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The Role of Export Restrictions in Agriculture Trade

Carmen Estrades

Selected Paper prepared for presentation at the International Agricultural Trade Research Consortium's (IATRC's) 2015 Annual Meeting: Trade and Societal Well-Being, December 13-15, 2015, Clearwater Beach, FL.

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The role of export restrictions in agriculture trade

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2015 IATRC Annual Meeting

Clearwater Beach, 13-15 December

Export restrictions

- Export restrictions comprise a wide range of measures:
 - Export taxes
 - Export quotas
 - Export bans
 - Other measures: minimum or reference prices, non-automatic licenses, dual pricing scheme.
- Mainly applied in “raw materials”: minerals and metals, agricultural commodities, wood products.

Export restrictions in agriculture

- Export restrictions have an impact on domestic supply and prices
- Justification for applying export restrictions:
 - To guarantee domestic supply of key staples
 - To develop a domestic industry based on unprocessed commodities
 - To insulate domestic prices from international volatility
- In agriculture, export restrictions are frequently applied for food security purposes

Impact of export restrictions in international markets

- Effects of export restrictions on international prices depend on:
 - Market power of the country imposing the restriction
 - Strategic behavior of importing countries
- “Big” countries (i.e. countries with market power) will have terms of trade gains from the measure
- With strategic behavior, impact on international prices can be even higher

Export restrictions during the food crisis

- There was a peak of export restrictions applied during the recent food crisis (2007-2008/2010-2011)
- Evidence suggests that export restrictions, together with other price insulating policies, contributed to an overall increase in food prices (Martin and Anderson 2012; Anderson and Nelgen 2012; Jensen and Anderson 2014; Giordani et al. 2014; Mitra and Josling 2009; Solleder 2013; Headey 2011)
- Most studies:
 - Focus on few markets (grains, oilseeds)
 - Consider all types of price insulating policies altogether
 - Do not consider other export restrictions besides export taxes

Objectives

- To have a comprehensive idea of export restrictions applied in the agriculture sector
 - Types of measures, countries that apply restrictions, sectors affected, justification for applying the measure, timespan of the measures
- To contribute to the evidence about the impact of export restrictions on food prices and agriculture trade
- To contribute to policy debate for regulating export restrictions at the international level

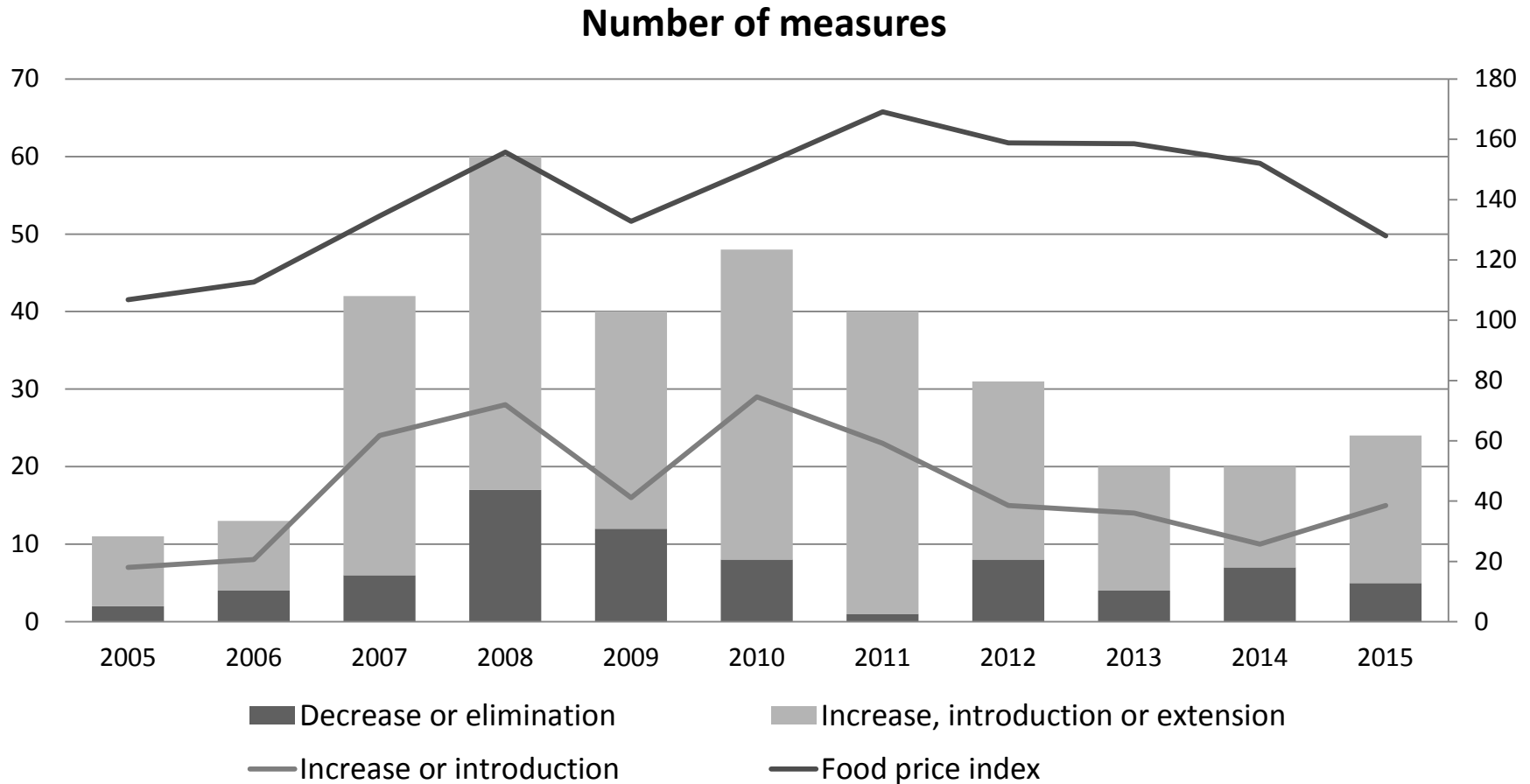
ERA database

- **Export Restrictions in Agriculture database**
- Builds on existing databases and information systems on export restrictions (OECD 2014; Solleder 2013; WTO monitoring reports; Global Trade Alert; AMIS)
- Comprehensive database of all countries, all agriculture products (HS6), all type of export restrictions.
- 2005-2015 period
- Includes information on duration of the measure, justification, type of measures, direction of measures
- Includes short term measures

Export restrictions in the agriculture sector (2005-2010)

- 32 countries
- 293 measures that introduce export restrictions, increase restrictions already in place or extend measures already in place
- 3729 HS lines
- Main sectors: cereals, oilseeds, vegetables, milling products, raw hides, live animals, sugar
- Main measures applied: export bans, export quotas and export taxes

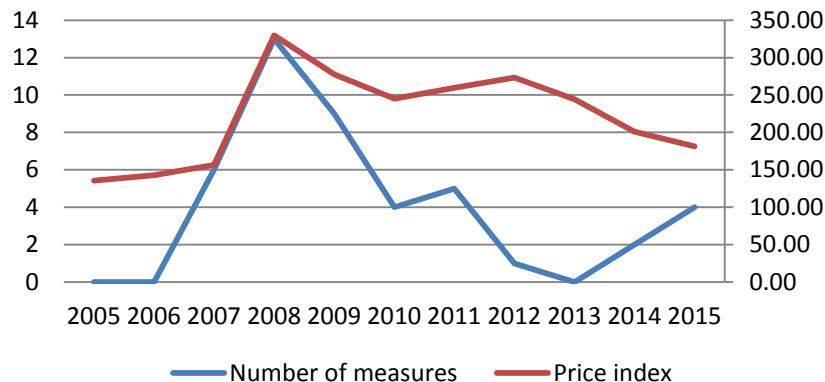
Two peaks in the introduction of new measures: 2008 and 2010



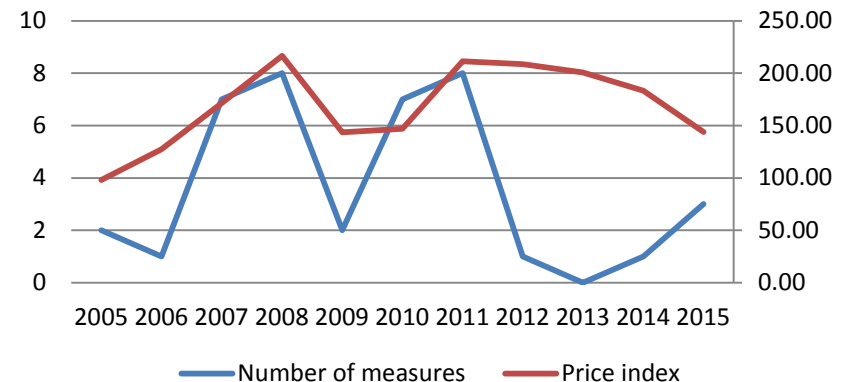
Source: ERA, FAO food price index

Cereals is the most affected sector: 38% of new or increased measures

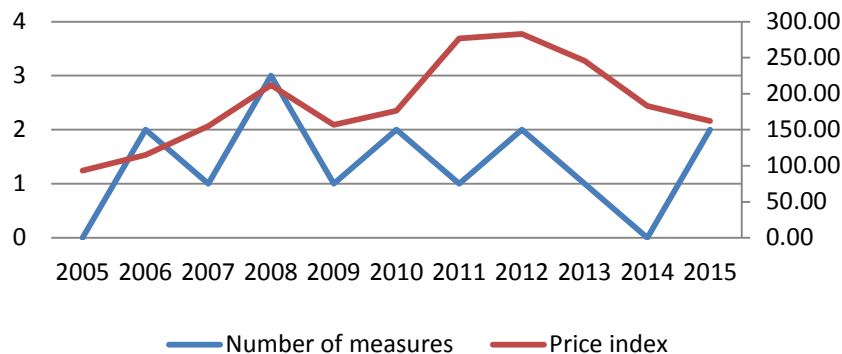
Rice



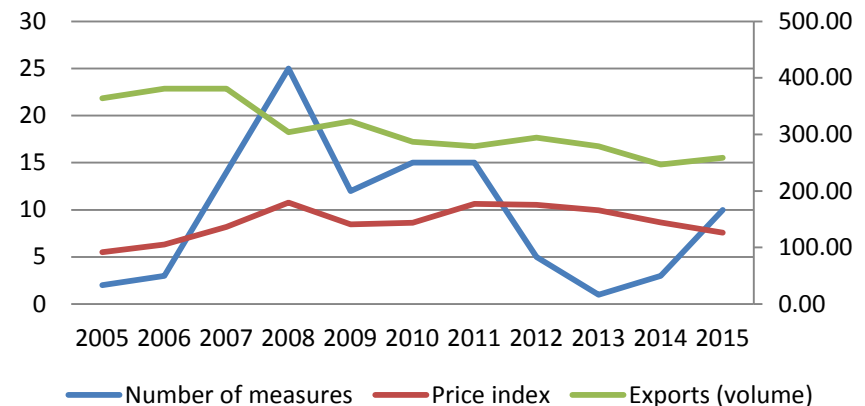
Wheat



Maize



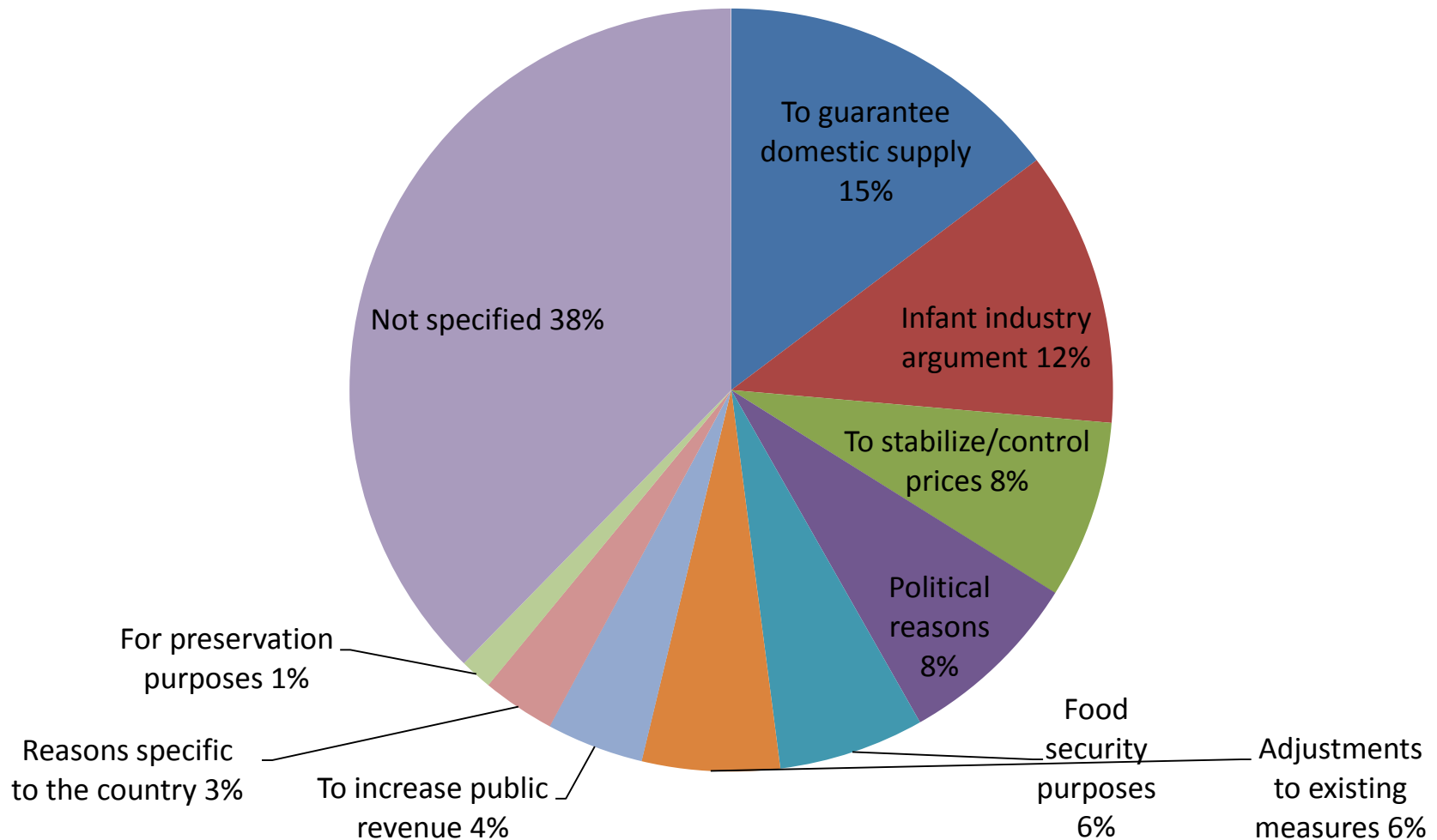
Cereals



Exports bans and export quotas are more frequently applied, but they last on average shorter periods of time

	Frequency	Average years
Export bans	28.7%	2.8
Export quotas	25.3%	2.8
Export taxes	20.8%	4.8
Non automatic export license	6.5%	3.9
Price reference / minimum export price	5.8%	1.9
Other measures	13.0%	3.3
Total	100%	3.5

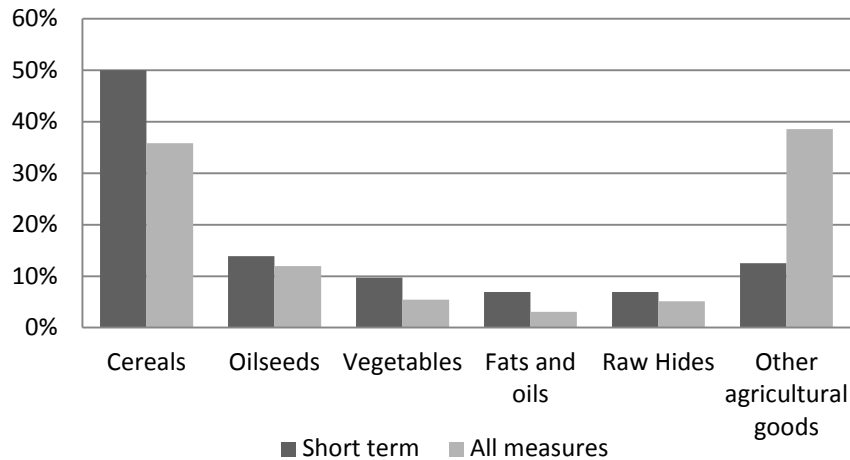
Justification (new or increased measures)



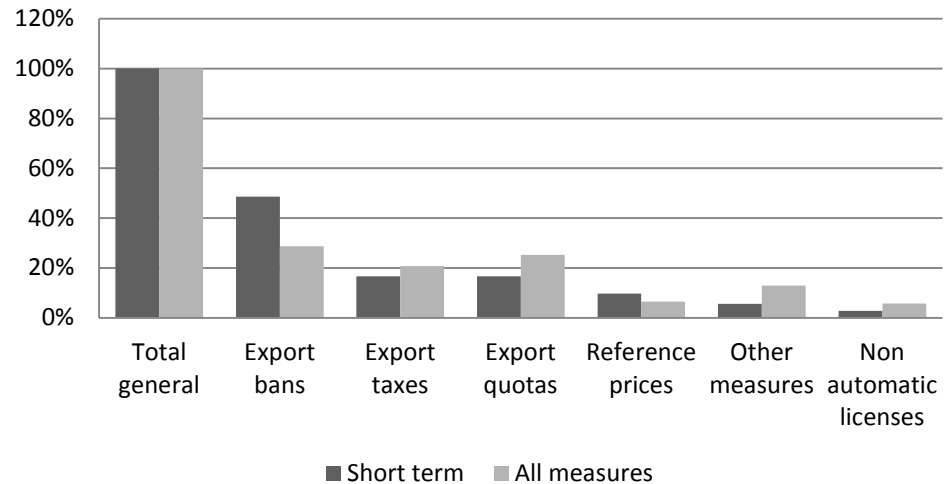
Price stabilization and infant industry arguments more frequently used when export taxes are implemented; domestic supply and political reasons when export bans are implemented

Short term measures (< 6 months)

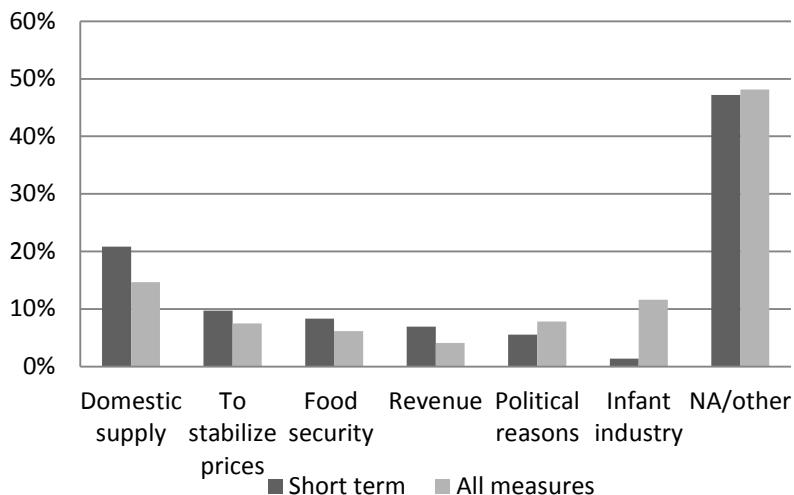
By products



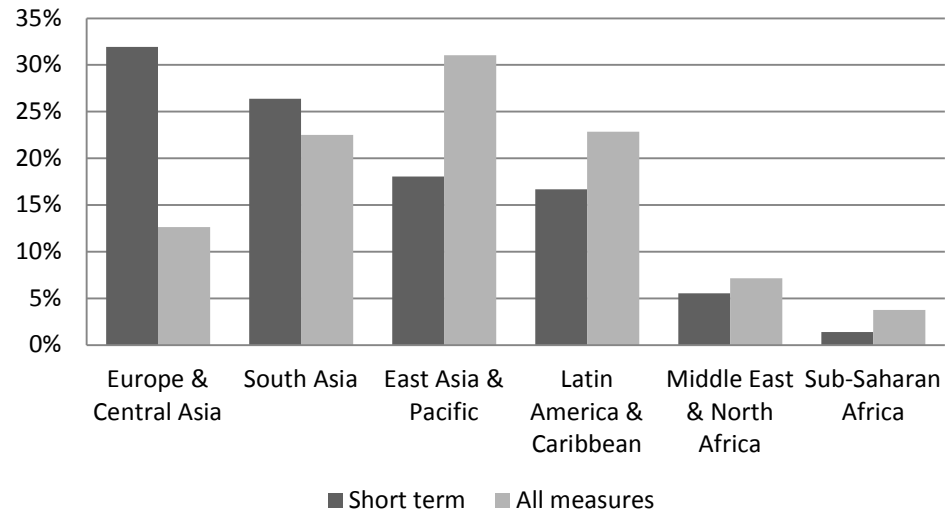
By type of measures



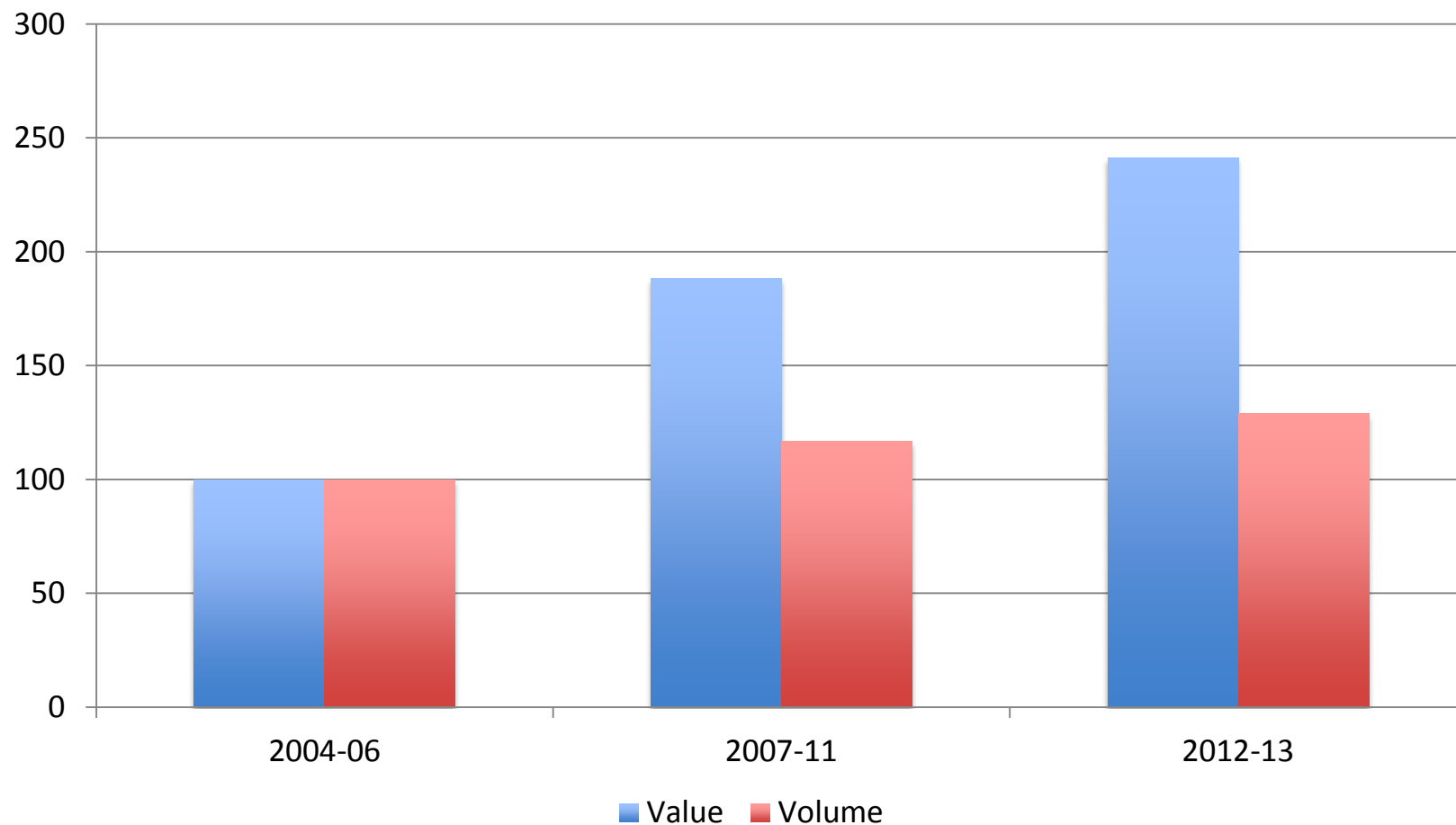
Justification



By regions

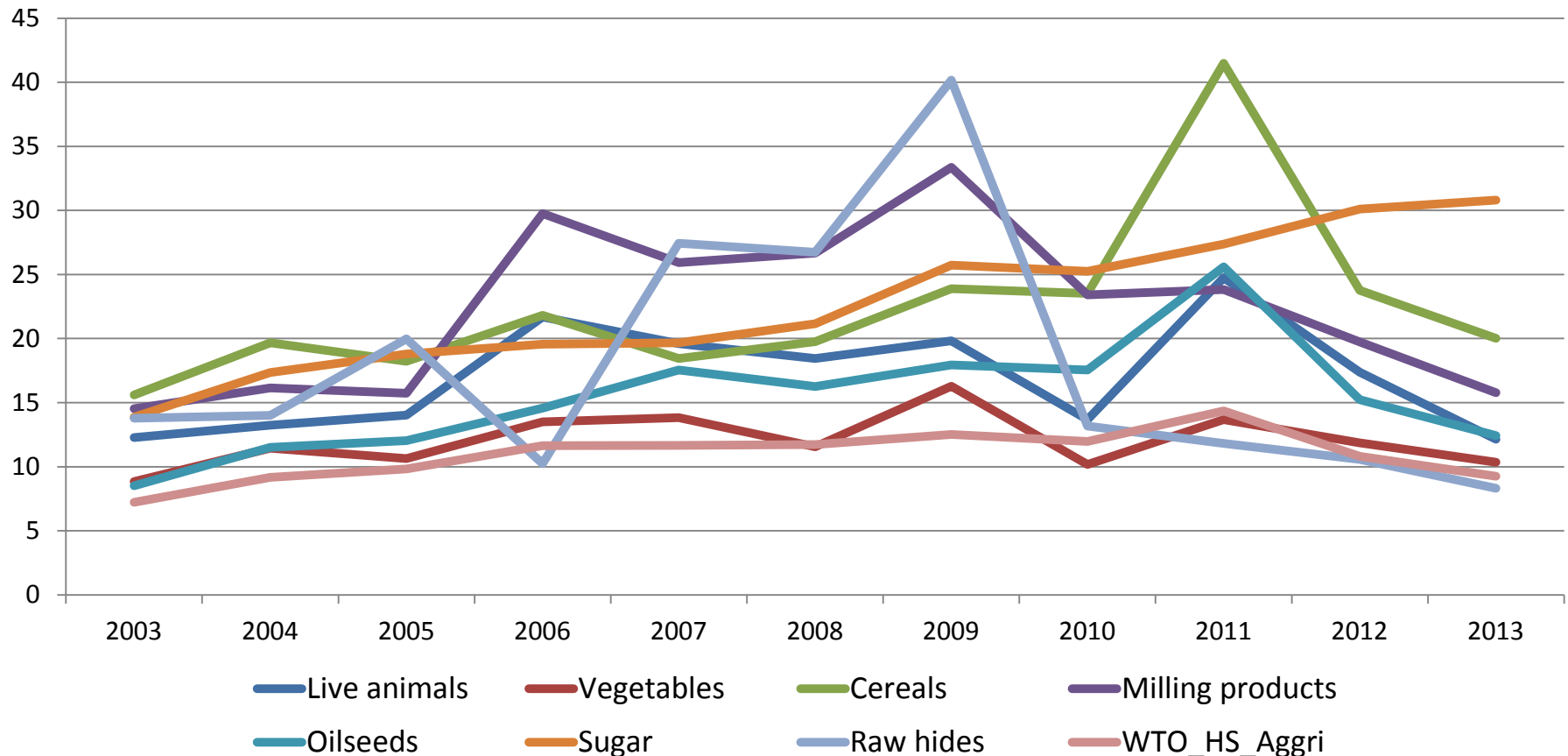


Impact on exports



Source: Own elaboration with data from BACI

Import promoting measures: difference between bound and applied tariffs. In percentage points, simple average



Source: Own elaboration with data from WTO

Next steps (1)

- Use ERA to analyze the impact of export restrictions on agriculture trade and international food prices
- Estimate gravity equation (Solleder 2013), introducing other measures of export restrictions other than export taxes, as well as import promoting measures.

Next steps (2)

- Analyze provisions on export restrictions in recent trade agreements
 - New agreements usually provide clauses that disables members from imposing export restrictions, and disciplines are stronger in newer agreements (Korinek and Bartos 2012)
 - TransPacific Partnership: allows members to impose short-term restrictions on foodstuffs, as long as members notify measures beforehand and provide explanations for the measure

Very preliminary remarks

- There is an information gap:
 - Notification of countries to WTO
 - Information accessible in WTO webpage
- Short term measures vs long term measures
- Diversity of measures: convert to export taxes with bound rates
- Negotiations on export taxes should not be dissasociated from import tariffs talks in agriculture