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Food Import Refusals: Effects and Implications for Seafood Trade

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Food Import Refusals: Effects and Implications for Seafood Trade



Kathy Baylis, Lia Nogueira, and Kathryn Pace: University of Illinois Urbana-Champaign

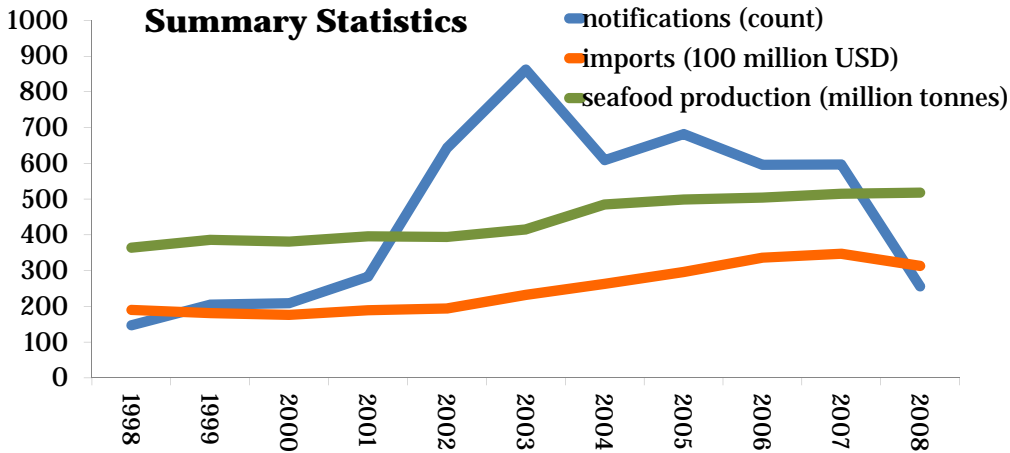
Objectives:

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)

$$\Pr(\text{EU Notification}_{ijht}) = \beta_0 + \beta_1(\text{Trade Protection}_{ijht}) + \beta_2(\text{Risk}_{ijht}) + \epsilon_{ijht}$$



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 | 0.07 |
| 2. Source of notification | 0.06 |
| 3. Large fish producers | 0.05 |
| 4. Original EU-15 members | 0.04 |
| 5. Count data | 0.03 |
| 6. Excluding zeros | 0.02 |

Results are robust to different specifications.

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

