Welfare Impacts of BSE-Driven Trade Bans

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Abstract

There is often a need to respond quickly to assess the likely implications of policy changes. Here, an equilibrium displacement model is adapted to study international bans on U.S. beef. An equilibrium displacement model offers a convenient way of quickly predicting the effects of supply and demand shocks. The equilibrium displacement model used here has an international sector, which allows studying issues that past models with only a domestic sector could not. The estimated welfare loss of U.S. beef producers due to both Japanese and South Korean bans is $565.31 million.

Key words: equilibrium displacement, international trade, meat, trade ban, welfare