

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.>**

Economist, "Full Metal Jacket: Indonesia Embraces Resource Nationalism ", *The Economist*, January 26, 2023.

- Has Indonesia’s ban on export of nickel ore accomplished what it intended? **<a: Apparently yes, as processing has expanded dramatically.>**
- To what other metals is the country planning to extend the ban? **<a: Bauxite (for aluminum), copper, tin, and gold.>**
- What is the main reason that this may work less well than the ban on nickel? **<a: Indonesia’s share of the world market, 37% for nickel, is less than 5%. Countries will just look elsewhere for supplies and not feel the need to start processing in Indonesia.>**

- What other reasons does the article give for this being “ill-advised”? **<a: An earlier ban on bauxite exports failed miserably; attracting processors was costly to both the government (taxes) and others; it will increase dependence on China, since only it is likely to invest; and the policy is likely to be ruled against by the WTO, as was the policy for nickel.>**

Reed, John and Jyotsna Singh, "India Restricts Rice Exports as Commodity Prices Surge," *Financial Times*, September 9, 2022.

- What is India’s purpose in restricting rice exports, and how are they doing it? **<a: To lower prices at home to consumers with a 20% tax on rice exports.>**
- How important is India in the world rice market? **<a: It’s the biggest exporter, with 40% of the market.>**
- What role do subsidies play? **<a: India’s subsidies for fertilizer and power help to keep its prices low and expand exports. This tax is partly to recover that cost.>**
- A possible “cartel” is mentioned. What’s that about? **<a: Thailand “mooted the idea” of forming a rice cartel with Vietnam in order to raise the world price for them. It didn’t happen, but this action by India may make it unnecessary.>**

Fildes, "Australia Rattles Industry and Trading Partners With Energy Interventions," *Financial Times*, February 19, 2023.

- Why is Australia limiting exports of LNG? **<a: To push down the domestic price, for consumers presumably, and/or industrial users.>**
- What, besides limiting exports, are they doing to reduce the price? **<a: A “mandatory code of conduct that would enforce the sale of [natural] gas at a “reasonable price.””>**
- What harm will this do, according to critics? **<a: Discourage investment and upset countries that import LNG from Australia: Japan, China, and South Korea.>**

Khan, Yusuf, "Increasing Export Restrictions on Critical Minerals Threaten Energy Transition, OECD Says," *Wall Street Journal*, April 11, 2023.

- How much have export restrictions increased over the last decade? Is this the amount of trade covered? **<a: “Fivefold” for the number of restrictions, not the amount of trade.>**
- By how much do they expect demand for lithium to increase by 2040? **<a: Not 40%, as the graph a first seems to say by to 42 times its level now.>**
- In what countries are supplies of some of these materials concentrated? **<a: This mentions Congo for cobalt, China for magnesium & manganese, Vietnam for rare earths, and Argentina for lithium.>**
- Does this say how having supplies concentrated might matter for the export restrictions? **<a: No, it does not. But one might guess that it gives the countries market power allowing them to push up world prices for their own benefit.>**

- What policies attempt to diversify sources for these materials? **<a: The IRA in the US, the Critical Raw Materials Act in the EU, and a bilateral US-Japan deal.>**

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.>**