

How Do Cultural Factors Affect Agricultural Trade ?

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Abstract

The purpose of this paper is to investigate the ways in which cultural factors such as language, region and colonial ties affect trade in agricultural products, as compared with trade in manufactured goods. Using the augmented gravity model, we find that commonality of language, religion and a colonial relationship between trading countries enhance trade in agricultural products more significantly than trade in manufactured goods. This result implies that trade in agricultural products depends more heavily on cultural ties between the trading partners than trade in manufactured goods. This greater effect of cultural ties on agricultural trade remains, even upon analyzing differentiated agricultural products and manufactured goods.

Keywords: culture; gravity model; agricultural trade

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