



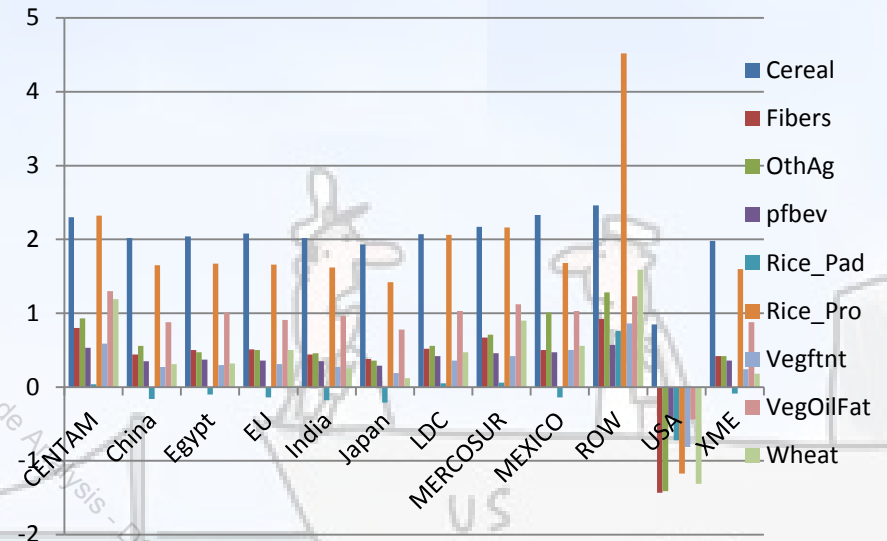






# Tariff Impacts to Imports

- 50% Reduction in LVS imports requires increase in domestic production
- Imports of Cereal and Processed Rice increase as demand for intermediate goods (LVS) increase and land is transitioned to LVS production
- USA exports all decrease
  - Most significant drop is in LVS sector
  - Large reductions in Cereal, Fibers, and Wheat



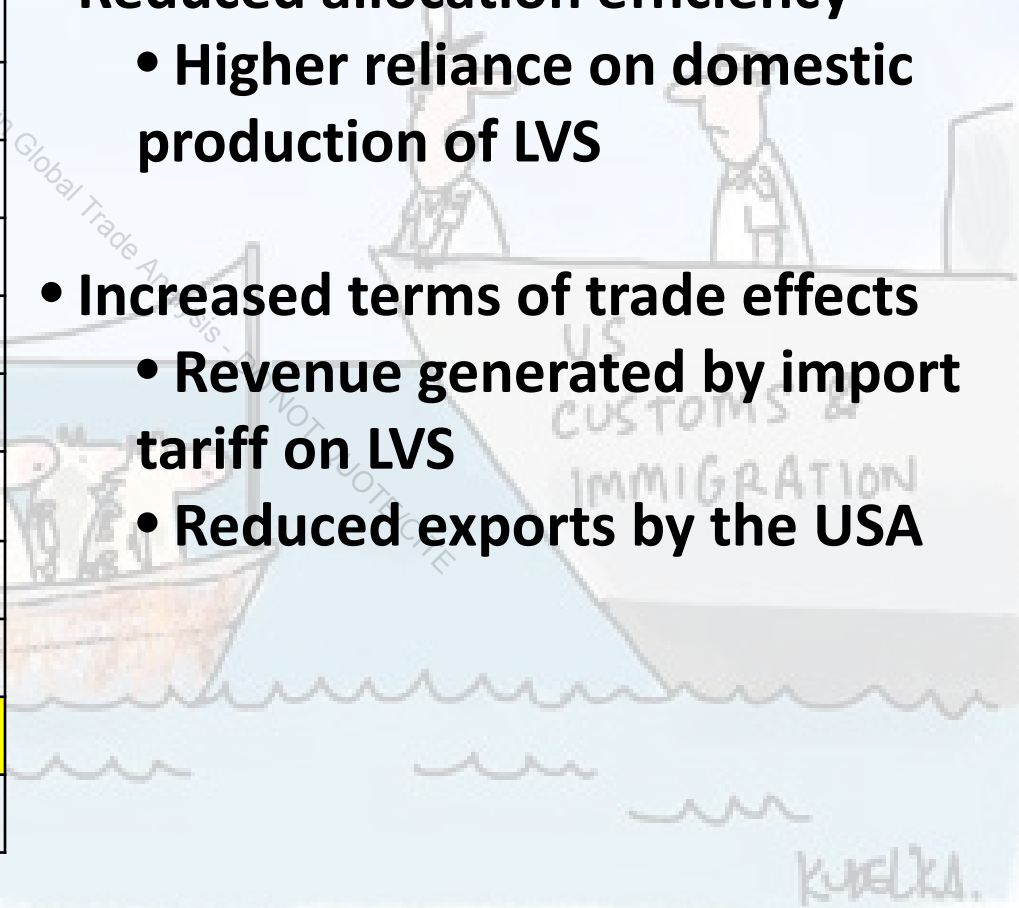
	CENTAM	China	Egypt	EU	India	Japan	LDC	MERCOSUR	MEXICO	ROW	USA	XME
Cereal	2.3	2.02	2.04	2.08	2.02	1.93	2.07	2.17	2.33	2.46	0.85	1.98
Rice_Pro	2.32	1.65	1.67	1.66	1.62	1.42	2.06	2.16	1.68	4.52	-1.17	1.6
LVS	-49.86	-50.51	-50.5	-50.51	-50.54	-50.67	-50.4	-50.36	-50.43	-49.95	-52.84	-50.57

# Decomposition of Welfare Impacts

	Allocation Efficiency	Terms of Trade Effects	Total
1 CENTAM	-6	-27.3	-33.3
2 China	18.3	-52.7	-34.4
3 Egypt	0.3	-4.8	-4.6
4 EU	180.6	-195.1	-14.5
5 India	5.9	-6	-0.1
6 Japan	-22.1	-65.8	-87.9
7 LDC	0.7	-12.2	-11.6
8 MERCOSUR	-9.4	-64	-73.4
9 MEXICO	29.3	-105.8	-76.6
10 ROW	-22.2	-736.1	-758.3
11 USA	-1010.5	1285.9	275.4
12 XME	-3.9	-16.9	-20.8

## Positive Net Welfare Effect

- Reduced allocation efficiency
  - Higher reliance on domestic production of LVS
- Increased terms of trade effects
  - Revenue generated by import tariff on LVS
  - Reduced exports by the USA



# Impact on U.S. Market

## Base U.S. Consumption of Livestock:

- 96% Domestically Produced + 4% Imported

## Evaluate U.S. Production:

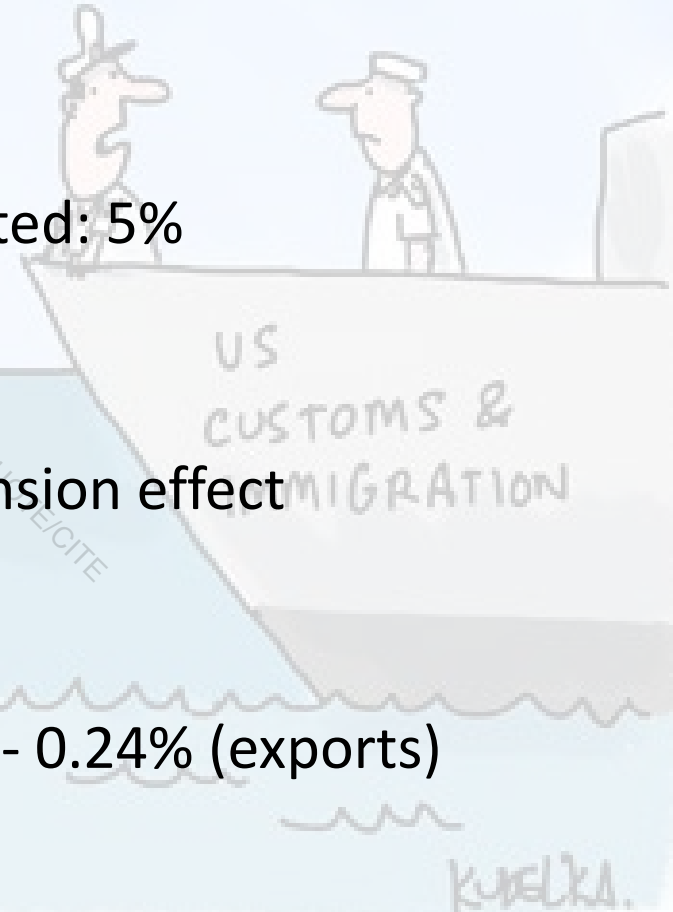
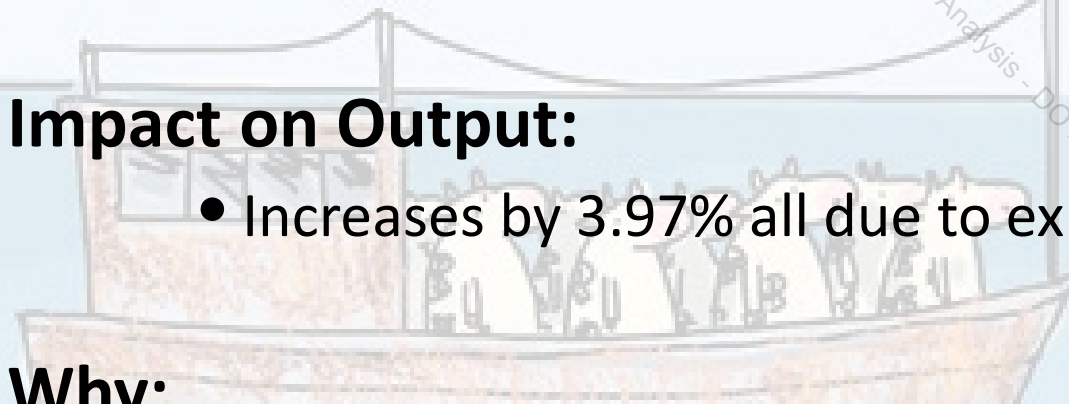
- Share Domestic: 95%; Share Exported: 5%

## Impact on Output:

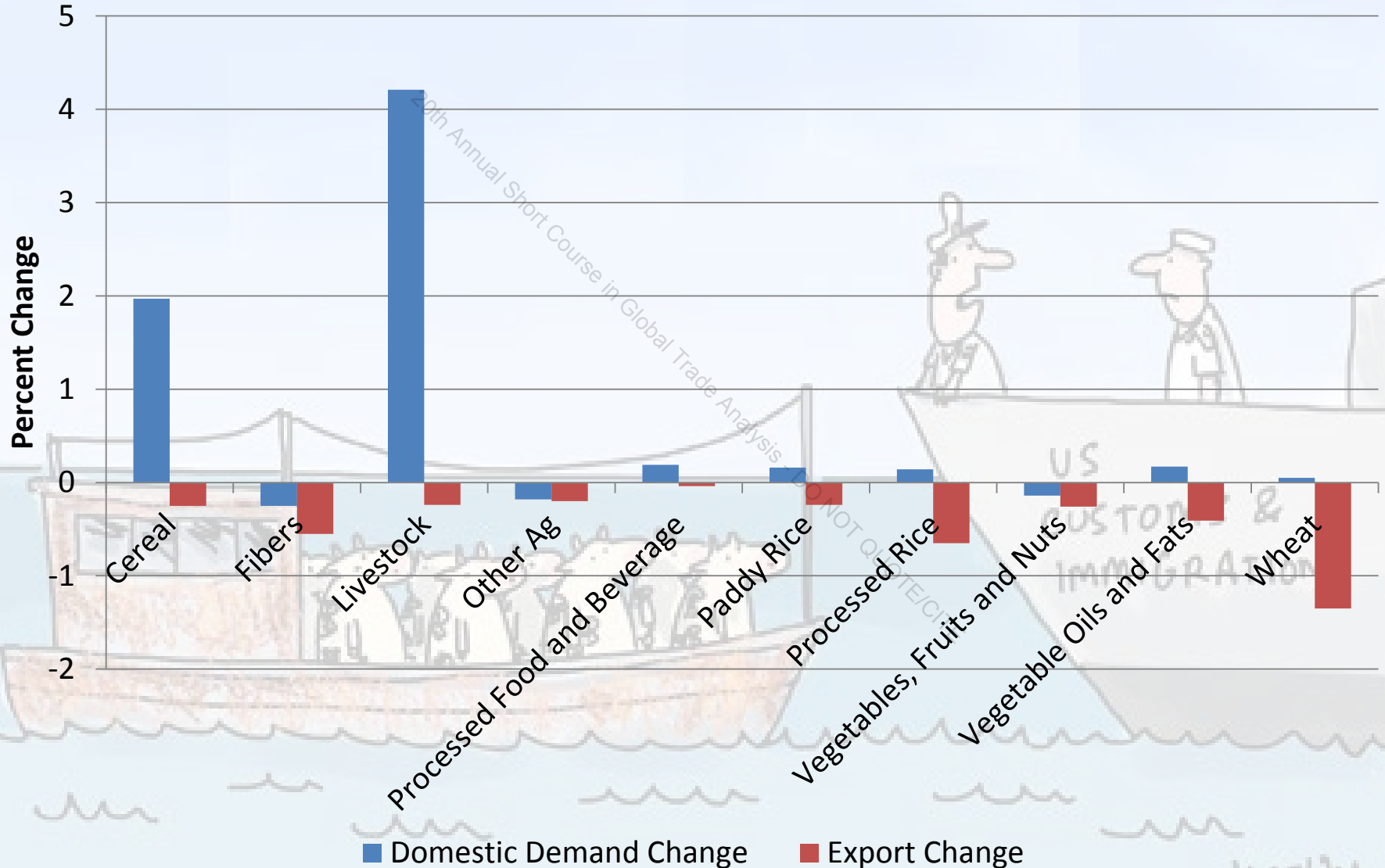
- Increases by 3.97% all due to expansion effect

## Why:

- $3.97\% = 4.21\% \text{ (domestic demand)} - 0.24\% \text{ (exports)}$



# U.S. Output Effects



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# Tariff vs AMS Measure

	Change in Trade Balance		GDP		Welfare	
	AMS	Tariff	AMS	Tariff	AMS	Tariff
Central America	(70)	(73)	69,393	69,468	(33)	(33)
China	(138)	(155)	1,567,125	1,567,408	(40)	(34)
Egypt	(6)	(6)	81,488	81,520	(5)	(5)
EU	(799)	(858)	8,279,369	8,281,490	(31)	(15)
India	(10)	(11)	477,467	477,580	0	(0)
Japan	(9)	(14)	4,196,094	4,196,708	(119)	(88)
LDC	(40)	(42)	239,693	239,793	(9)	(12)
MERCOSUR	(185)	(195)	856,692	857,169	(65)	(73)
Mexico	(230)	(242)	616,125	616,439	(90)	(77)
ROW	(3,033)	(3,164)	4,231,452	4,234,555	(755)	(758)
<b>USA</b>	<b>4,937</b>	<b>5,187</b>	<b>10,105,211</b>	<b>10,097,758</b>	<b>(2,396)</b>	<b>275</b>
Rest of Middle East	(18)	(20)	528,452	528,566	(23)	(21)

# Conclusion

US Welfare				
	Allocation Efficiency	Technical	Terms of Trade	Total
AMS	(487)	(3,188)	1,278	(2,396)
TMS	(1,011)	0	1,286	275

20th Annual Summit Course in Global Trade Analysis  
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