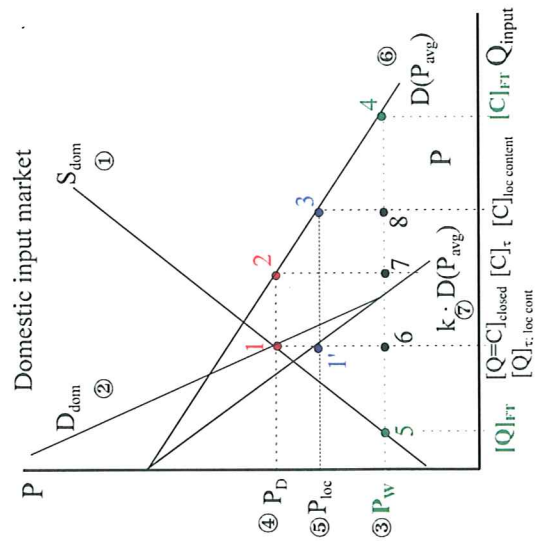


MODELING A LOCAL CONTENT REQUIREMENT

Motivate: A comparison of different policy regimes each intended to achieve some given amount of support to domestic input suppliers - ① an example of a domestic regulation with equivalent effects as trade policy; ② tariff and quota non-equivalence



Input use by source	k = 100%	k > 60%	k = 60%	k < 60%
Avg price	$P = P_D$	$P = P_D$	$P = P_D$	$P = P_W$
Total use				
Local				
Import				
DWLs:				
Production				
Consumption				