The Role of Export Restrictions in Agriculture Trade

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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

Source: ERA, FAO food price index, IMF commodity prices
Exports bans and export quotas are more frequently applied, but they last on average shorter periods of time.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Frequency</th>
<th>Average years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export bans</td>
<td>28.7%</td>
<td>2.8</td>
</tr>
<tr>
<td>Export quotas</td>
<td>25.3%</td>
<td>2.8</td>
</tr>
<tr>
<td>Export taxes</td>
<td>20.8%</td>
<td>4.8</td>
</tr>
<tr>
<td>Non automatic export license</td>
<td>6.5%</td>
<td>3.9</td>
</tr>
<tr>
<td>Price reference / minimum export price</td>
<td>5.8%</td>
<td>1.9</td>
</tr>
<tr>
<td>Other measures</td>
<td>13.0%</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>3.5</strong></td>
</tr>
</tbody>
</table>

Source: ERA
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**
- Cereals
- Oilseeds
- Vegetables
- Fats and oils
- Raw Hides
- Other agricultural goods

**By type of measures**
- Total general
- Export bans
- Export taxes
- Export quotas
- Reference prices
- Other measures
- Non automatic licenses

**Justification**
- Domestic supply
- To stabilize prices
- Food security
- Revenue
- Political reasons
- Infant industry

**By regions**
- Europe & Central Asia
- South Asia
- East Asia & Pacific
- Latin America & Caribbean
- Middle East & North Africa
- Sub-Saharan Africa
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 dissociated from import tariffs talks in agriculture