Food Import Refusals: Effects and Implications for Seafood Trade

Kathy Baylis
Assistant Professor
Agricultural and Consumer Economics
University of Illinois
302B Mumford Hall
1301 W. Gregory Drive
Urbana, IL 61801-3605
E-mail: baylis@illinois.edu
Telephone: 217-244-6653
Fax: (217) 333-5538

Lia Nogueira
Assistant Professor
Agricultural and Consumer Economics
University of Illinois
433 Mumford Hall
1301 W. Gregory Drive
Urbana, IL, 61801-3605
E-mail: nogueira@illinois.edu
Telephone: (217) 244-3934
Fax: (217) 333-5538

Kathryn Pace
M.S. Student
Agricultural and Consumer Economics
University of Illinois
438 Mumford Hall
1301 W. Gregory Drive
Urbana, IL, 61801-3605
E-mail: kpace@illinois.edu
Fax: (217) 333-5538


Copyright 2011 by Kathy Baylis, Lia Nogueira and Kathryn Pace. All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.
Food Import Refusals: Effects and Implications for Seafood Trade
Kathy Baylis, Lia Nogueira, and Kathryn Pace: University of Illinois Urbana-Champaign

Objectives:
To explore whether non-tariff barriers are being used as a tool for trade protection. We use EU seafood import notifications from 1998 to 2008 as a measure of non-tariff barriers.

Model:
Count of EU notifications (HS6 x importer x exporter x year)
\[
\Pr(\text{EU Notification}_{ijlh}) = \beta_0 + \beta_1(\text{Trade Protection}_{ijlh}) + \beta_2(\text{Risk}_{ijlh}) + \epsilon_{ijlh}
\]

Research Questions:
1. As tariff rates decrease, is there an increase in the number of EU import notifications? Yes!
2. Do countries with higher demand for domestic production tend to have higher rejection and notification rates? Yes!

Identification:
Because tariff rates may be simultaneously chosen, we instrument for exogenous changes in tariff rates, using:
1. Trade agreements and trade preferences
2. Product characteristics
3. Exporter characteristics

Conclusions:
Notifications are associated with risky products and risky exporters. Notifications are also associated with higher demand for protection. When trade agreements force decreases in tariffs, we observe an increase in the number of import notifications. The effect is stronger for those products rejected at the border for less threatening health reasons.

Robustness tests:
1. Maximum tariff rates
2. Source of notification
3. Large fish producers
4. Original EU-15 members
5. Count data
6. Excluding zeros
Results are robust to different specifications.

Summary Statistics

Estimated Change in Count of Notifications (average count = 0.014)

We thank Alex Winter-Nelson for his help obtaining data. Partial funding for this project provided by CATPRN.