

**Cotton Price Policy Effects on Domestic Cotton and Textile Industries, Trade, and Sectoral Economic Growth in Pakistan**

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The economic impacts of an export tax on cotton fiber from Pakistan were examined. This study showed that the agricultural policy in a foreign country has significant impacts not only on the country that utilizes that policy, but also other countries. The analysis found that the policy decreased exports of cotton fiber from Pakistan, thereby increasing world prices. Because Texas is a large producer of cotton, this policy in Pakistan indirectly benefited Texas cotton producers. At the same time, higher cotton prices resulting from this policy in Pakistan negatively impacted textile manufacturers around the world. Understanding the linkages to other countries through international markets is important to making timely and correct decisions at home.