Looking at and beyond export restrictions

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Outline of presentation

1. Why do countries use export restrictions?
2. Effectiveness of export restrictions
3. Impacts on domestic and international markets
4. Looking beyond export bans
1. Why do countries use export restrictions?

- Export restrictions are often used to address **food security concerns** related to rising food prices, by attempting to:
  - Increase availability and lower prices of food on domestic market
  - Stabilize domestic prices by preventing price transmission from international market

  ➢ Several countries implemented export restrictions on agricultural commodities during the 2007-08 food price crisis, the COVID-19 pandemic and the war in Ukraine

- Export restrictions can also be used to:
  - Raise fiscal revenues
  - Protect domestic processing industry
  - Counteract importer tariff escalation
2. Effectiveness of export restrictions

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2. Effectiveness of export restrictions

How effective are export restrictions at addressing food security concerns?

• Prevent increase/stabilize domestic prices
  ➢ Mixed impact, depending on study, country, commodity:
    • Decline in domestic price level and volatility
    • Increase in domestic price level and volatility
    • No effect

• Improve food access for domestic consumers
  ➢ Mixed impact
    • Depends on impact on domestic prices
    • Urban non-poor benefit most, rural households often negatively affected
3. Impacts on domestic market

Export restrictions can have detrimental effects on domestic market

• Impact on domestic producers
  • Lower domestic prices and/or foregone export opportunities lead to loss in farmers’ revenues
  • Loss in producer welfare often outweigh gain in consumer welfare → net welfare loss

• Long-term impact on agricultural sector
  • Market uncertainty can impact production decisions and reduce investment in agriculture
  • Can lead to long-term decline in agricultural output and productivity
Export restrictions can have detrimental effects on global markets

• Impact on international prices:
  • Reduction in global supply leads to increase in international prices
  • Exports restrictions amplify the volatility of international prices

• Impact on food access in other countries:
  • Increase in international prices reduces food access in other countries
    → Food security concerns, especially in import-dependent countries

• These impacts are larger when the measure is imposed by key exporter

• These impacts can be exacerbated by the domino effect
  • One country implementing an export restriction can trigger other countries to do the same (e.g., 2007 food price crisis)
Alternatives to export bans

- Export taxes
- Export quotas
- Licensing requirements
- Minimum export price

→ Effectiveness and impacts of these alternatives compared to export bans?

→ Economic theory on the effects of each measure is clear, but analytical studies comparing alternatives are lacking

→ Need **more transparency** in reporting (start date, end date, exemptions, conditions, ...)
THANK YOU

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