricultural enterprises, increasing their competitiveness and efficiency. Such measures allow agricultural producers not only to increase production but also to improve product quality. This is in line with the research of many international scholars who emphasise the role of trade agreements in improving the efficiency and modernisation of agriculture. In the works of such researchers as E.D. Farsani *et al.* (2024) or N. Sansika *et al.* (2023) emphasised that international integration of agricultural markets is a key element for increasing productivity and introducing innovative technologies, which has a positive impact on the quality and volume of products.

The study confirms the positions set out in the works of H.T.T. Doan & H. Zhang (2023), who noted that reducing tariff barriers stimulates an increase in production volumes and improves product quality. The authors point out the importance of countries' participation in international agreements for access to new technologies and productivity growth in agriculture. In turn, the study findings show that the introduction of modern technologies, such as automation systems and the use of digital platforms to manage logistics processes, helps to increase production efficiency and reduce costs. This is in line with the findings of this study on the importance of reducing tariff barriers for the competitiveness and development of the agricultural sector.

In particular, in Albania, which faces challenges due to economic transition and insufficient infrastructure, accession to the WTO and participation in trade agreements with the European Union have stimulated the modernisation of the agricultural sector, but also revealed weaknesses, such as the lack of state support for small farmers and dependence on imported products, which threatens food security. Such challenges are noted in the study by M. Osmani *et al*. (2022) and E. Gjokutaj (2021), which emphasises that economic policies aimed at liberalisation without parallel support for agriculture lead to increased inequality in rural Albania. This inequality can have a negative impact on the formation of national identity and social integration, as agrarian communities remain vulnerable to changes in the global economy. The results of the study confirmed the existence of significant challenges in the development of the agricultural sector in Albania. In particular, the dependence on agricultural imports makes it difficult for farmers to form a sustainable economic model, leading to lower investment and limited development of local enterprises. This also affects political stability, as there is a growing risk of social tensions due to economic difficulties. Study I. Tomorri *et al*. (2022) also emphasised that without structured agricultural development programmes and infrastructure support from the Albanian government, farmers remain isolated from national and international markets. These conclusions are in line with the findings of this study, which point to the need for state support for farm growth, which in turn will allow the agricultural sector to integrate into global value chains.

In Austria, on the other hand, the agricultural sector is supported through participation in the European Union's CAP, which allows farmers to receive subsidies and financing for production development. Thanks to stable policies and strong institutions, Austria has been able to create the conditions for building an agricultural sector that is focused on sustainable development and export orientation. Centralised regulation of quality standards and environmental responsibility also plays an important role, contributing to the sustainable development of the agricultural sector and increasing the country's export potential. However, as the study by G. Malorgio & F. Marangon (2021), the high standards and requirements of the CAP can create difficulties for smaller firms that do not always have the resources to meet the requirements. This is confirmed in this study, which emphasises the importance of state support and resources for small and medium-sized farmers to adapt to modern requirements and standards. In general, Austrian policy aims to preserve agricultural traditions and environmental responsibility, but to achieve maximum effectiveness, it is necessary to ensure that all actors in the agricultural sector adapt. The study also found that political stability and economic conditions in Austria create favourable conditions for agricultural development, while in Albania, frequent political changes and economic instability have a negative impact on the integration of farmers into the national economy. The study by S. Ullah *et al*. (2024) confirmed that a stable political system and strong institutions contribute to the development of the agricultural sector by providing access to markets and financing.

The study examined the global value chain model, which shows that modern agro-industrial processes are often interstate and require coordination between different countries. These findings are in line with the work of J. Zhang *et al*. (2021), who studied agricultural supply chains in Asia and Europe. The authors emphasised the importance of international cooperation to ensure the efficiency of global supply chains and reduce the risks associated with the export and import of agricultural products. The study confirms these theses, especially in the case of grain trade between Albania and the EU, where the efficiency of logistics and transportation is an important factor in maintaining stable markets. However, it is also important to note that the results of this study differ to some extent from the work of E.W.F. Peterson (2019), which argues that free trade agreements in the agricultural sector have a predominantly positive effect on all types of producers. This study suggests that the effectiveness of such agreements depends on the degree of support farmers receive at the national level, as well as their access to inputs and modern technology. In cases where governments do not invest sufficiently in agricultural development or do not establish support programmes for farmers, the effects of the agreements may not be as positive. Prospects for further research focus on the need for a more detailed analysis of the interaction between international trade agreements and government policies in the field of agriculture. In particular, it is important to study the impact of environmental standards set by international agreements, such as the European Green Deal, on the development of agriculture in Eastern Europe and Central Asia. Given the tendency to increase environmental requirements in international trade, the study of their impact on local markets, especially in the context of climate change, is becoming increasingly relevant.

This study demonstrated the significant impact of trade agreements and international markets on the agricultural sector, pointing to the complexity and multidimensionality of the processes associated with global agricultural integration. Participation in agreements opens up new opportunities for exports, access to advanced technologies and new markets, which is crucial for countries seeking to improve the efficiency and modernise their agricultural sector. The study also highlights that participation in international agreements alone is not enough to ensure the sustainability and competitiveness of the agricultural sector. It is important to have comprehensive state support, including financial subsidies, investments in infrastructure and development programmes for small and medium-sized farms. Government policy should ensure access to inputs, modern technologies and markets, which allows agricultural enterprises to remain competitive even in the face of fierce competition and global economic instability.

CONCLUSIONS

The article examined the impact of trade agreements and international markets on the agricultural sector of countries. The study examined in detail the main models of international agricultural trade, including the comparative advantage model, the global value chain model, and the international cooperation model. In addition, a detailed analysis of the impact of bilateral, regional and multilateral trade agreements on agriculture in countries such as Austria and Albania were carried out. For example, bilateral agreements between countries can facilitate market access and stimulate exports, while regional agreements, such as those involving Albania and the EU, have a more systemic impact on the agricultural sector, covering not only market access but also product quality standards, innovation, and investment. Multilateral trade agreements, such as the WTO's Agreement on Agriculture, establish a global framework for agricultural trade that affects all member countries. Each of these types of agreements creates different conditions for the development of the agricultural sector in the countries involved in trade. Trade agreements play an important role in stimulating the growth of agricultural exports and increasing their competitiveness. For Austria, this means access to a wider range of consumers on a global level and a stronger position in European market chains. However, in the case of Albania, while the agreements open up new markets, they also pose serious challenges, especially for small farmers who do not always have access to the necessary resources to innovate and meet new standards. This is due to both structural constraints in Albania's agricultural sector and the lack of technology and infrastructure. Overall, the study results show that international trade agreements are an important factor in stimulating agricultural activity. They provide countries with access to new markets, the latest technologies and financial resources, which helps to develop their agricultural sector. In the case of Austria, such agreements help to expand export opportunities and integrate into European and global markets, strengthening the role of the agricultural sector in the country's economy. For Albania, they represent an opportunity for agricultural modernisation, but the integration process is often accompanied by significant challenges for small farmers, who face difficulties in adapting to new conditions and competitive environments.

A major limitation of the study was the lack of availability of up-to-date data on small farms in Albania, as well as the difficulty of assessing the long-term impact of international trade agreements on the agricultural sector in both countries. Prospects for further research are to study the impact of international trade agreements on agricultural development in different countries, taking into account their economic context and the specifics of the agricultural sector. The study points to the importance of analysing not only the direct economic impact, but also institutional conditions, innovation, and infrastructure capacities that may be limiting factors for less developed countries. Further research could include consideration of effective adaptation strategies for smallholder farmers in such countries, as well as support mechanisms that can help them meet new standards and requirements of international markets.

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CONFLICT OF INTEREST

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Вплив торговельних угод та міжнародних ринків на аграрний сектор

Елті Шахіні

Аспірант
Харківський національний економічний університет імені Семена Кузнеця
61166, пр-т Науки, 9а, м. Харків, Україна
https://orcid.org/0009-0004-8299-4236

Анотація. Метою цього дослідження було комплексне вивчення впливу торговельних угод та міжнародних ринків на розвиток аграрного сектору, зокрема на прикладі Албанії та Австрії. Дослідження було спрямоване на виявлення механізмів, за допомогою яких торговельні угоди стимулюють виробництво, експортну орієнтацію та кооперацію в сільському господарстві. Результати дослідження свідчать, що зниження торговельних бар'єрів і тарифів сприяє значному підвищенню конкурентоспроможності сільськогосподарської продукції на міжнародних ринках. Завдяки спрощенню експортних процедур та зменшенню витрат, пов'язаних з торгівлею, виробники можуть краще інтегруватися в глобальні ланцюги поставок, що забезпечує доступ до нових ринків. Це особливо актуально для країн з розвиненим аграрним сектором, де зниження тарифів дозволяє їм розширювати експорт, збільшуючи обсяги виробництва та покращуючи якість продукції відповідно до міжнародних стандартів. Це також підвищує ефективність внутрішнього ринку, стимулюючи інновації та інвестиції в аграрний сектор, що, у свою чергу, позитивно впливає на загальний економічний розвиток країни. Наприклад, в Албанії торговельні угоди з ЄС сприяли збільшенню експорту, а Австрія отримала доступ до значних субсидій завдяки участі в Спільній аграрній політиці ЄС. Крім того, структурні зміни в аграрному секторі під впливом міжнародної торгівлі сприяли підвищенню ефективності виробництва в Австрії та адаптації до нових вимог ринку в Албанії. Висновки показують, що міжнародна торгівля не тільки відкриває нові ринки для сільськогосподарської продукції, але й стимулює технологічний розвиток та інтеграцію аграрних секторів у глобальні економічні процеси

Ключові слова: глобалізація; попит і пропозиція; ціноутворення; демпінг; протекціонізм; інвестиції