



# 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

- Export restrictions are often used to address **food security concerns** related to rising food prices, by attempting to:
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  - 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
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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



# 3. Impacts on international markets

## 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)



## 4. Looking beyond export bans

### Alternatives to export bans

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