

Is Free Trade Good for Resources ?

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Abstract :

This paper develops a simple and tractable model of international trade and renewable resource use to facilitate an empirical assessment of international trade's impact on natural resource stocks. We do so by generalizing earlier theoretical work, within a small open economy framework, to derive a simple estimating equation linking changes in resource stocks to country characteristics and trade barriers. An empirical application studying deforestation in Indonesia is presented to provide a proof of principle test for the new method.