The unintended consequence of an export ban: Evidence from Benin’s shrimp sector

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Introduction


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- Benin’s shrimp export sector faced a ban in July 2003-February 2005

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  - exporting firms

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1. Exporting firms
2. Small-scale actors: fishmongers & fishers

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Analysis of macro & household survey data as well as qualitative interviews.
Outline

Background
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1 Background

2 Impacts of the Ban
Outline

1. Background

2. Impacts of the Ban

3. Concluding Remarks
Benin’s inland shrimp supply chain (2002)

Artisanal fishers (45,000)

Intermediate traders (18,000):
Mainly fishermen’s wives & collectors recognized by exporting firms

Local transformers who smoke shrimp for local and regional market

Three exporting firms that peel, freeze and export shrimp (CRUSTAMER, SOBEP and FSG); one firm that exports a small quantity of fresh shrimp (DIAIX)

EU regulation

Competent authority (CA) that controls compliance with standards

Banks and other Financial Institutions
Deficiencies revealed by an EU mission (October 2002)

1. Shortcomings in Benin’s legislation;

2. Lack of human resources and EU-accredited laboratories;

3. Non-conform use of chlorine and additives;

4. Non-application of Hazard Analysis Critical Control Points;

5. Bad practices with respect to hygiene and the environment.
Donor supports, local actors’ effort, ban was lifted
Dynamics of Benin’s Shrimp Exports (tones)

Note: The grey area shows the year of the ban
Dynamics of Bangladesh’s Shrimp Exports (tones)

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Household Survey Data in 2009 (540 HH, 2000 Ind.)
What impact did the ban have on income in 2003 and in 2009?
Short- and medium-term impact (percent)

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**Short-term impacts**

- Strongly negative: 60%
- Rather negative: 20%
- No impact: 10%
- Rather positive: 5%
- Strongly positive: 5%
- I do not know: 0%

**Medium-term impacts**

- Strongly negative: 50%
- Rather negative: 30%
- No impact: 10%
- Rather positive: 5%
- Strongly positive: 5%
- I do not know: 0%
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Impacts of the Ban Causes of the persistent negative impacts

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Very Incomplete Infrastructure Work
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Impacts of the Ban | Causes of the persistent negative impacts

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Low firm profit discourages entry

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- Wait and see strategy and let the government to cover some of the costs
The ban has had persistent negative welfare impacts because...
Concluding Remarks

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- At the macro level

1. poor institutional environment in Benin
2. the relative small size of the sector
3. Export concentrated on EU markets

At the level of small-scale actors
1. decline of both price and quantities demand
2. limited access to alternative income sources
3. Over...
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3. Overfishing

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