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Open access renewable resources: Trade and trade policy in a two-country model

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Abstract

This paper develops a two-good, two-country model with national open access renewable resources. We derive an appropriate analog of "factor proportions" for the renewable resource case and link it to trade patterns and to the likelihood of diversified production. The resource importer gains from trade. However, a diversified resource exporting country necessarily suffers a decline in steady state utility resulting from trade, and may lose along the entire transition path. Thus the basic "gains from trade" presumption is substantially undermined by open access resources. Tariffs imposed by the resource importing country always benefit the resource exporter, and may be pareto-improving. © 1998 Elsevier Science B.V.

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1. Introduction

There are at least two important connections between international trade policy and renewable resource management. One connection is the concern that trade liberalization may lead some countries to excessively exploit their renewable

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