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# IMF Working Paper

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## Auction Quotas with a Foreign Duopoly

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**IMF Working Paper**

IMF Institute

**Auction Quotas with a Foreign Duopoly**

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Authorized for distribution by Eric V. Clifton

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**Abstract**

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This paper uses a partial equilibrium framework to compare the welfare consequences of different methods of quota administration relative to free trade under imperfect competition. It shows that a country importing a good from foreign duopolists may improve its welfare by setting a quota at the free trade quantity and giving a fraction of the quota licenses to the duopolists while auctioning off the rest.

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