

AN ANALYSIS OF IMPORT PROTECTION AS EXPORT PROMOTION

Anmin Zhang
Economics Department, University of Victoria
Victoria, BC Canada

Yimin Zhang
University of New Brunswick
Fredericton, NB Canada

Occasional Paper #12
June 1996

Table of Contents

1.	Introduction	1
2.	The Model	3
3.	Import Protection as Export Promotion	5
	Case 1: Constant marginal costs	5
	Case 2: Falling marginal costs	6
	Case 3: Increasing marginal costs	8
4.	Effects of Protection on Profit, Price and Welfare	9
5.	Two Countries: Nash Tariff Equilibrium	13
6.	Tariff and Subsidy Comparison	17
	6.1 Unilateral Optimal Subsidy	18
	6.2 Nash Subsidy Equilibrium	20
7.	Concluding Remarks	23
	References	25
	Appendix	26