Questions for PubPol/Econ 541
Oct 9

Export Policies

Laborde, David, Carmen Estrades, and Antoine Bouët, "A Global Assessment of the Economic Effects of Export Taxes," ***The World Economy*****, 36(10), October, 2013, pp. 1333–1354. Omit sections 2b, 3c & appendix [22 pp]**

- In 2006, what sector had the most export taxes? **<a: energy, specifically gas.>**
- What are some of the motives for export taxes? **<a: 'terms-of-trade' effect (market power of key suppliers), the consumer price (i.e. food security) or intermediate input price (industrial policy in favour of processed goods) reduction and/or stabilisation effects, the positive impact on government revenue, and the income redistribution effect.>**
- What are some of the main effects of removing export taxes? **<a: World incomes rise, but some countries lose, world prices of taxed products fall, trade increases.>**
- What are some of the limitations of this analysis? **<a: Data uncertain; takes policies as exogenous, so no policy responses included; only does taxes, not other export policies; welfare ignores running out of resources.>**

Beckman, Jayson, Carmen Estrades, Manuel Flores, and Angel Aguiar, "The impacts of export taxes on agricultural trade," ***VOX*****^{EU}, CEPR Policy Portal, October 3, 2018.**

- What was the main reason for export taxes examined here? **<a: To keep consumer prices within the countries down.>**
- Can you tell from this whether the policies have the desired effects? **<a: It's not exactly clear. Table 1 says "yes" for each, under "Evidence of price effects," but doesn't say direction. Apparently yes. Table 2 is for global removal, and it seems to also say yes, together with higher prices for others. (Confusing, since it about taking the taxes off, not putting them on.)>**
- Does Figure 2 show poverty falling in all the countries? **<a: No, but it's drawn funny so that's hard to see. If you look at the 0.0 on the vertical axis, you see that poverty rose in Brazil, Philippines, and Thailand.>**

Godek, Sarah, "Why China's Export Controls on Germanium and Gallium May Not Be Effective," Stimson, July 19, 2023.

- What is China's share of world production of gallium and germanium? **<a: Gallium 94%; Germanium 83%.>**
- What was China's policy on exporting rare earths in 2010? **<a: China says it was not a ban, but "the impact was widely felt". It lowered its export quota by 40% and then a further 32.5% and it raised an export tariff and export taxes>**
- Did China meet pushback from the WTO? **<a: Yes. Japan, EU, and US filed a suit and won, and China changed its policy.>**

- What two mechanisms lessened the impact of China's policy? **<a: Smuggling by exporters and diversification by importers.>**
- By how much did China's exports of rare earths fall? **<a: One category only 10% and another actually rose.>**

Beattie, Alan, "Why export controls are failing to cripple their targets," *Financial Times*, December 7, 2023.

- What is "weaponization of trade"? **<a: Restricting trade, exports or imports by oneself or others, to inflict harm on them and change their behavior. [I'm inferring that from the article, which does not define the term.]>**
- What are some recent examples of this? **<a: Beijing's imposition of controls on critical minerals. US-ledG7 club of rich countries' sanctions on Russian oil. Russia's own attempted coercion of western Europe by cutting off gas supply..>**
- Why do "export controls contain the seeds of their own destruction" and why is this similar to "producer cartels and attempts to interdict narcotics.'? **<a: Market forces (financial incentives) cause creative actions to get around them, just as cartels fail to restrict production and drug buyers and sellers seek each other out.>**
- What examples does the author argue of controls that are effective and worth doing? **<a: Blocks on defense technology exports to Russia and US control of the global dollar payments system..>**

Savage, Susannah and Humza Jilani, "Pakistan rice exports hit record following Indian sales ban," *Financial Times*, June 16, 2024.

- Why did India restrict its rice exports starting in 2023? **<a: " to curb rising domestic prices ahead of parliamentary elections after a volatile monsoon disrupted production and spurred fears of a supply shortage.">**
- What did this do to the world price of rice? **<a: Graph shows it rising from about 470 to 650, or 40%.>**
- By how much did Pakistan's rice exports rise after India's policy? **<a: Nearly 60%.>**
- Was all of this increase due to India's policy? **<a: No, it was partly due to floods the prior year, which reduced Pakistan's output. But exports rose about 20% compared to the year before the flooding.>**
- What role has been played by the Red Sea Crisis? **<a: Reduced shipping through the Red Sea and higher costs, but due to Houthi attacks there, reduced demand for rice from Pakistan by the Middle East, Europe, and the US. So Pakistan's rice exports to the world would have increased even more without that.>**