

Sessions 11-12. Trade policy analysis, continued

4. Import and export quotas

4.1 Definition and types of quotas (based on trade value or volume)

4.2 Objectives

4.2.1 Restrict/manage trade, protect/support production, support price

4.2.2 Rents collection, improve balance of trade, terms of trade, social welfare

4.3 Economic and political issues to consider

4.3.1 Efficiency, discrimination, predictability and transparency: comparison with tariff

4.3.2 Political administration: customs administration, licensing system

4.3.3 Rent-seeking and non-competitive behavior

4.3.4 Usage in practice: quotas are political – often negotiated with trading partners

4.4 Graphical analysis: small and large country cases

4.4.1 Partial equilibrium (3-panel diagram): economic, trade and welfare effects

4.4.2 General equilibrium (H-O-S model): economic, trade and welfare effects

4.5 Non-equivalence of tariffs and quotas – dynamic context

5. Export tax

5.1 Definition and types (specific or ad valorem)

5.2 Objectives

5.2.1 Restrict export, support consumption or end user through lower domestic price

5.2.2 Revenue, tax producer/export sector, improve balance of trade, terms of trade, social welfare

5.3 Economic and political issues to consider

5.3.1 Effect on world price

5.3.2 Effect on domestic price and linkages to value-added sectors

5.3.3 Usage in practice: rules on export restrictions not enforced at WTO

5.4 Graphical analysis: small and large country cases

5.4.1 Partial equilibrium (3-panel diagram): economic, trade and welfare analysis

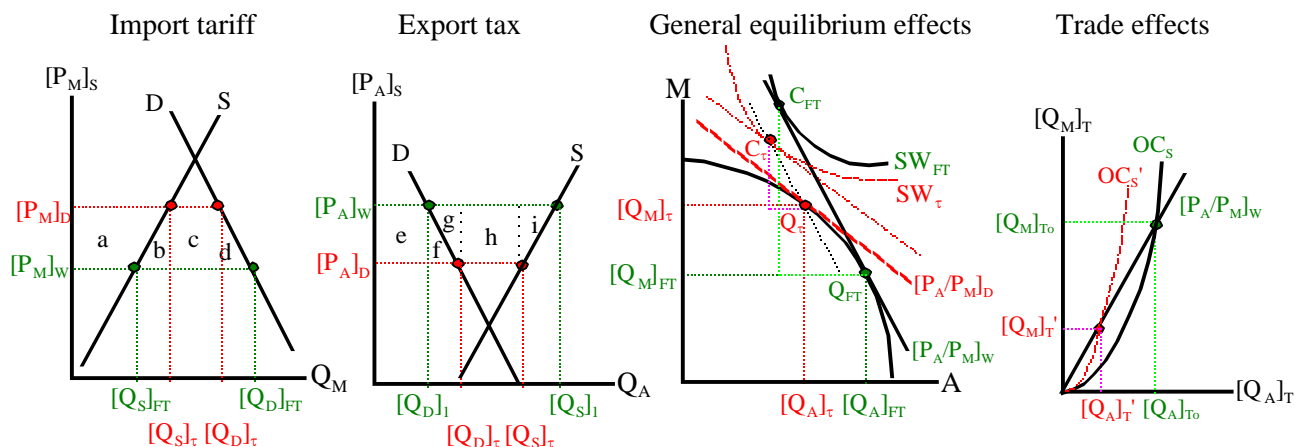
5.4.2 General equilibrium (H-O-S model): economic, trade and welfare analysis

5.4.3 Offer curve analysis: trade analysis

5.5 Lerner symmetry condition: small-country general equilibrium effects of import tariff / export tax

5.5.1 Effect on relative prices

5.5.2 Net welfare effect



6. Export subsidies

6.1 WTO definition: government transfer that results in benefit related to an export objective

6.2 Types: specific or ad valorem

6.3 Objectives

6.3.1 Support production, promote exports, and support price

6.3.2 Develop the export sector or increase international market share

6.4 Economic and political issues of concern

6.4.1 Beggar thy neighbor policy that encourages retaliation (subsidy wars or tariff protection)

6.4.2 Usage in practice: rich/country policy that hurts developing countries' import competing sector

6.5 Graphical analysis small and large country cases

6.5.1 Partial equilibrium (3-panel diagram): economic, trade and welfare analysis

6.5.2 General equilibrium (H-O-S model): economic, trade and welfare analysis

6.5.3 Offer curve analysis: trade analysis