Tariff Reduction, Special Products and Special Safeguards:

An Analysis of the Agricultural Tariff Structures of G-33 Countries

By Mario Jales

ICTSD
International Centre for Trade and Sustainable Development

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International Centre for Trade and Sustainable Development (ICTSD)
International Environment House 2
7 chemin de Balexert, 1219 Geneva, Switzerland
Tel: +41 22 917 8492 Fax: +41 22 917 8093
E-mail: ictsd@ictsd.ch Internet: www.ictsd.org

Executive Director: Ricardo Meléndez-Ortiz
Programme Director: Christophe Bellmann
Programme Team: Mahesh Sugathan, Constantine Bartel, Malena Sell and Sarah Mohan

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These can be forwarded to: smahesh@ictsd.ch

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1. INTRODUCTION

The concepts of Special Products (SP) and a Special Safeguard Mechanism (SSM) have emerged as a key compromise between the objective of substantial improvement in market access and the principle of special and differential treatment in the Doha Round of negotiations at the World Trade Organization (WTO). The Framework for Establishing Modalities in Agriculture,[1] approved by the WTO General Council on 1st August 2004, required each member – other than least-developed countries (LDCs) – to make tariff reduction commitments, but also recognized the need to confer developing countries with some flexibility in order to take into account their rural development, food security and livelihood security needs. The present study analyzes the tariff structures of the members of the Group of 33 (G-33) and evaluates the distinct levels of reform effort that countries will have to undertake in the market access pillar of the current round of multilateral negotiations.

The G-33 was initially formed at the eve of the Fifth WTO Ministerial Meeting in Cancún, on 9 September 2004, by 23 developing countries that constituted an Alliance for Strategic Products and a Special Safeguard Mechanism. Currently, the group has 42 members straddling Africa, Asia, Latin America and the Caribbean.[2] Despite the fact that all members are developing countries, the group is very diverse: it brings together some of the world's largest (China) and smallest (Grenada) agricultural producers, as well as some of the developing world's most advanced (Korea) and deprived (Haiti) economies. The uniting force behind the group resides in their strong support of SPs and the SSM. The coalition does not have the ambition to reproduce itself in other areas of the negotiations. In fact, some countries that are allies in the context of the G-33 are stark opponents in other areas of the negotiations on agriculture.[3]

This paper is divided in four parts in addition to the introduction. Part II provides an overview of the agricultural tariff schedules prevailing among G-33 countries. It investigates Uruguay Round (1986-1994) tariff-binding and reduction modalities and presents a statistical description of the tariff structures that resulted from them. Due account is also given to the tariff schedules of G-33 countries that have acceded to the WTO after 1995.

Part III contrasts final bound tariff commitments with the tariff levels that are actually applied by G-33 countries. It determines the depth of tariff overhang, classifies countries according to the actual tariff reduction efforts that they will have to make, and identifies tariff peaks that could eventually benefit from the SP designation.

Part IV investigates the concept of import surges and their incidence among G-33 countries. It examines the Jamaican experience for a select group of commodities in the 1985-2003 period, and lists specific cases in other G-33 countries.

Finally, Part V reviews the ongoing negotiations in the Special Session of the WTO Committee on Agriculture and concludes with some remarks on the distinct impacts that market access reform might have in different members of the G-33. The paper should not be interpreted as supportive of the G-33 positions in the Doha Round. Its objective is not to advance the agenda of a particular group of countries, but rather to investigate the potential effects that tariff reduction commitments will have in the tariff structures of WTO members.

[1] Annex A to the Doha Work Program (WT/L/579).

[2] As of April 2005, the 42 members of the G-33 were Antigua & Barbuda, Barbados, Belize, Benin, Botswana, China, Congo, Côte d'Ivoire, Cuba, Dominican Republic, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Korea, Mauritius, Madagascar, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kitts & Nevis, Saint Lucia, Saint Vincent & the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad & Tobago, Turkey, Uganda, Venezuela, Zambia, and Zimbabwe.

[3] While Korea and Mauritius are members of both the G-33 and the G-10, China, Cuba, India, Indonesia, Nigeria, Pakistan, Philippines, Tanzania, Venezuela and Zimbabwe are members of both the G-33 and the G-20. The G-10 and the G-20 have diametrically opposed views on issues such as *ad valorem* equivalents, tariff simplification, and reduction of trade-distorting domestic support.

2. BOUND TARIFF STRUCTURES

2.1 Uruguay Round Modalities

The Uruguay Round took a very important step towards the integration of agriculture into the rules-based multilateral trade system. The tariffication[4] of non-tariff import barriers, the binding of tariff equivalents against future increases,[5] and the commitment to reduce tariffs were three key accomplishments of the Uruguay Round Agreement on Agriculture (URAA) in the market access pillar.

For developed countries, tariffs were to be reduced by an average of 36 percent, with a minimum reduction of 15 percent for every tariff line, over a 6-year implementation period. Developing countries were given the flexibility of offering ceiling bindings in respect of products subject to unbound ordinary customs duties.[6] For products that had already been bound in earlier negotiations, the corresponding figures for developing countries were two-thirds of the level demanded from developed countries: an average reduction of 24 percent, with a minimum reduction of 10 percent per tariff line, over a 10-year period. Least-developed countries (LDCs) were not called upon to make tariff reductions. They were only required to tariffy and bind tariffs. Since many G-33 countries had not bound agricultural tariffs to any substantial extent at the previous GATT negotiating rounds, a large number of them made use of the flexibility to make ceiling bindings in the Uruguay Round.

[4] Tariffication was the process by which non-tariff import barriers were converted into their tariff equivalents. Footnote 1 to Article 4.2 of the URAA provides a list of such non-tariff barriers: quantitative import restrictions, variable levies, minimum import prices, discretionary import licensing, non-tariff measures maintained through state-trading enterprises, voluntary export restraint, and similar border measures other than ordinary customs duties. Tariffs are more transparent and predictable than these other types of import barriers, and as such are less prone to rent-seeking and corruption.

[5] Prior to the Uruguay Round, only a very small share of agricultural tariff lines had been bound by most developing countries. For instance, Saint Kitts & Nevis had not bound any tariff lines in the GATT.

[6] Anwarul Hoda and Ashok Gulati, "Special and Differential Treatment in Agricultural Negotiations," in Giovanni Anania, Mary E. Bohman, Colin A. Carter, and Alex F. McCalla (eds.), *Agricultural Policy Reform and the WTO: Where Are We Heading?* (Cheltenham: Edward Elgar Publishing Limited, 2004), 349.

2.2 Least-Developed Countries

Of the current 42 members of the G-33, 39 participated in the Uruguay Round: 8 as LDCs and 31 as general developing countries. With the exception of Haiti, all G-33 LDCs bound customs duties at linear ceiling rates: 30% in the Congo and Madagascar, 60% in Benin,[7] 80% in Uganda,[8] 100% in Mozambique, 120% in Tanzania, and 125% in Zambia.[9] Haiti's tariff structure was significantly more complex than those of the other LDCs. It had agricultural market access commitments that predated the Uruguay Round, and tariff rates that varied widely between 0% and 70%.[10] As was the case for all LDCs, agricultural tariffs were bound but not reduced.

Senegal was only recognized as an LDC in April 2001. Therefore, it did not benefit from automatic exemption from tariff reduction commitments in the Uruguay Round. Nevertheless, it took advantage of the fact that the great majority of its tariffs on agricultural products had not yet been bound and offered a linear ceiling binding of 30% on these products. Senegal also initiated negotiations under Article XXVIII of the GATT in order to modify its pre-Uruguay Round concessions. As a result, 8 tariff lines were bound at 15%.[11] In the Doha Round, Senegal and the other 8 LDC members of the G-33 will not be required to undertake any sort of tariff reduction commitment.

[7] Except for vegetable oils, wheat starch and corn starch, for which tariff rates were bound at 100%.

[8] Except for 61 tariff lines with tariff rates set at either 40% (live horses/asses, hairs, bovine semen, cut flowers, apples, vegetable waxes), 50% (horse meat, bovine edible offal, turkey meat, rye, oats, chemically pure fructose), 60% (live swine/sheep, poultry meat, honey, cocoa butter/oil, cocoa powder, malt extracts), or 70% (buckwheat, wheat starch/gluten, animal fats/oils, crude palm oil, crude coconut oil, sausages).

[9] Except for 15 tariff lines with tariff rates set at either 45% (wheat, rye, barley, oats), 50% (cocoa beans, cocoa paste, cocoa butter/oil, chocolates) or 60% (cocoa powder).

[10] Duty-free products include live animals, powdered milk, live plants, wheat, animal fats, ethanol, sorbitol, silk, wool, and cotton. The highest tariff rates apply to dog and cat food (70%), corn, rice, sorghum, millet, corn flour, rice flour, wheat starch, corn starch, among others (50%).

[11] Whole milk powder in consumer packs, 3 butter-related lines, wheat, durum wheat, ship biscuits, and malt beer.

2.3 Other Developing Countries

The 31 non-LDC members of the G-33 that undertook agricultural market access commitments in the Uruguay Round followed one of three different patterns. A first group tariffied non-tariff import barriers and applied cuts to tariffs that were already bound. This group included large and medium-sized developing economies such as India, Indonesia, Korea, the Philippines, Turkey and Venezuela, as well as Botswana (which adopted the South African tariff schedule with hardly any alterations). A second group took advantage of the flexibility given to developing countries to only offer ceiling binding in respect of products subject to unbound tariffs. While some countries adopted an across-the-board linear ceiling binding (Guyana, Kenya and Nigeria), others applied a base linear ceiling with exceptional bindings for a small number of tariff lines (Belize, Grenada, Mauritius and Pakistan). Finally, a third group of countries applied tariffication and tariff reduction to part of their tariff lines and offered a linear ceiling binding for the remainder of the tariff schedule. This pattern was adopted by most G-33 countries in the Western Hemisphere (Antigua & Barbuda, Barbados, Cuba, Dominican Republic, Honduras, Jamaica, Nicaragua, Peru, Saint Kitts & Nevis, Saint Lucia, Saint Vincent & the Grenadines, Suriname, and Trinidad & Tobago), but also by some countries in Africa (Côte d'Ivoire, Senegal and Zimbabwe) and Asia (Sri Lanka).

Most G-33 countries were cautious in their liberalization commitments under the Uruguay Round.[12] Given the very high levels of tariff bindings, they left themselves significant room to raise applied protection. As in most developed countries, many developing countries offered very high base tariffs in several major commodities. Thus bindings were generally set at levels way above historical protection. In the case of wheat, significantly higher base tariff equivalents than actual pre-Uruguay Round levels were established in several countries, including India (+98 percent) and Pakistan (+171 percent).[13] The same occurred in coarse grains, where higher base tariff equivalents were set in Indonesia, Jamaica, and Korea. Nigeria stands out as an exception: it committed to reduce its rate of protection on wheat and coarse grains from 190 and 452 percent in 1982-1992 to 150 percent in 1995.[14]

Two G-33 countries – Korea and the Philippines – were among the four WTO members to reserve the right to temporarily deviate from the universal tariffication requirement. The "special treatment" enshrined in Article 4.2 and Annex 5 of the URAA allowed countries to apply non-tariff import barriers for products that satisfied a specific set of conditions.[15] This escape clause was originally arranged in order to enable Japan to take into account the political problem it had with the implementation of reforms in respect of rice.[16] The exception was extended to developing countries with some additional flexibility.[17] Korea[18] and the

[12] Côte d'Ivoire and Suriname are two notorious exceptions. Côte d'Ivoire bound tariffs on all agricultural products at a ceiling rate of 15 percent, except for a list of 29 tariff lines on which tariffs were bound at rates ranging from 4 and 64 percent. The lower bindings refer to milk, wheat flour, and beer, among other products; the higher bindings refer tobacco. Suriname bound all agricultural tariffs at a general ceiling rate of 20 percent, except for some products bound at rates ranging from 8.5 to 17 percent. The lower bindings apply to cereal flours, gum resins, and animal and vegetable fats and oils.

[13] Merlinda D. Ingco, "Agricultural Trade Liberalization in the Uruguay Round: One Step Forward, One Step Back?" Policy Research Working Paper 1500, World Bank, Washington, August 1995, 23-24.

[14] Merlinda D. Ingco, "Has Agricultural Trade Liberalization Improved Welfare in the Least-Developed Countries? Yes," Policy Research Working Paper 1748, World Bank, Washington, April 1997, 14.

[15] Paragraph 1 of Annex 5 to the URAA provides that tariffication shall not apply to any agricultural product in respect of which the following conditions are complied with: "(a) imports of imports of the designated products comprised less than 3 per cent of corresponding domestic consumption in the base period 1986-1988 ("the base period"); (b) no export subsidies have been provided since the beginning of the base period for the designated products; (c) effective production-restricting measures are applied to the primary agricultural products; (d) such products are designated with the symbol "ST-Annex 5" in Section I-B of Part I of a Member's Schedule annexed to the Marrakesh Protocol, as being subject to special treatment reflecting factors of non-trade concerns, such as food security and environmental protection; and (e) minimum access opportunities in respect of the designated products correspond, as specified in Section I-B of Part I of the Schedule of the Member concerned, to 4 per cent of base period domestic consumption of the designated products from the beginning of the first year of the implementation period and, thereafter, are increased by 0.8 percent of corresponding domestic consumption in the base period per year for the remainder of the implementation period."

[16] Hoda and Gulati, 351.

[17] The minimum access opportunities required from developing countries in Paragraph 7 of Annex 5 to the URAA are lower than the corresponding minimum access

Philippines[19] reserved the right to apply special treatment to respectively 14 and 4 rice tariff lines. The other two countries that have taken recourse to this instrument were Japan (in respect of rice) and Israel (in respect of cheese and sheep meat).

2.4 Newly-Acceded Countries

The three G-33 countries that did not participate in the Uruguay Round were China, Mongolia and Panama. They only joined the WTO after 1995, following separate accession negotiations that determined the amplitude of their market access commitments.[20] For each one of these 3 countries, the accession process involved bilateral negotiations on issues of market access and multilateral negotiations in which the accession agreement was formulated and the best market access given to any one member was extended to all other member under the most-favored nation (MFN) rule. In the case of Chinese accession, 44 WTO members (including the 15 member states of the European Union as one entity) expressed interest in concluding bilateral market-access negotiations. China's final market access commitments were greatly shaped by the bilateral negotiations with the United States and the European Union.[21]

2.5 Bound Tariff Structures

There is no such thing as an archetype G-33 tariff schedule. The group is diverse enough to contain several considerably different types of tariff structures. Table 1 presents key statistics on the distribution of bound agricultural tariffs in the 33 non-LDC members of the G-33.

requirements demanded from developed countries in Paragraph 1 of the same Annex.

[18] Korea reserved the right to apply "special treatment" to the following 14 tariff lines: were rice in the husk (1006.10.00), hulled nonglutinous rice (1006.20.10), hulled glutinous rice (1006.20.20), milled or semi-milled nonglutinous rice (1006.30.10), milled or semi-milled glutinous rice (1006.30.20), broken rice (1006.40.00), rice flour (1102.30.00), rice groats and meal (1103.14.00), rice pellets (1103.29.00), rolled or flaked rice grains (1104.19.10), mixes and doughs for the preparation of baker's ware of rice flour (1901.20.10), mixes and doughs for the preparation of other baker's wares (1901.20.90), other food preparations of rice flour (1901.90.90.91), and other food preparations (1901.90.90.99).

[19] The Philippines reserved the right to apply "special treatment" to the following 4 tariff lines: rice in the husk (1006.10.00), husked rice (1006.20.00), semi-milled or wholly milled rice (1006.30.00), and broken rice (1006.40.00).

[20] Mongolia and Panama acceded to the WTO in 1997. China did so in 2001.

[21] Jeffrey L. Gertler, "What China's WTO Accession Is All About," in Deepak Bhattasali, Shantong Li and Will Martin (eds.), *China and the WTO: Accession, Policy Reform, and Poverty Reduction Strategies* (Washington: The World Bank, 2004), 22.

TABLE 1

*G-33 BOUND TARIFF STRUCTURES: KEY STATISTICS**

	Mean tariff	Median tarif	Maximum tariff	Standard deviation	Coefficient of variation	% of tariff lines above 60%	% of tariff lines above 120%
Antigua & Barbuda	106	100	220	16,5	0,2	100%	14%
Barbados	111	100	223	25,3	0,2	100%	17%
Belize	102	100	110	3,9	0,0	100%	0%
Botswana	38	24	597	54,4	1,5	17%	2%
China	15	13	65	11,5	0,8	2%	0%
Côte d'Ivoire	15	15	64	4,9	0,3	1%	0%
Cuba	37	40	40	9,8	0,3	0%	0%
Dominican Republic	41	40	99	8,3	0,2	3%	0%
Grenada	101	100	200	33,3	0,3	93%	7%
Guyana	100	100	100	0,0	0,0	100%	0%
Honduras	33	35	60	6,9	0,2	0%	0%
India	116	100	300	52,5	0,5	56%	18%
Indonesia	45	40	60	8,1	0,2	0%	0%
Jamaica	98	100	100	12,5	0,1	100%	0%
Kenya	100	100	100	0,0	0,0	100%	0%
Korea, Rep.	63	27	887	137,1	2,2	41%	6%
Mauritius	120	122	122	12,5	0,1	98%	97%
Mongolia	19	20	40	4,1	0,2	0%	0%
Nicaragua	44	40	200	12,4	0,3	6%	0,2%
Nigeria	150	150	150	0,0	0,0	100%	100%
Pakistan	98	100	200	19,2	0,2	96%	2%
Panama	29	30	260	18,5	0,6	4%	1%
Peru	31	30	68	6,7	0,2	3%	0%
Philippines	35	40	60	10,9	0,3	0%	0%
Saint Kitts & Nevis	108	100	250	30,1	0,3	95%	21%
Saint Lucia	116	100	250	25,7	0,2	100%	40%
Saint Vincent & Grenadines	116	100	250	25,0	0,2	100%	38%
Sri Lanka	50	50	60	3,3	0,1	0%	0%
Suriname	20	20	20	0,6	0,0	0%	0%
Trinidad & Tobago	100	100	156	2,7	0,0	100%	0,3%
Turkey	72	58	225	56,5	0,8	37%	18%
Venezuela	37	35	135	15,0	0,4	4%	1%
Zimbabwe	147	150	150	19,0	0,1	98%	98%

Source: Author's calculations. Based on WTO Members' Schedules of Concessions.
*Given that Benin, Congo, Haiti, Madagascar, Mozambique, Senegal, Tanzania, Uganda and Zambia are LDCs, and as such will not be required to carry out tariff reductions in the Doha Round, data for these countries are not presented in this table.

The overall level of protection, as measured by the simple mean, can vary by not less than ten-fold, from a low of 15% in China and Côte d'Ivoire to a high of 150% in Nigeria. Four countries have mean tariffs below 25%, 11 between 25% and 50%, 4 between 50% and 100%, and 14 above 100%.

The degree of tariff dispersion, as measured by the coefficient of variation, also differs considerably within the group. Korea (2.2) and Botswana (1.5) have exceedingly high degrees of dispersion. Turkey (0.8), China (0.8) and Panama (0.6) present moderate dispersion. All other countries have a low coefficient of variation. Three countries in particular (Guyana, Kenya and Nigeria) present no dispersion whatsoever. High degrees of dispersion tend to suggest the existence of tariff peaks. Not surprisingly, the two highest maximum tariffs in the G-33 are found in Korea (887%) and Botswana (597%).

While a tariff cap of 120% would affect roughly all tariff lines in Nigeria, Zimbabwe and Mauritius, it would distress less than 1% of the total number of agricultural tariff lines in 19 other countries of the G-33. Given such diversity, a one-size-fits-all response to the demands of the entire membership seems unlikely.

The bound tariff structures of the 33 non-LDC members of the G-33 could be classified into six subgroups according to their mean tariffs, degree of dispersion, and percentage of tariff lines above threshold levels of 60 and 120 percent. Table 2 summarizes key attributes for each of the subgroups.

Subgroup 1 is composed of Côte d'Ivoire, Mongolia and Suriname. These three countries have low average mean tariffs (around 15-20%), low coefficients of variation (between 0 and 0.3), and virtually no tariffs above 60%. At least in theory, these countries have the most liberal tariff structures in the G-33.[22]

Subgroup 2 is composed of the Philippines, Indonesia and five Latin American countries (Cuba, Dominican Republic, Honduras, Nicaragua, and Peru). They all have moderate average mean tariffs (around 30-45%), low coefficients of variation (between 0.2 and 0.3), less than 6% of total agricultural tariff lines above 60%, and virtually no tariff lines above 120%. Two other Latin American countries (Panama and Venezuela) have tariff structures that are similar to those of this second subgroup, but present significantly higher coefficients of variation (between 0.4 and 0.6). Sri Lanka's tariff structure also resembles those of subgroup 2, though its mean tariff (50%) is slightly too high and the coefficient of variation (0.1) is significantly lower.

[22] In practice, however, applied tariffs were higher than bound tariffs for at least half of the agricultural tariff lines in both Côte d'Ivoire and Suriname in 2002 and 2001 respectively. See Annex A.

TABLE 2

G-33 BOUND TARIFF STRUCTURES: KEY SUBGROUPS

SUB-GROUP	MEMBERS	MEAN TARIFF	COEFFICIENT OF VARIATION	% OF TARIFFS > 60%	% OF TARIFFS > 120%
1	Côte d'Ivoire, Mongolia, Suriname	Low (15-20%)	Low (0.0-0.3)	0%	0%
2	Core: Cuba, Dominican Republic, Honduras, Indonesia, Nicaragua, Peru, Philippines. Outliers: Panama, Venezuela, Sri Lanka	Moderate (30-45%)	Low (0.2-0.3)	Less than 6%	0%
3	Botswana, Korea, Turkey	Moderately High (40-70%)	Very High (0.8-2.2)	20-40%	Less than 20%
4	Core: Antigua & Barbuda, Barbados, Belize, Grenada, Guyana, Jamaica, Kenya, Pakistan, Saint Kitts & Nevis, Trinidad & Tobago. Outliers: Saint Lucia, Saint Vincent& the Grenadines	High (100-110%)	Low (0.0-0.3)	Close to 100%	Less than 20%
5	Core: Nigeria, Zimbabwe. Outlier: Mauritius	Very High (120-150%)	Very Low (0.0-0.1)	Close to 100%	Close to 100%
6	China	Low (15%)	High (0.8)	2%	0%
	India	High (116%)	Moderate (0.5)	56%	18%

Source: Author's calculations. Based on WTO Members' Schedules of Concessions.

Subgroup 3 is made of Botswana, Korea and Turkey, three countries with moderately high average mean tariffs (around 40-70%), very high coefficients of variation (between 0.8 and 2.2), and a significant number of tariff lines (around 20-40%) above 60%. The high degree of dispersion indicates that these tariff structures contain quite a few tariff peaks.

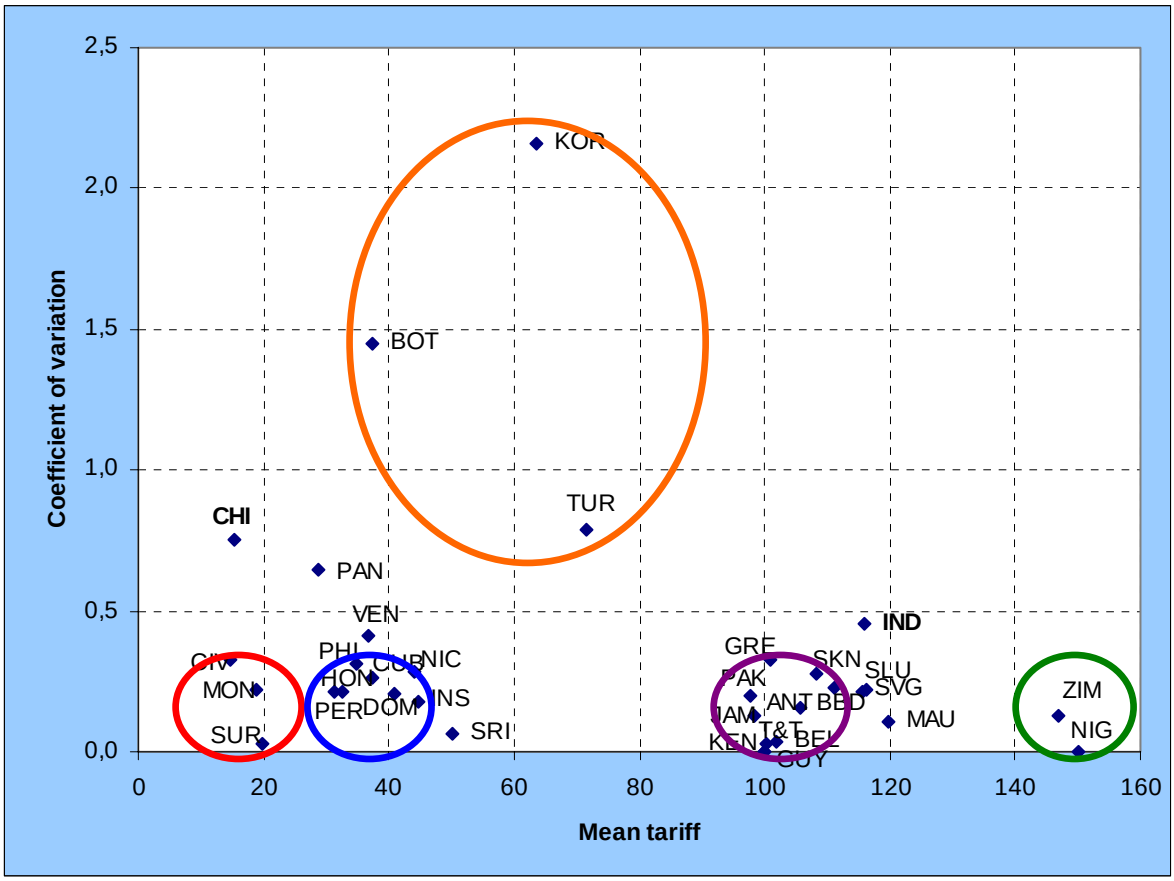
Subgroup 4 is the most numerous. It is composed of Kenya, Pakistan and eight English-speaking Caribbean countries (Antigua & Barbuda, Barbados, Belize, Grenada, Guyana, Jamaica, Saint Kitts & Nevis, and Trinidad & Tobago). They all have high average mean tariffs (around 100%-110%) and low coefficients of variation (between 0 and 0.3). Furthermore, close to 100% of their agricultural tariff lines are above 60%, and less than 20% of their tariff lines are above 120%. The tariff structures of two other English-speaking Caribbean countries (Saint Lucia and Saint Vincent & the Grenadines) resemble those of this fourth subgroup, but present slightly higher average mean tariffs (116%) and a considerably higher proportion (40%) of total tariff lines above the 120% threshold.

Subgroup 5 is made of two African countries (Nigeria and Zimbabwe) with very high average mean tariffs (around 150%), low coefficients of variation (between 0 and 0.1), and with almost all tariff lines above 120%. The tariff structure of Mauritius resembles those of this subgroup in that the coefficient of variation is low (0.1) and almost all tariff lines are above 120%. Nonetheless, its mean tariff (120%) is not quite as high as those of Nigeria and Zimbabwe.

Subgroup 6 is composed of two countries (China and India) that cannot be easily classified in any of the five preceding subgroups. With a low average mean tariff (15%), a moderate to high coefficient of variation (0.8), and very few (2%) tariffs above 60%, China is a mix of subgroups 1 and 3. With a high average mean tariff (116%), a moderate coefficient of variation (0.5), and a substantial number (56%) of tariff lines above 60%, India is a mix of subgroups 3 and 5. Figure 1 plots the various G-33 countries and their respective subgroups. It takes into account only two variables: mean tariff and tariff dispersion.

FIGURE 1

G-33 BOUND TARIFF STRUCTURES: KEY SUBGROUPS



Source: Author's calculations. Based on WTO Members' Schedules of Concessions.
Red: Subgroup 1. Blue: Subgroup 2. Orange: Subgroup 3. Purple: Subgroup 4. Green: Subgroup 5.

Annex A provides detailed graphical description of the bound and applied tariff structures of each non-LDC G-33 country.

3. TARIFF OVERHANG

Although tariff reductions in the Doha Round will be made from bound rates,[23] it is fundamental to analyze the applied tariff schedules of WTO members in order to comprehend the forces shaping the negotiating positions of different countries. Tariff overhang, or the difference between bound and applied tariff rates, can help determine the degree to which a country is inclined to reduce bound tariffs. If applied rates are significantly below bound rates – if there is a good amount of "water" in the tariff schedule – a given country might have more maneuvering space in the market access negotiations. Therefore, it is the interaction between the two schedules – and not the two schedules separately – that should be the focus of the analysis. This section contrasts the bound and applied tariff structures of G-33 members, classifies countries according to the degree of difficulty they will face in order to implement tariff reduction commitments, and identifies "problematic tariff lines" that could be eventually designated as either "sensitive" or "special" products.

[23] See Paragraph 29 of the Framework for the Establishing Modalities in Agriculture (also known as the August Framework).

3.1 Contrasting Bound and Applied Tariff Schedules

Bound tariff schedules for all 33 non-LDC members of the G-33 were obtained from the World Trade Organization (WTO). For 30 of these countries, the bound tariff in question is the "final bound tariff" as of the last year of the implementation period of the Uruguay Round (2004). For the three newly-acceded countries, bound tariffs refer to the tariff in the final year of the implementation period as indicated in the respective accession agreements: 1997 in the case of Mongolia, between 1997 and 2007 in the case of Panama, and between 2001 and 2010 in the case of China.[24]

Data on applied tariffs are much more difficult to access than data on bound tariffs.[25] Applied tariff schedules for G-33 countries were obtained either from national governments, the World Bank's World Integrated Trade Solution (WITS) database, or the Hemispheric Database of the Free Trade Area of the Americas (FTAA). Preference was given to the most recent available data. While the goal was to compare 2004 bound tariff rates with 2004 applied tariff rates, in most cases this was not possible. Of a total of 33 applied tariff structures analyzed, 11 were from 2001, 11 from 2002, 5 from 2003, 5 from 2004, and 1 from 2005. Therefore, when 2004 bound tariff structures were contrasted with applied tariff structures from earlier years (2001, 2002 or 2003), some applied rates were inevitably above bound rates. Such apparent inconsistence is due to the fact that some countries were still in the process of implementing their Uruguay Round reduction commitments at the time. This was the case of China, Côte d'Ivoire and Suriname for most tariff lines, and Indonesia for some alcoholic beverages.

Despite the effort to bind tariffs in the Uruguay Round, some countries still have a significant portion of unbound tariffs in agriculture. This is the case of Pakistan, which for religious reasons did not bind tariffs for live pigs, swine meat or alcoholic beverages. Korea did not bind tariffs for products for which it reserved the right to "special treatment" (rice and rice products), as well as for swine meat, seaweeds, prepared edible seaweeds, and chocolate. In contrast, Honduras, India, Indonesia, Nigeria and Peru bound 100 percent of their agricultural tariff lines.

Finally, the applied tariff structures of a significant number of G-33 countries contained several tariff lines subject to specific or mixed tariffs. These tariffs were converted into *ad valorem* equivalents (AVEs) using the average import unit price for the importing country in the 1999-2001 period. In some instances – such as in the case of alcoholic beverages in Trinidad and Tobago – the resulting AVEs were considerably higher than the bound tariff.

[24] For Panama and China, the implementation period varies from product to product.

[25] Jean-Christophe Bureau and Luca Salvatici, "WTO Negotiations on Market Access: What We Know, What We Don't, and What We Should," in Giovanni Anania, Mary E. Bohman, Colin A. Carter and Alex F. McCalla (eds.), *Agricultural Polity Reform and the WTO: Where Are We Heading?* (Cheltenham: Edward Elgar Publishing Limited, 2004), 209.

3.2 Classification

The 33 non-LDC members of the G-33 were classified in four different subgroups in line with the overhang in their tariff structures and the corresponding reduction effort they would have to make in order to implement a 40 percent across-the-board cut on agricultural tariffs.[26] The classification exercise was solely based on a comparison of bound and applied tariff structures, and therefore did not take into account other important variables such as contribution of agriculture to total GDP, size of economically-active population in agriculture, share of customs revenues in total government revenues, food security concerns, regional development needs, among others. Table 3 presents the four subgroups and their respective members. Annex A presents individual graphical representations of the bound and applied tariff structures of every G-33 country analyzed here.

[26] The Framework for Establishing Modalities in Agriculture determined that tariff reductions in the Doha Round will be made through a tiered formula that incorporates the principle of progressivity, i.e. deeper cuts in higher tariffs. The number of bands, the thresholds for defining the bands, and the type and size of tariff reduction in each band are yet to be negotiated. The current exercise focuses on a linear cut of 40 percent to all agricultural tariff lines not only because it is simple and easy to visualize, but also because it is unlikely that developing countries will be asked to cut tariffs by more than 40 percent. Therefore, the 40 percent linear cut functions as an indicator of the maximum reduction to be expected from G-33 countries. In his revised First Draft of Modalities for Further Commitments, former chairperson of the Special Session of the WTO Committee on Agriculture Stuart Harbinson suggested a simple average reduction rate of 40 percent, subject to a minimum cut of 30 percent per tariff line, for all tariffs in the highest band for developing countries.

TABLE 3

REDUCTION EFFORT REQUIRED IN ORDER TO IMPLEMENT A 40 PERCENT CUT ON BOUND TARIFFS

SUBGROUP A *No effort*	SUBGROUP B *Minor effort*	SUBGROUP C *Moderate effort*	SUBGROUP D *Substantial effort*
Antigua & Barbuda	Belize	Barbados	China
Saint Lucia	Dominican Republic	Botswana	Côte d'Ivoire
Saint Vincent & the Grenadines	Grenada	Cuba	Korea
	Guyana	Honduras	Nigeria
	Indonesia	India	Suriname
	Jamaica	Panama	Turkey
	Kenya	Peru	
	Mauritius	Philippines	
	Mongolia	Sri Lanka	
	Nicaragua	Venezuela	
	Pakistan		
	Saint Kitts & Nevis		
	Trinidad & Tobago		
	Zimbabwe		

Source: Author's classification.
Based on WTO Members' Schedules of Concessions and latest available applied tariff schedules.

Subgroup A is composed of countries that would have to make no effort in order to implement a 40 percent linear cut to all agricultural bound tariffs. Three English-speaking Caribbean countries fall into this category: Antigua & Barbuda, Saint Lucia, and Saint Vincent & the Grenadines. In effect, even a 60 percent linear reduction would not force these countries to make any changes to their 2001 applied tariff structures. The three countries are all members of the Caribbean Common Market (CARICOM), which initiated a process for the establishment of a customs union in 1991. They have very similar tariff schedules, which are based in the CARICOM common external tariff (CET). In the Uruguay Round, tariffs were bound at a ceiling level of 100 percent, with a number of strategic products bound at higher rates (alcoholic beverages, fruits and vegetables, among others). General applied duties in 2001 ranged from 0 percent to 40 percent. However, each CARICOM member reserved the right to apply exceptions to the CET. These national exceptions, which are limited to a small number of tariff lines, explain the differences between the applied tariff schedules of CARICOM countries.

Subgroup B is composed of countries that would have to make only minor efforts in order to implement a 40 percent linear cut to agricultural tariffs. These "minor efforts" are related to a small number of products (not more than 6 product categories) for which the tariff overhang is not enough to cover a 40 percent cut on the bound rate. Fourteen countries fall into this category: 6 English-speaking Caribbean countries (Belize, Grenada, Guyana, Jamaica, Saint Kitts & Nevis, and Trinidad & Tobago), 3 African countries (Kenya, Mauritius, and Zimbabwe), 3 Asian countries (Indonesia, Mongolia, and Pakistan), and 2 Latin American countries (Dominican Republic and Nicaragua). Table 4 lists the "problematic" product categories for each one of these countries.

As was the case with the three members of Subgroup A, the six English-speaking Caribbean countries of Subgroup B are all members of CARICOM. Their bound and applied tariff structures are also based on the CARICOM CET. Nonetheless, their lists of national exemptions to the CET are subject to tariff rates that are much higher than the rates applied in the three members of Subgroup A.

The other eight members of Subgroup B include four countries with very high bound mean tariffs (Zimbabwe: 147%, Mauritius: 120%, Kenya: 100%, and Pakistan: 98%), three countries with moderate to high mean tariffs (Indonesia: 45%, Nicaragua: 44%, and Dominican Republic: 41%), and one country with a low mean tariff (Mongolia: 19%).

The number of "problematic" products is used here only as a guiding parameter. It cannot be taken as a precise indicator of the level of difficulty confronted by a given country. The relative difference between bound and applied rates can vary a lot from product to product and from country to country. Furthermore, some products can be considered more important than others in terms of production, consumption, or trade value. The cases of Pakistan and Nicaragua serve as good illustrations: while both countries have the same number of "problematic" product categories, the gravity of the problem caused by cuts in their tariffs could be quite different. In the case of Pakistan, only two (cotton and soybean oil) of the six product categories represent an important share of total agricultural imports. Furthermore, both bound and applied tariffs on silk, wool, flax and true hemp are currently set at 5 percent. A 40 percent tariff cut would require the Pakistani government to lower such tariffs to 3 percent. This should not be a difficult task to implement. In contrast, all six "problematic" product categories in Nicaragua are important in terms of foreign trade. The applied tariff of 200 percent on chicken meat is well above the bound rate of 100 percent. A 40 percent tariff cut would require the Nicaraguan government to bring the applied tariff down to 60%. Therefore, reducing the tariff on chicken meat in Nicaragua has the potential to be substantially more cumbersome than reducing the tariff on silk or wool in Pakistan.

TABLE 4

SUBGROUP B: PRODUCTS AFFECTED BY A 40 PERCENT CUT ON BOUND TARIFFS

COUNTRY	PRODUCTS					
	(1)	(2)	(3)	(4)	(5)	(6)
Kenya	*Rice (1006)*	*Sugar (1701)*				
Belize	*Vegetables (0701-2)*	*Alcoholic bev (2203-6/2208)*	*Ethyl alcohol (2207)*			
Indonesia	*Rice flour (1102.30)*	*Other food prep (2106.90)*	*Alcoholic bev (2204-6/2208)*			
Jamaica	*Chicken meat (0207.1)*	*Milk (0401)*	*Vegetables (0702/4/5/6)*			
Mongolia	*Live sheep/goat (0104)*	*Live poultry (0105)*	*Onions (0703.10)*			
Trinidad & Tobago	*Other food prep (2106.90)*	*Alcoholic bev (2203-6/2208)*	*Ethyl alcohol (2207)*			
Zimbabwe	*Beer (2203)*	*Tobacco (2401-3)*	*Essential oils (3301.90)*			
Guyana	*Ice cream (2105)*	*Other food prep (2106.90)*	*Alcoholic bev (2203-6/2208)*	*Ehtyl alcohol (2207)*	*Tobacco (2402-3)*	
Saint Kitts & Nevis	*Vegetables (0709.90)*	*Cinammon (0906.10)*	*Veg fats & oils (1516.20)*	*Juice mixes (2009.90)*	*Alcoholic bev (2203/8)*	
Dominican Rep.	*Beef (0201/2/10)*	*Pork (0203/10)*	*Edible offals (0206)*	*Pig/poultry fats (0209/1501)*	*Refined soy oil (1507.90)*	*Meat prep (1601-2)*
Grenada	*Beef (0202.30)*	*Chicken livers (0207.14/34)*	*Vegetables (0709.60/90)*	*Rice (1006)*	*Veg oils (1507/1510)*	*Alcoholic bev (2203/4)*
Mauritius	*Poultry meat (0207)*	*Cut flowers (0603)*	*Sugar/Molasses (1701/3)*	*Alcoholic bev (2203/8)*	*Ethyl alcohol (2207)*	*Tobacco (2401-3)*
Nicaragua	*Chicken meat (0207.1)*	*Milk (0402)*	*Butter (0405.10)*	*Rice (1006)*	*Refined sugar (1702)*	*Ethyl alcohol (2207)*
Pakistan	*Crude soy oil (1507.10)*	*Silk (5001-3)*	*Wool (5101-3)*	*Cotton (5201-3)*	*Flax (5301)*	*True hemp (5302)*

Source: Author's calculations.

Based on WTO Members' Schedule of Concessions and on latest available applied tariff schedules.

In Zimbabwe, tariff overhang will shield the agricultural sector from substantial reductions on the level of tariffs actually applied in 2004. Only three product categories (beer, tobacco, and essential oils) could be considered "problematic," and even so just barely. A 40 percent reduction on the bound ceiling of 150 percent on beer (3 tariff lines) and tobacco (16 tariff lines) would require the Zimbabwean government to lower the tariff currently applied on these products from 100 percent to 90 percent. In the case of essential oils, only one tariff line could be considered problematic (aqueous distillates and solutions of essential oils for medicinal use), where the applied tariff of 40 percent is greater than the binding of 25 percent.

Jamaica has no tariff overhang for two of its three "problematic" product categories (chicken meat and vegetables). Both bound and applied (2001) tariffs for chicken meat (6 tariff lines), tomatoes (1 tariff line), cabbages (1 tariff line), lettuce (2 tariff lines) and carrots (1 tariff line) are set at 100 percent. Any cut on the bound tariffs will require reductions on applied tariffs. In the case of milk (3 tariff lines), the bound and applied rates are respectively 100 and 75 percent.

Subgroup C is composed of countries that would have to make moderate efforts in order to implement a 40% linear cut on tariffs. "Moderate effort" is defined here as having between 7 and 20 "problematic" product categories. The members of this subgroup are Barbados, Botswana, Cuba, Honduras, India, Panama, Peru, the Philippines, Sri Lanka, and Venezuela.

Three of these countries – Honduras, Peru and Venezuela – apply variable duties under price band systems. These duties are intended to offset foreign subsidies, stabilize prices, and protect domestic producers. They are based on the difference between a floor and/or ceiling price and the import price. Where the reference import price is lower than the band's floor price, a tariff surcharge is applied in addition to the fixed tariff. Where the reference import price exceeds the band's ceiling, a tariff reduction is applied to the fixed tariff. If the reference price is equal to the floor or ceiling price, or is between the two, no additional variable duty or reduction is applied. In any case, the total of the tariff surcharge and the fixed tariff may not exceed bound levels. Given that applied tariff rates can vary significantly throughout the year, such mechanisms make it more difficult to assess the true degree of protection.

In Honduras, the price band system establishes variable *ad valorem* tariffs for imports of yellow maize, white maize, sorghum, cereal groats, and corn flour (a total of 6 tariff lines). Duties vary from 5 to 45 percent for primary products, and from 5 to 35 percent for processed products, depending on the import price. The tariff is calculated every 15 days using international prices plus freight and insurance charges. Importers are granted tariff reduction on certain staple grains when they purchase a given quantity of domestic production.[27] Any reduction on bound rates will reduce the scope of Honduras' price band system. The actual degree of difficulty posed by tariff cuts on products subject to such a mechanism will depend on whether applied rates have fluctuated close to bound rates during the country's harvest season. Nevertheless, it might be more difficult for Honduras to implement tariff cuts on products that are not subject to price bands but for which applied rates in 2003 either coincided with (poultry meat, milk, butter, rice) or were higher than (cheese and chocolate preparations) tariff bindings.

Peru applies a similar price band system to 4 "marker" products (dairy, maize, rice and sugar) and a small number of "associated" products (including sorghum).[28] In the Peruvian price band system, additional tariffs are expressed in specific terms (US$ per ton). Figure 2 shows reference and floor prices together with estimated *ad valorem* equivalents calculated by the WTO Secretariat for variable specific duties over 1993-99 for dairy products, maize, rice, sugar and wheat.[29] For all of these products, there were long intervals when the price band mechanism resulted in no variable specific duties due to the relatively high levels of world commodity prices. In the later portion of the period, decreasing international commodity prices reactivated the variable specific duty mechanism, and in certain cases afforded considerable protection to Peruvian producers through relatively high tariffs. WTO Secretariat estimates of *ad valorem* equivalents for 1999 (based on August 1999 prices) are 6 percent for rice, 21 percent for maize, 27 percent for milk, and 54 percent for sugar.[30] These averages applied over and

[27] World Trade Organization, "Trade Policy Review: Honduras – Report by the Secretariat" (WT/TPR/S/120) 29 August 2003, 78-79.

[28] Wheat was removed from the list of covered products in 1998.

[29] World Trade Organization, "Trade Policy Review – Peru: Report by the Secretariat" (WT/TPR/S/69) 28 April 2000, 30.

[30] These estimates, based on price differences, differ

above the fixed tariff of 20 percent for sensitive products. In addition to the products subject to the price band mechanism, Peru would face minor difficulties in implementing a 40 percent cut on the 2001 applied tariffs for a group of 13 product categories (meats, honey, beans/peas, frozen/preserved/dried vegetables, fruits, coffee/tea/mate, worked cereal grains, sausages/meat preparations, sugar confectionary, chocolates, prepared cereal foods, bread/pastry, and prepared vegetables and fruits). For such products, the applied rate would have to be cut from 20 to 18 percent.

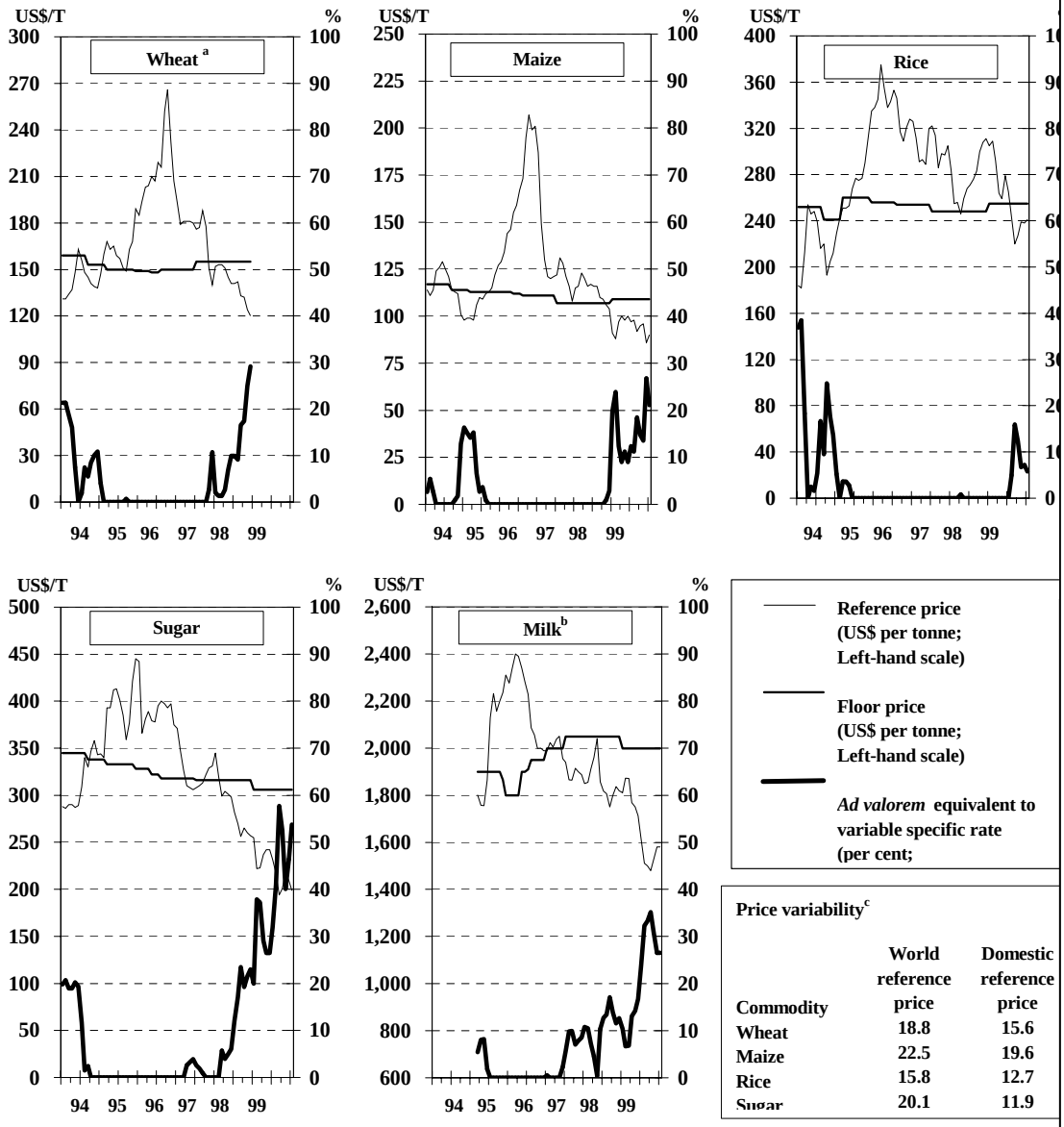
In Venezuela, the import prices of some agricultural products are fixed through the Andean Community Price Band System (SAFP), which also applies to two other members of the Andean Community (Colombia and Ecuador).[31] The system affects 13 marker products (pork, poultry meat, milk, wheat, barley, yellow maize, white maize, rice, soybeans, raw soybean oil, raw palm oil, raw sugar, and refined sugar) and 141 associated tariff lines, which correspond to approximately 20 product categories. Given the broad coverage of the SAFP, Venezuela is a borderline case between Subgroups C and D.

slightly from the estimates provided by the Peruvian government, which are based on the average value of imports for August 1999 (5% for rice, 21% for maize, 34% for sugar, and 39% for milk).

[31] The SAFP does not apply to Peru or Bolivia, which are also members of the Andean Community. Peru applies its own national price band system (described above) and Bolivia does not any sort of price band mechanism.

FIGURE 2

Variable Specific Duties in Peru: AVEs and Prices, August 1993- August 1999



Price variability[c]

Commodity	World reference price	Domestic reference price
Wheat	18.8	15.6
Maize	22.5	19.6
Rice	15.8	12.7
Sugar	20.1	11.9

a Variable duties eliminated in August 1998.

b Variable duties established in October 1994.

c Measured by the coefficient of variation over the period.

Source: WTO Secretariat estimates, based on monthly price data provided by the Peruvian authorities.

Finally, *Subgroup D* includes countries that would have to make substantial efforts in order to implement a 40% straight cut on agricultural tariffs because either (i) applied tariff rates are very close to final bound rates, or (ii) import prohibitions currently are in effect for a long list of agricultural products. The six members of this subgroup are China, Côte d'Ivoire, Republic of Korea, Nigeria, Suriname, and Turkey.

In the case of Nigeria, over 130 agricultural tariff lines are currently subject to import prohibition, mainly for the purpose of protecting domestic industries. Blank intervals in the line that represents applied tariffs in the graph for Nigeria in Annex A indicate that there is no applied tariff for certain products. As of July 2004, import prohibitions applied to some types of meat, fresh flowers, fresh fruit, cassava and cassava products, sorghum, wheat flour, vegetable oils in bulk, sugar confectionary, chocolate and cocoa preparations, biscuits, spaghetti and noodles, fruit juice in retail packages, drinking water, and beer.[32] In addition to the tariff lines subject to import prohibition, Nigeria would also face difficulty in implementing a 40 percent cut on bound tariffs for a number of other products, including butter, cheese and curd, animal hair, edible vegetables, sausages, fruit and vegetable preparations, ice cream, wine, and tobacco.

For the other five countries in Subgroup D, tariff reduction commitments in the Doha Round will also imply cutting applied tariffs for a large number of products. In Côte d'Ivoire and Suriname, an overwhelming number of tariff lines are subject to applied rates that are higher than the corresponding tariff bindings. This is partially explained by a data mismatch: while bound rates refer to 2004, applied rates refer to 2001 (Suriname) or 2002 (Côte d'Ivoire). In order to fulfill their Uruguay Round tariff reduction requirements, these countries should have carried out cuts of 50 percent (Suriname) and 25 percent (Côte d'Ivoire) on a substantial number of applied agricultural tariffs over the last 2-3 years. Even if they have accomplished such reductions, they would have no tariff overhang for a large number of products. Tariff cuts would thus entail actual reductions in the level of protection currently afforded to domestic producers.

[32] World Trade Organization (WTO), "Trade Policy Review: Nigeria – Report by the Secretariat" (WT/TPR/S/147), 13 April 2005, 35-36.

3.3 Special and Sensitive Products

The Framework for Establishing Modalities in Agriculture refers to two exceptional categories of goods as far as the market access pillar is concerned: Special Products and Sensitive Products. While the former are linked to the G-33 demand for special and differential treatment for selected strategic products in developing countries,[33] the latter reflect pressures from developed countries to exclude key products from the Doha Round liberalization effort. Two main features differentiate these categories of goods: (i) Special Products are reserved only to developing countries; Sensitive Products are available to all WTO members; and (ii) Special Products must be linked to food security, livelihood security or rural development needs; Sensitive Products do not have to fulfill any qualification requirement. Whereas the Framework subjects Sensitive Products to a substantial improvement in market access through combinations of tariff reductions and tariff quota expansions, all it says regarding Special Products is that they will be eligible for "more flexible treatment." Although the text does not put it clearly, it is generally understood that the treatment to be negotiated for Special Products will be more flexible than the treatment accorded to sensitive products. Harbinson's Draft of Modalities suggested a simple average tariff reduction rate of ten percent for all Special Products, subject to a minimum cut of five percent per tariff line.

The number of products that countries will be able to designate as either special or sensitive remains to be agreed. Nonetheless, developing countries will benefit from special and differential treatment in terms of both the number and treatment of sensitive products. The total number of special and sensitive products could be determined by a percentage of the total number of tariff lines or by a given absolute number. In either case, WTO members will have to decide at which level of the Harmonized System (HS) the designation of such products will occur. A list of ten Special Products at the 6-digit level of the HS has a coverage that is substantially greater than a list of ten Special Products at the 8-digit level of the HS.

G-33 members, as well as other developing countries, will likely make an effort to first classify their most sensitive tariff lines as Special Products. Tariff lines that have a good chance of falling under this category are those for which tariff rates are relatively high and for which there is little or no tariff overhang. Once developing countries fill their allotment of Special Products, they will designate an additional number of products as Sensitive. Nevertheless, some products will not be eligible to the Special Product category because they are not clearly linked to food security, livelihood security, or rural development needs. Products such as alcoholic beverages and carbonated soft drinks will have a harder time to classify as Special Products than staple food items such as wheat and rice. This is because alcoholic beverage production does not play a prominent role in a country's dietary needs, nor does it employ a significant portion of the rural labor force. Furthermore, alcoholic beverages are not mainly produced by small land holder, nor are they typically the backbone of rural development programs. The three product categories listed for Jamaica (chicken meat, milk, and vegetables) in Table 3 are more defensible as Special than the three product categories listed for Trinidad & Tobago (other food preparations, alcoholic beverages, and ethyl alcohol). Nevertheless, nothing will prevent Trinidad & Tobago from declaring these products as Sensitive. The products designated as "problematic" in Annex A have a good chance of being selected as either Special or Sensitive by G-33 countries.

[33] The developing country claim for special products goes back to the Alliance for Strategic Products, which was established in 2002 by some of the WTO members that would later form the G-33. Their demand was embraced by Harbinson's Draft of Modalities.

4. IMPORT SURGES

Classical economics regards trade liberalization as a win-win arrangement. Both the liberalizing country and its trade partners benefit from the efficiency and dynamic gains that come with greater commercial integration. Nonetheless, while liberalization may in the long term and the broader aggregate increase the welfare of a society, it can cause significant pain in certain low productivity domestic sectors.[34] Countries that reduce barriers to trade can experience unforeseen surges in imports that may result in serious injury to local production. In order to encourage cautious countries to enter into greater liberalization than otherwise would be the case, various trade agreements contain safeguard provisions that permit parties to temporarily suspend market access commitments under extreme circumstances.[35]

These escape clauses are designed so as to allow domestic producers to take the necessary adjustment measures and improve their competitiveness vis-à-vis imports. The emergency safeguard of Article XIX of the GATT (as refined by the Uruguay Round Safeguards Agreement) and the special safeguard (SSG) of Article 5 of the Uruguay Round Agriculture Agreement provide two alternative mechanisms for countries to temporarily raise import tariffs beyond their binding levels.[36] In the context of the Doha Round, the G-33 has proposed the creation of a Special Safeguard Mechanism (SSM) for exclusive use by developing countries. This section investigates the incidence of import surges among G-33 countries and examines the prospects for an SSM for developing countries.

4.1 The Phenomenon

An import surge is generally understood as a sharp temporary rise in import volumes above a trend level. The WTO Agreement on Safeguards defines it as a significant increase in import quantities, in absolute terms or relative to domestic production, but does not make reference to applicable thresholds. In contrast, the WTO Agreement on Agriculture sets forth trigger levels related to existing market access opportunities and absolute volume changes in domestic consumption. Where imports as a percentage of the corresponding domestic consumption during the three preceding years for which data are available are less than 10 percent, the trigger level equals the sum of (i) 125 percent of the average quantity of imports in these three years and (ii) the absolute volume change in domestic consumption of the product concerned in the most recent year for which data are available. Where market access opportunities are between 10 and 30 percent of domestic consumption, the trigger level equals 110 percent of the average quantity of imports plus the absolute volume change in domestic consumption. Where such opportunities are greater than 30 percent, the base trigger level equals 105 percent of the average quantity of imports plus the absolute volume change in domestic consumption.

Import surges are critical because of their potential impact on food security. While trade in food products is vital for enhancing food security, sudden increases in import volumes may hinder domestic food production in terms of undermining otherwise viable and efficient domestic sectors.[37] The Food and Agriculture Organization (FAO) of the United Nations acknowledges that increased food imports add to domestic supplies and consumption, and, depending on the distribution of the consumption, to the reduction of hunger, but recognizes that increasing trends in imports can also be a matter of concern under certain circumstances.[38] Import surges tend to disrupt local markets, including the transmission of depressed world prices to domestic markets, with negative effects on local production. Nevertheless, it is not easy to isolate import surges among the many variables that can lead to production shortfalls, including unfavorable weather conditions, macroeconomic instability, and political and security volatility.

[34] J.H. Jackson, *The World Trading System: Law and Policy of International Economic Relations* (Cambridge: MIT Press, 1997), 176.
[35] Kenneth Dam, *The GATT: Law and International Economic Organization* (Chicago: University of Chicago Press, 1970), 99.
[36] In addition, WTO members may have access to anti-dumping measures or countervailing duties to counter import surges that result from unfair trade practices. Anti-dumping measures are applicable when the export price of a trade partner is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country. Countervailing duties are applicable on imports that are causing harm to domestic industries due to subsidies conferred by foreign governments.
[37] Food and Agriculture Organization (FAO), "Some Trade Policy Issues Relating to Trends in Agricultural Imports in the Context of Food Security," CCP 03/10, Sixty-fourth Session of the Committee on Commodity Problems, 18-21 March 2003, 1-2.
[38] Ibid., 7.

High food import trends are not necessarily negative if they occur in food secure countries and are associated with rising incomes, population growth, and increased export earnings. In contrast, sharp trends in food imports are problematic when they occur in relatively food insecure countries with a rising ratio of food imports to total exports, stagnant or shrinking domestic production, and little scope for productive resources to find alternative uses.[39] Experiences among G-33 countries have been quite diverse.

4.2 Incidence

A number of international and civil society organizations have documented the occurrence of import surges among developing countries. A 2003 study by the FAO concluded that import surges have become more frequent among developing countries since significant structural reforms – including unilateral trade liberalization – were undertaken starting in the 1980s.[40] Of the 28 countries analyzed by the FAO study, 15 are members of the G-33. Table 5 presents the number of import surge cases that occurred in these 15 countries in eight key sectors over the 1984-2000 period. In this study, an import surge was defined as a 20 percent positive deviation from a 5-year moving average of import volume for each commodity and country. Not surprisingly, import surges were more widespread in sectors that receive substantial amounts of export subsidies in developed countries: the number of cases for pork or poultry meat was twice as high as the number of cases for rice or maize. Unfair trade practices by the European Union and the United States must be curtailed in order to alleviate pressures on the productive sectors of the developing world.

[39] Ibid., 8.

[40] Ibid., 1.

TABLE 5

CASES OF IMPORT SURGE IN SELECTED G-33 COUNTRIES (1984-2000)

Country	Wheat	Rice	Maize	Veg oils	Beef	Pork	Poultry meat	Milk	Total
Philippines	7	9	7	9	12	9	14	5	72
Tanzania	8	5	6	10	6	7	4	5	51
Benin	6	4	3	3	6	7	8	7	44
Honduras	8	5	0	8	6	8	11	3	44
Botswana	6	4	0	6	4	9	7	7	43
Peru	3	4	4	4	4	9	9	6	43
Uganda	10	4	8	11	4	3	2	1	43
Kenya	11	3	5	7	4	6	5	4	42
Côte d'Ivoire	1	4	0	9	7	7	10	3	41
Madagascar	8	5	7	5	3	8	5	5	41
Zambia	4	2	4	4	8	8	5	6	41
Haiti	1	2	4	7	4	9	8	5	38
Dominican Republic	2	-	0	3	8	6	6	3	28
Jamaica	3	4	3	9	3	6	3	1	28
Mauritius	2	0	2	1	7	9	6	0	27
Total	80	55	53	96	86	111	103	61	447

Note: A dash (-) indicates that data were not available.
Source: Adapted from Food and Agriculture Organization (FAO), "Some Trade Policy Issues Relating to Trends in Agricultural Imports in the Context of Food Security," Sixty-fourth Session of the Committee on Commodity Problems, Rome, 18-21 March 2003.

The Philippines (72) and Tanzania (51) registered the highest frequency of import surges of all 15 countries. Mauritius (27), Jamaica (28) and the Dominican Republic (28) recorded the lowest numbers of sharp rises in imports. The other ten countries registered between 38 and 44 cases. However, the number of import surges in itself is not sufficient to reveal the magnitude of the problem.

In order to determine whether import surges have had a negative impact on developing countries, it is important to verify if such surges have been followed by shortfalls in domestic production. The FAO study defined a production shortfall as a 10 percent negative deviation from a 5-year moving average of domestic production. Table 6 presents the number of production shortfalls documented for the same group of countries, sectors and time period. While Jamaica had the second lowest frequency (28) of import surges, it registered the highest incidence (26) of production shortfalls in all 15 countries. In contrast, while Tanzania had the second highest frequency (51) of import surges, it only registered 9 production shortfalls in the same period. This suggests that import surges in Jamaica had more severe impacts on domestic production than was the case in Tanzania.

TABLE 6

CASES OF PRODUCTION SHORTFALL IN SELECTED G-33 COUNTRIES (1984-2000)

Country	Wheat	Rice	Maize	Veg oils	Beef	Pork	Poultry meat	Milk	Total
Jamaica	-	8	4	7	0	2	1	4	26
Philippines	0	1	1	5	1	1	3	11	23
Zambia	2	5	6	3	2	2	1	2	23
Botswana	5	-	0	5	4	4	0	2	20
Haiti	-	4	1	5	1	2	2	0	15
Kenya	7	0	4	1	0	0	1	0	13
Mauritius	-	-	-	7	2	4	0	-	13
Benin	-	0	1	7	0	3	1	0	12
Dominican Republic	-	-	4	0	1	0	0	4	9
Tanzania	3	4	2	0	0	0	0	0	9
Côte d'Ivoire	-	2	0	0	3	3	0	0	8
Honduras	0	-	0	0	5	3	0	0	8
Peru	1	-	3	3	0	0	1	0	8
Uganda	3	0	1	0	3	0	0	0	7
Madagascar	3	0	2	1	0	0	0	0	6
Total	24	24	29	44	22	24	10	23	200

Note: A dash (-) indicates that the country is either not a producer of the product or that data were not available.
Source: Adapted from Food and Agriculture Organization (FAO), "Some Trade Policy Issues Relating to Trends Agricultural Imports in the Context of Food Security," Sixty-fourth Session of the Committee on Commodity Problems, Rome, 18-21 March 2003.

Nonetheless, to establish a causal link between import surges and production shortfalls it is necessary to determine whether import surges preceded production shortfalls. Table 6 only indicates that production shortfalls have occurred in the 1984-2000 period, it does not say if such shortfalls were generated by preceding rises in imports. Import surges that damage or threaten to damage viable domestic production should lead, rather than lag, production shortfalls. If a production shortfall precedes or coincides with an import surge, then the shortfall could be the cause of the surge in imports.[41] Detailed case studies must be carried out in order to establish the actual link between the two phenomena.

[41] Ibid., 3.

4.3 Case Study: Jamaica

Oxfam, the Women's Edge Coalition and the FAO have documented import surges and production shortfalls in Jamaica. Two Oxfam briefing papers argue that "trade liberalization in the early 1990s resulted in domestically produced fresh milk being pushed out of the market by subsidized European milk powder as the major input for the Jamaican dairy processing industry."[42] A report by the Women's Edge Coalition contends that Jamaica's dairy and poultry producers have been severely hurt by an influx of cheap imports priced below the cost of production.[43] Finally, a 2003 FAO case study states that "the domestic milk industry has been severely decimated as a result of opening the domestic market to unfair competition from heavily subsidized milk imports."[44]

Nonetheless, FAO data indicate that imports have fallen overtime and that the share of domestic production in total consumption has either increased (chicken) or remained at comparable levels (milk). Figure 3 presents figures on Jamaica's domestic production of milk and imports of dairy products (measured in milk equivalent tons) in 1985-2003. Imports fluctuated considerably from year to year, but followed a generally descending trend: average annual imports fell from 134 thousand tons in 1985-1989 to 94 thousand tons in 1990-1994 and 90 thousand tons in 1995-2000. Liberalization of the dairy sector began in the early 1990s as part of the structural adjustment policies that Jamaica was required to implement in order to receive loans from the World Bank and the International Monetary Fund (IMF). In 1992, the Jamaican Commodity Trading Company (JCTC) lost its import monopoly, import tariffs were reduced, and subsidies for local dairy farmers were abolished.[45] While it is true that domestic milk production fell substantially in 1994, such shortfall was not preceded by a rising trend in imports of dairy products. Average annual domestic production fell from 48 thousand tons in 1985-1989 to 47 thousand tons in 1990-1994 and 28 thousand tons in 1995-1999 and 2000-2003. Given that both imports and domestic production have fallen, national consumption of dairy products has decreased. If population growth is taken into account, the fall is even more dramatic: average per capita consumption fell 41 percent from 82.8 kg/inhab./year in 1986-1990 to 48.6 kg/inhab./year in 1991-1999.[46] In the same period, per capita domestic production fell by 30% (from 20.7 to 14.6 kg/inhab./year) and per capita dairy imports fell by 42% (from 64.7 to 37.3 kg/inhab./year). The fact that per capita imports have fallen more than per capita domestic production in both absolute and relative terms suggests that other factors have driven domestic production down.

[42] Oxfam International, "Stop the Dumping: How EU Agricultural Subsidies Are Damaging Livelihoods in the Developing World," Oxfam Briefing Paper 31, October 2002; and Oxfam International, "Milking the Cap: How Europe's Dairy Regime Is Devastating Livelihoods in the Developing World," Oxfam Briefing Paper 34 (December 2002).

[43] Brenda Wyss and Marceline White, "The Effects of Trade Liberalization on Jamaica's Poor: An Analysis of Agriculture and Services," Women's Edge Coalition, June 2004.

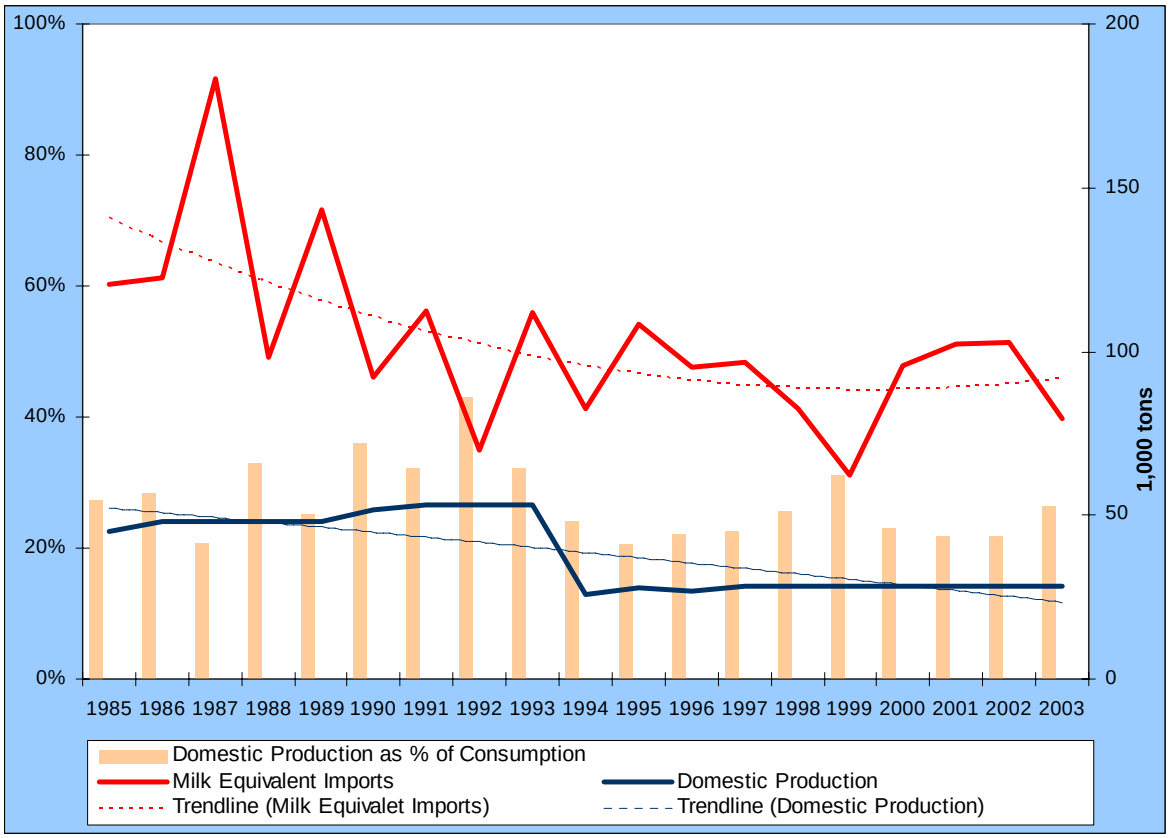
[44] Food and Agriculture Organization (FAO), *WTO Agreement on Agriculture: The Implementation Experience – Developing Country Case Studies* (Rome: FAO, 2003), 358.

[45] Wyss and White., 27.

[46] Inter-American Institute for Cooperation in Agriculture (IICA), *The State of and Outlook for Agriculture and Rural Life in the Americas* (San Jose: IICA, 2004), 220.

FIGURE 3

JAMAICA: MILK PRODUCTION, IMPORTS AND CONSUMPTION (1985-2003)



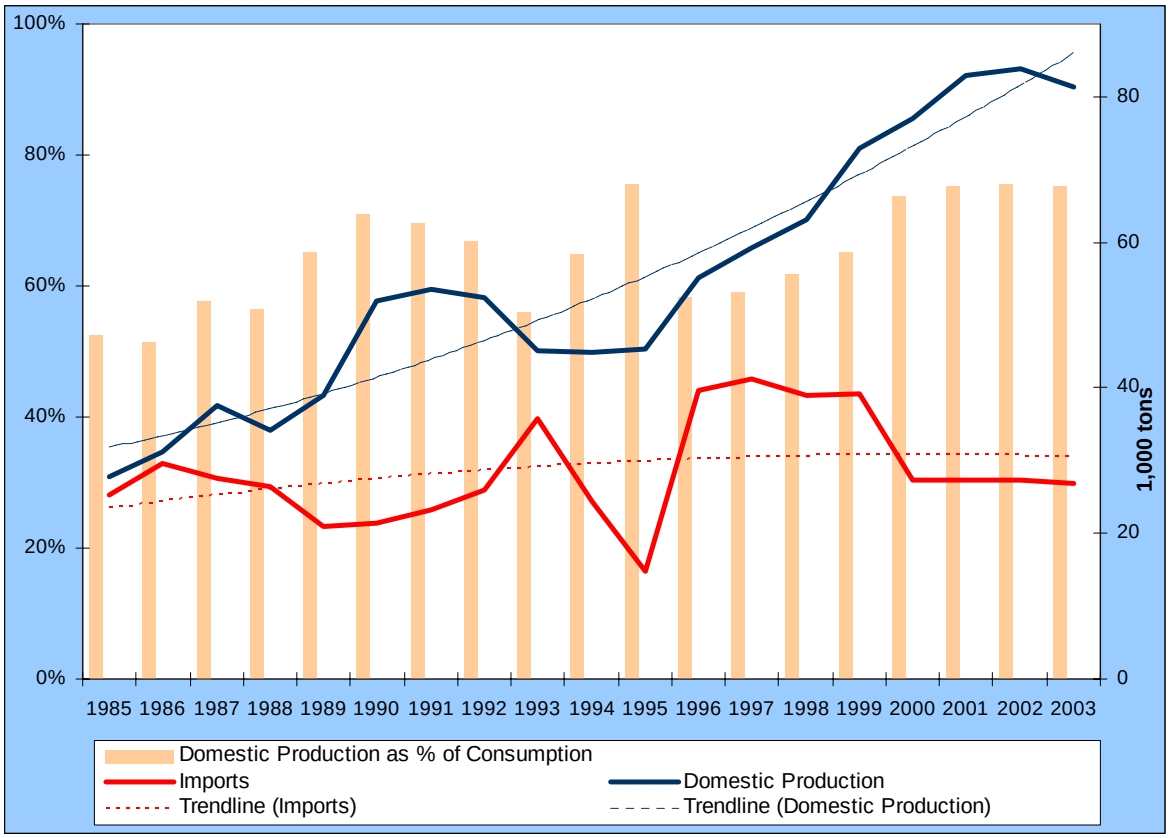
Source: FAOSTAT.

Figure 4 presents chicken meat production, trade, and consumption patterns in Jamaica over the 1985-2003 period. Chicken meat imports fluctuated considerably, expanding at an average annual rate of 1.3 percent. However, increased imports did not lead to sustained production shortfalls. On the contrary, domestic production actually expanded at an average annual rate of 6 percent in this period. As a result, domestic chicken meat production in 2003 (81 thousand tons) was three times larger than in 1985 (27 thousand tons). The period was characterized by continuous growth, except for a brief interruption in 1993, when production fell by 15 percent and remained at the same level for two more years. This fall in production was fully compensated by increased imports. It would be interesting to know whether the fall in domestic production led to the surge in imports, or the other way around. In any case, the share of domestic production on total chicken meat consumption in Jamaica increased from 52 percent in 1985 to 75 percent in 2003. Despite the improved performance of the domestic chicken meat sector, the Jamaican government invoked the safeguard legislation and increased the import duties from 86 percent to 260 percent for poultry products in June 2002.[47]

[47] Wyss and White, 26.

FIGURE 4

JAMAICA: CHICKEN MEAT PRODUCTION, IMPORTS AND CONSUMPTION (1985–2003)



Source: FAOSTAT.

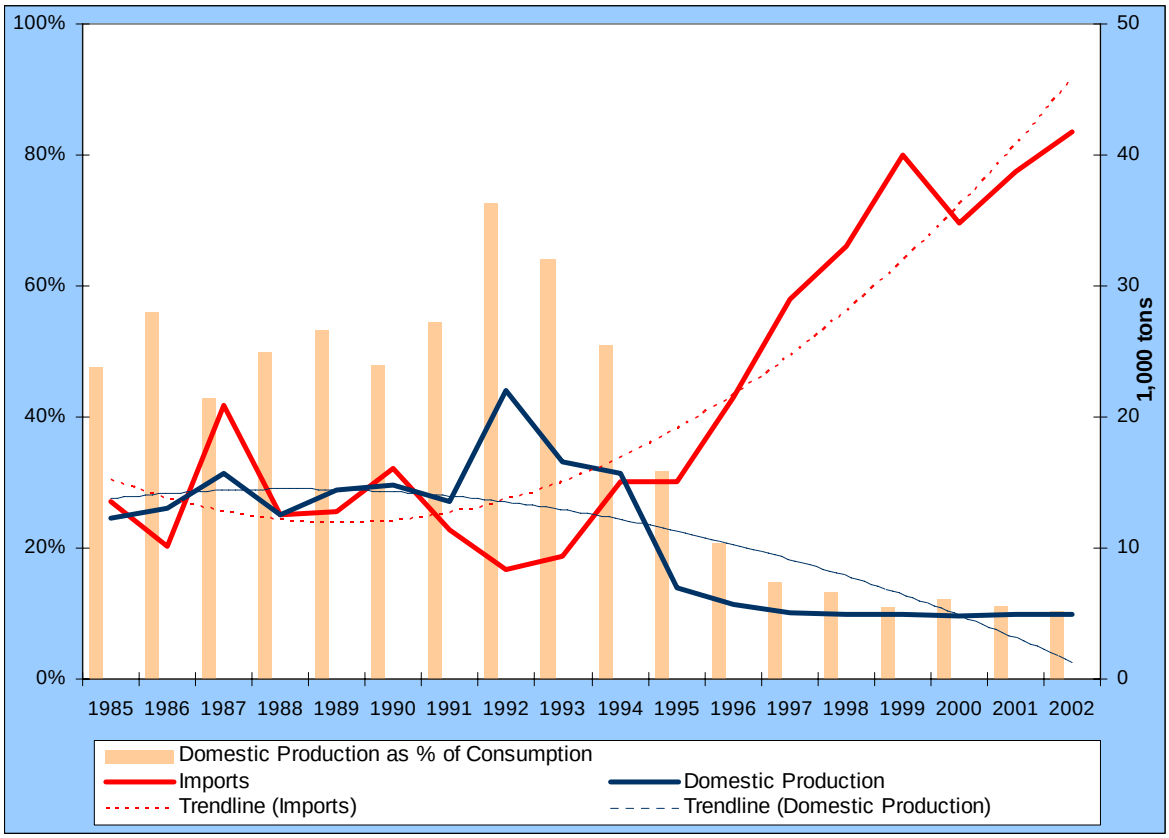
A 2000 FAO case study indicates that import surges since 1994 have been most pronounced for vegetable oils.[48] According to yet another FAO publication, average annual imports of vegetable oils in 1995-2000 (29 thousand tons) were more than three times the 1990-1994 level (9 thousand tons).[49] Between the two periods, domestic production fell by 68 percent to 5 thousand tons. Surges in imports of potatoes and onions have also had an impact on domestic production as some sections of the local market were replaced with more competitively priced imported products. Figures 5, 6 and 7 register import surges and production shortfalls for vegetable oils, potatoes and onions in Jamaica during the 1985-2003 period.

[48] Food and Agriculture Organization (FAO), *Agriculture, Trade and Food Security: Issues and Options in the WTO Negotiations from the Perspective of Developing Countries, Vol. Ii: Country Case Studies* (Rome: FAO, 2000).

[49] Food and Agriculture Organization (FAO), "Some Trade Policy Issues Relating to Trends in Agricultural Imports in the Context of Food Security," CCP 03/10, Sixty-fourth Session of the Committee on Commodity Problems, 18-21 March 2003, 4.

FIGURE 5

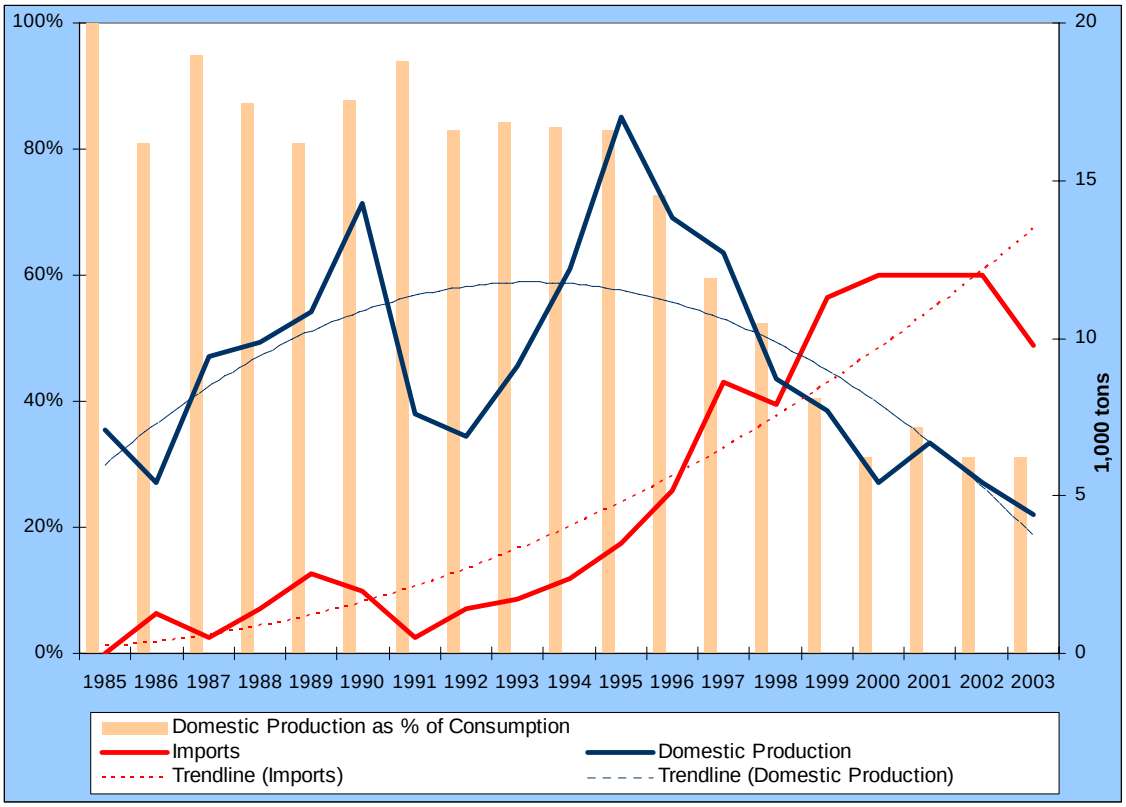
JAMAICA: VEGETABLE OIL PRODUCTION, IMPORTS AND CONSUMPTION (1985-2002)



Source: FAOSTAT.

FIGURE 6

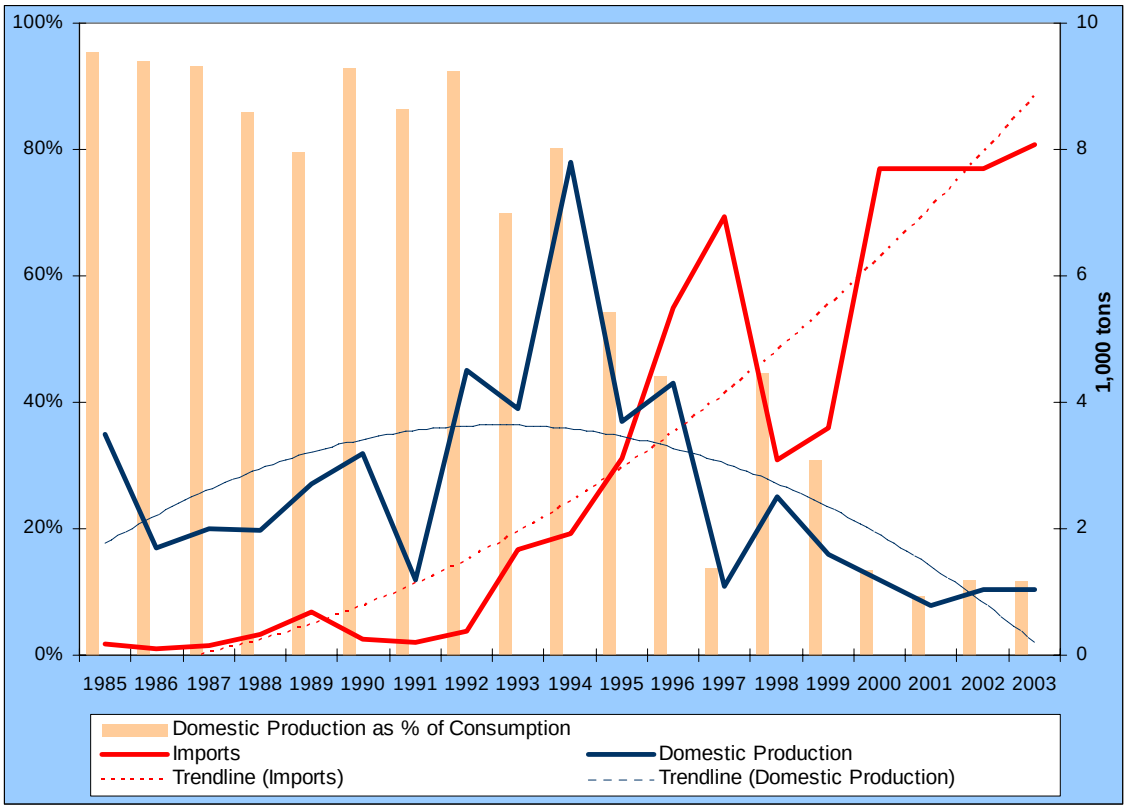
JAMAICA: POTATO PRODUCTION, IMPORTS AND CONSUMPTION (1985–2003)



Source: FAOSTAT.

FIGURE 7

JAMAICA: ONION PRODUCTION, IMPORTS AND CONSUMPTION (1985-2003)



Source: FAOSTAT.

Jamaica's imports of potatoes have increased at an average annual rate of 14 percent since the first year of implementation of the Uruguay Round Agreement on Agriculture. Average annual imports have gone from 1.6 thousand tons 1990-1994 to 7.3 thousand tons in 1995-1999 and 11.4 thousand tons in 2000-2003. Concurrently, domestic production has fallen every consecutive year since 1995. Domestic output went from 10 thousand tons in 1990-1994 to 5.5 thousand tons in 2000-2003 (an average annual rate of decline of 15 percent). As a result, the share of domestic production in total consumption declined from 100 percent in 1985 to 31 percent in 2003. Similar trends have been observed for onions.

Factors other than import surges can also contribute to production shortfalls. Population growth, urbanization, rising incomes, political instability, armed conflicts, and natural disasters are some of the variables that have significant impacts on food production and thus can generate food deficits that must be compensated by increased imports. In the case of Jamaica, the general decline in agricultural production since 1996 "has been attributable to adverse weather conditions, high interest rates on farm loans and the consequent contraction of investment in the sector as well as the overall decline in the economy. The impact of adverse weather conditions during a particular calendar year continues to have an impact on successive periods of production as the tendency is for farmers to plant less in the ensuing years, possibly as a result of reduced funds available for replanting."[50]

[50] Food and Agriculture Organization (FAO), *WTO Agreement on Agriculture: The Implementation Experience - Developing Country Case Studies* (Rome: FAO, 2003), 356.

4.4 Other Cases

Several cases of import surge and production shortfall have been identified in other G-33 countries. Some of these cases are illustrated below.

Benin. "Chicken meat imports increased 17-fold by 1995-2000 from the 1985-1989 annual average of about 1,000 tonnes. During this period, growth in domestic production remained stunted and rose only modestly from 25,000 tonnes to 27,000 tonnes."[51]

Dominican Republic. "Although national dairy consumption doubled in the 1990s, rising demand has largely been met by increasing quantities of cheap imported dairy products. Domestic milk production has remained stagnant. The volume of dairy imports more than trebled during the 1990s, reaching 352m liters in 2000."[52]

Guyana. Import surges have been particularly strong for dairy products and poultry meat. "Imports of milk products tripled from 1985-87 (annual average of 11,000 tonnes) to 1996-98, reaching 33,000 tonnes. […] While there is good reason to conclude that the more transparent import regulations and lower tariffs have led to greater imports, particularly since 1991, there have also been problems within different segments of the domestic market. The milk processing sector, controlled by the Government until recently, and not successfully transferred to a private sector entity, has failed producers in terms of deliveries, processing and marketing of milk. It is thus hardly surprising that growth of the domestic milk sector has not taken place as expected, which in turn contributed to increased imports. […] Imports of poultry meat have been growing fast. From a negligible quantity in 1985-87 they rose to an annual average of 5,000 tonnes in 1996-98. […] Several factors, in addition to import liberalization, contributed to this trend. Liberalization itself made it easier and attractive to establish fast-food centres, which found it cheaper and more reliable to import meat for further processing than to purchase locally. Second, the domestic production sector was almost wiped out under the restrictive foreign exchange regime and trading environment of the 1980s and is now in the process of returning to the point where all poultry products may be produced domestically. Also, the almost total dependence of this sector on imported feed leaves the issue of some degree of self-reliance unresolved."[53]

Haiti. "The import of rice increased from an average annual level of about 17,000 tonnes (milled equivalent) in 1984-1989 to 226,000 tonnes in 1995-2000, a 13-fold increase. The decline in production in the corresponding periods, however, was modest, from 84,000 tonnes to 78,000 tonnes. Although it is difficult to estimate the extent to which production would have increased if not for the massive imports, analysts believe that imports played a major role in negatively impacting rice production."[54] Import surges have also contributed to production shortfalls in the domestic chicken meat sector. "Average import in 1985-89 was 500 tonnes, but increased more than 30-fold by 1995-2000. In contrast, domestic production stagnated and actually declined, from 7,200 tonnes to 6,500 tonnes."[55] Population growth and civil conflict are two exogenous variables that also help explain the occurrence of import surges and production shortfalls in Haiti.

Kenya. "During 1980-90, the volume of milk processed rose steadily from 179,000 tonnes to 392,000 tonnes, i.e. by more than 100 percent. From 1990 onward, the volume processed fell dramatically, to as low as 126,000 tonnes of milk in 1998. At the same time, the import of milk powder rose from 48 tonnes to 2,500 tonnes (in fresh milk equivalent, 408,000 litres to 21 million litres). The influx of the imported milk powder, as well as other dairy products, depressed the demand by milk processors of fresh local milk."[56]

Senegal. "The import of tomato paste by Senegal increased by 15-fold, from an annual average of 400 tons during 1990-94 to roughly 6,000 tonnes in 1995-

[51] Food and Agriculture Organization (FAO), "Some Trade Policy Issues Relating to Trends in Agricultural Imports in the Context of Food Security," CCP 03/10, Sixty-fourth Session of the Committee on Commodity Problems, 18-21 March 2003, 4.

[52] Oxfam International, "Milking the Cap: How Europe's Dairy Regime Is Devastating Livelihoods in the Developing World," Oxfam Briefing Paper 34 (December 2002), 19.

[53] Food and Agriculture Organization (FAO), *Agriculture, Trade and Food Security: Issues and Options in the WTO Negotiations from the Perspective of Developing Countries, Vol. Ii: Country Case Studies* (Rome: FAO, 2000).

[54] Food and Agriculture Organization (FAO), "Some Trade Policy Issues Relating to Trends in Agricultural Imports in the Context of Food Security," CCP 03/10, Sixty-fourth Session of the Committee on Commodity Problems, 18-21 March 2003, 4

[55] Ibid.

[56] Ibid.

2000. Between the same periods, average annual production fell 50 percent from 43,000 tonnes to about 20,000 tonnes. The post-1994 liberalization of tomato paste imports is blamed for the dramatic rise in imports and the negative impact on production."[57]

Sharp rises in imports have also occurred in the chicken meat sector. "Senegalese imports of poultry have grown dramatically over the past decade, rising from 506 tonnes in 1996 to 16,600 tonnes in 2002. This growth, in conjunction with declines in domestic production, has increased the share of imports in domestic consumption from only 1 percent in 2000 to an estimated 19 percent in 2002. [...] Several explanations have been offered for the observed growth in imports, which has exceeded 50 percent annually since 2000. These include: (i) the growth in consumer demand as incomes rose, particularly in urban areas; (ii) relatively rapid liberalization of import restrictions, related to various adjustment programmes, WTO and perhaps very importantly, regional integration inside UEMOA [Economic and Monetary Union of West Africa]; and (iii) availability of inexpensive chicken cuts on the world market."[58] "An important factor influencing imports is exchange rate development. The steady appreciation of the CFAF vis-à-vis the US dollar, beginning in the first quarter of 2002, is likely to be a contributory factor to surging imports. The data show that the CFAF/US$ exchange rate was fairly steady prior to the beginning of 2002, averaging 733 CFAF/US$ during 2000-01. Compared with this level, the exchange rate was 560 CFAF/$ during the last quarter of 2003, and appreciation of 22 percent. As the tariff rate was maintained, the currency appreciation meant that there was a significant erosion of the previous protective margin, thus creating incentives to import."[59]

[57] Ibid.

[58] Ramesh Sharma, David Nyange, Guillaume Duteutre and Nancy Morgan, "The Impact of Import Surges: Country Case Study Results for Senegal and Tanzania," FAO Commodity and Trade Policy Research Working Paper, No. 11 (January 2005), 2.

[59] Ibid., 4.

4.5 Special Safeguard Mechanism (SSM)

The members of the G-33 believe that the emergency safeguard of Article XIX of the GATT and the special safeguard (SSG) of Article 5 of the Uruguay Round Agriculture Agreement are either unavailable to or difficult to apply for most developing countries. To address the unique problems of these countries, the G-33 has proposed the creation of a Special Safeguard Mechanism (SSM) for exclusive use of developing countries as part of the Doha Round of multilateral trade negotiations.

Of the current 148 members of the WTO, only 39 have reserved the right in their tariff schedules to have, subject to the relevant conditions being met, recourse to the SSG in respect of certain designated products. A total of 23 of these WTO members are developing countries, and 8 are members of the G-33 (Barbados, Botswana, Indonesia, Korea, Nicaragua, Panama, the Philippines, and Venezuela). The SSG product coverage varies significantly from country to country: from 1 percent of total agricultural tariff lines in Indonesia to 36 percent in Botswana.[60]

Only 12 of the 39 WTO members that reserved the right to use SSG have actually notified that they have made the SSG operational. Six of these countries are developing countries, three of which are members of the G-33 (Barbados, Nicaragua and the Philippines). Therefore, the great majority of developing countries either does not have access to the SSG or has had difficulties in making it operational. According to the G-33 proposal, the new SSM should be simple, effective and easy to implement, and would be available to all agricultural products. It would be automatically triggered and would address situations of import surges or swings in international prices. Relief would be provided through additional duties and quantitative restrictions.[61]

[60] World Trade Organization (WTO), "Special Agricultural Safeguard – Note by the Secretariat" (TN/AG/S/12), 20 December 2004, 1-6.
[61] G-33, "G33 Proposal on Special Safeguard Measures," Special Session of the WTO Committee of Agriculture, 1 June 2005.

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Sharma, Ramesh, David Nyange, Guillaume Duteutre, and Nancy Morgan. 2005. "The Impact of Import Surges: Country Case Study Results for Senegal and Tanzania." FAO Commodity and Trade Policy Research Working Paper, No. 11.

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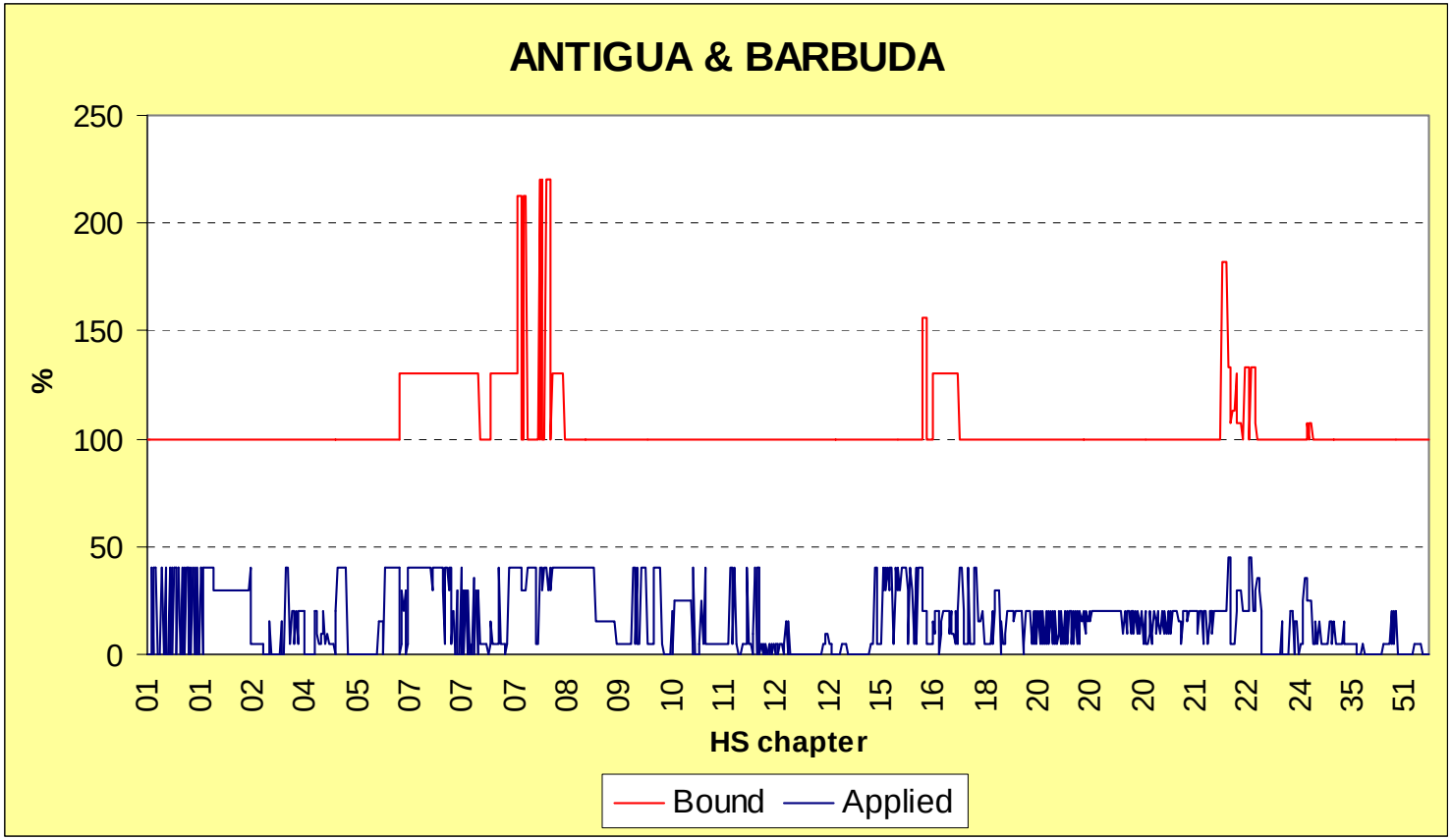
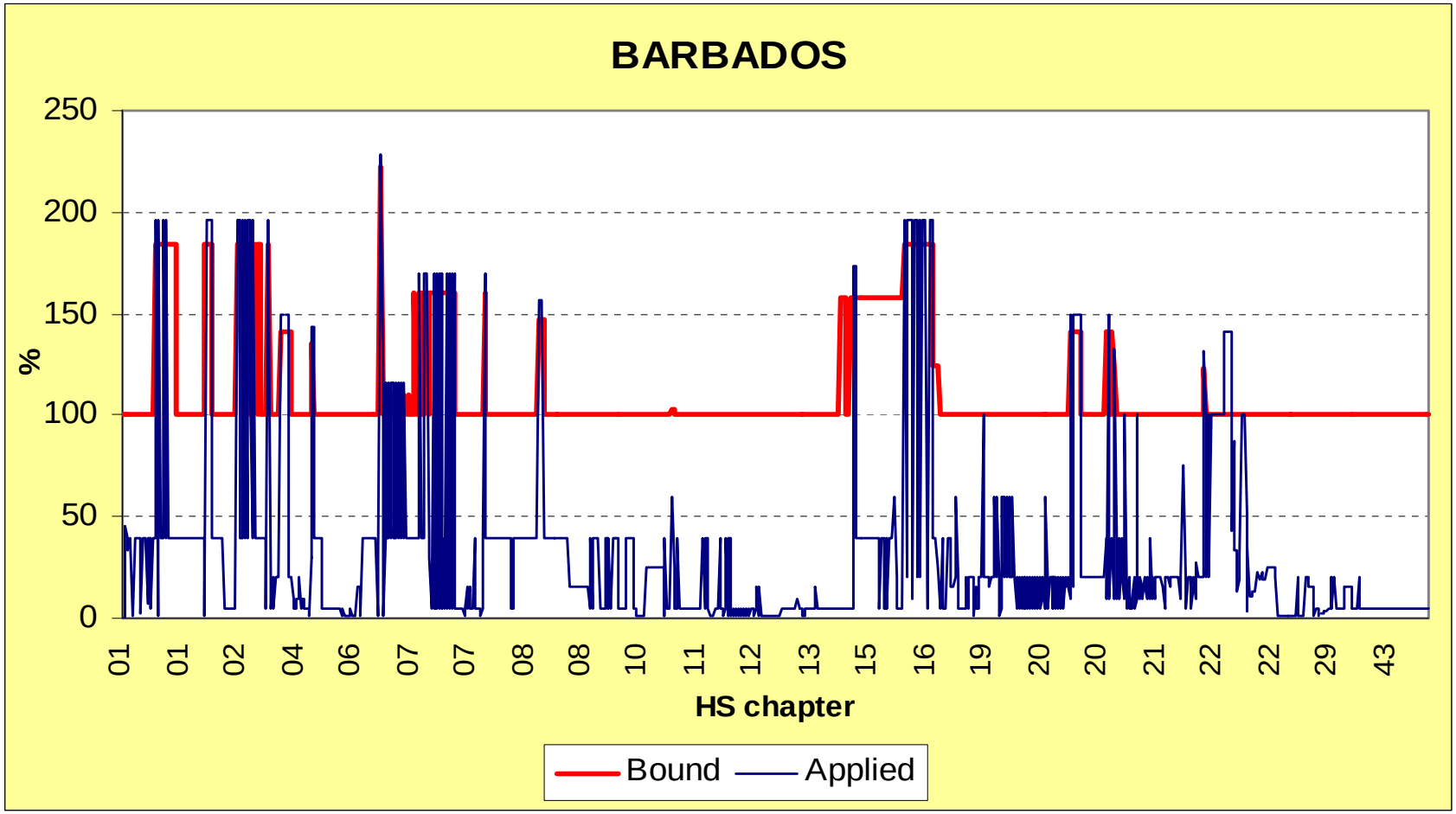
ANNEX A:

An Analysis of Bound and Applied Tariffs

for Agricultural Products in G-33 Countries (in alphabetical order)



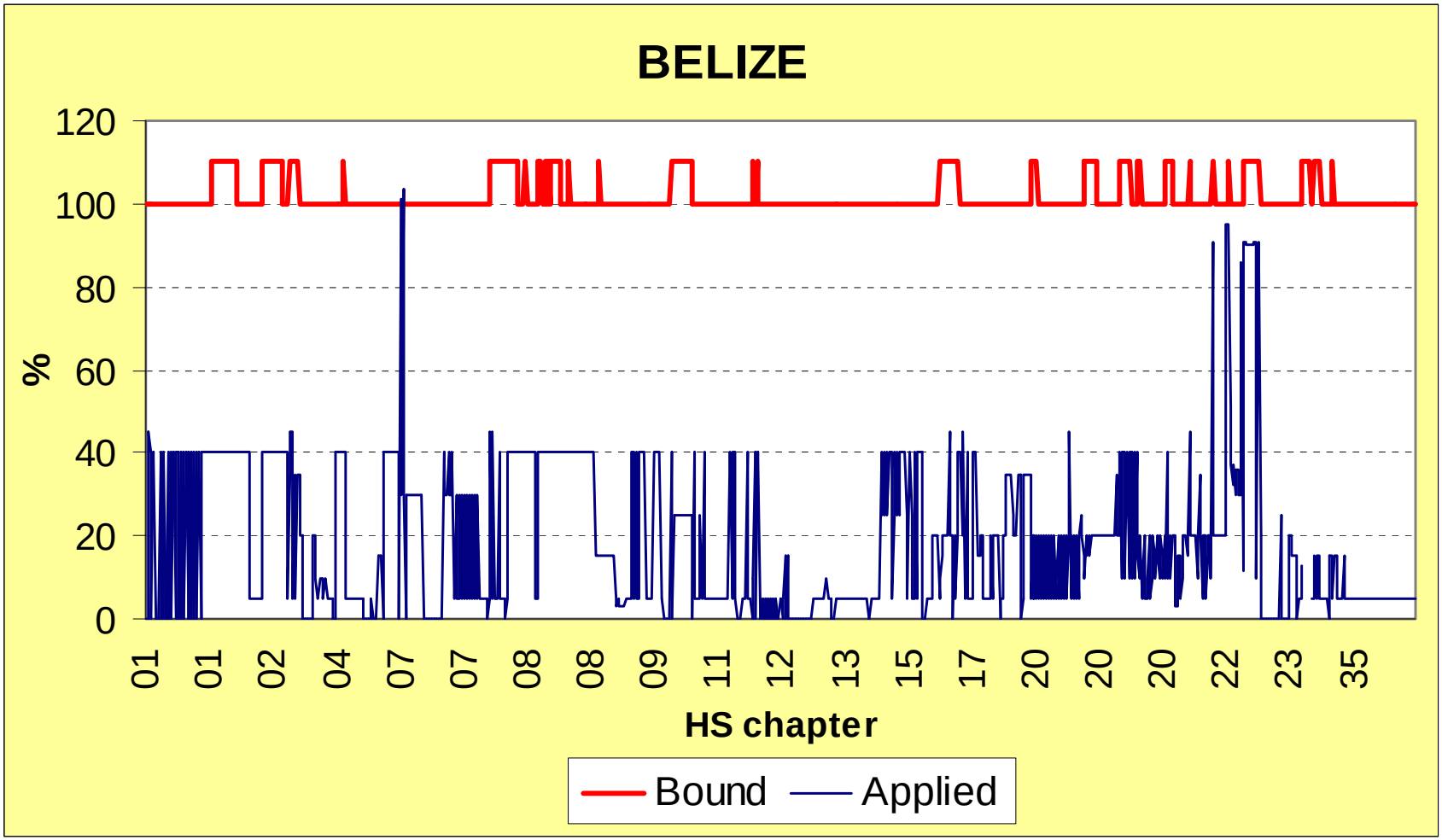
Sources: WTO (2004) and FTAA (2001).



Sources: WTO (2004) and WITS (2002).

Problematic Products

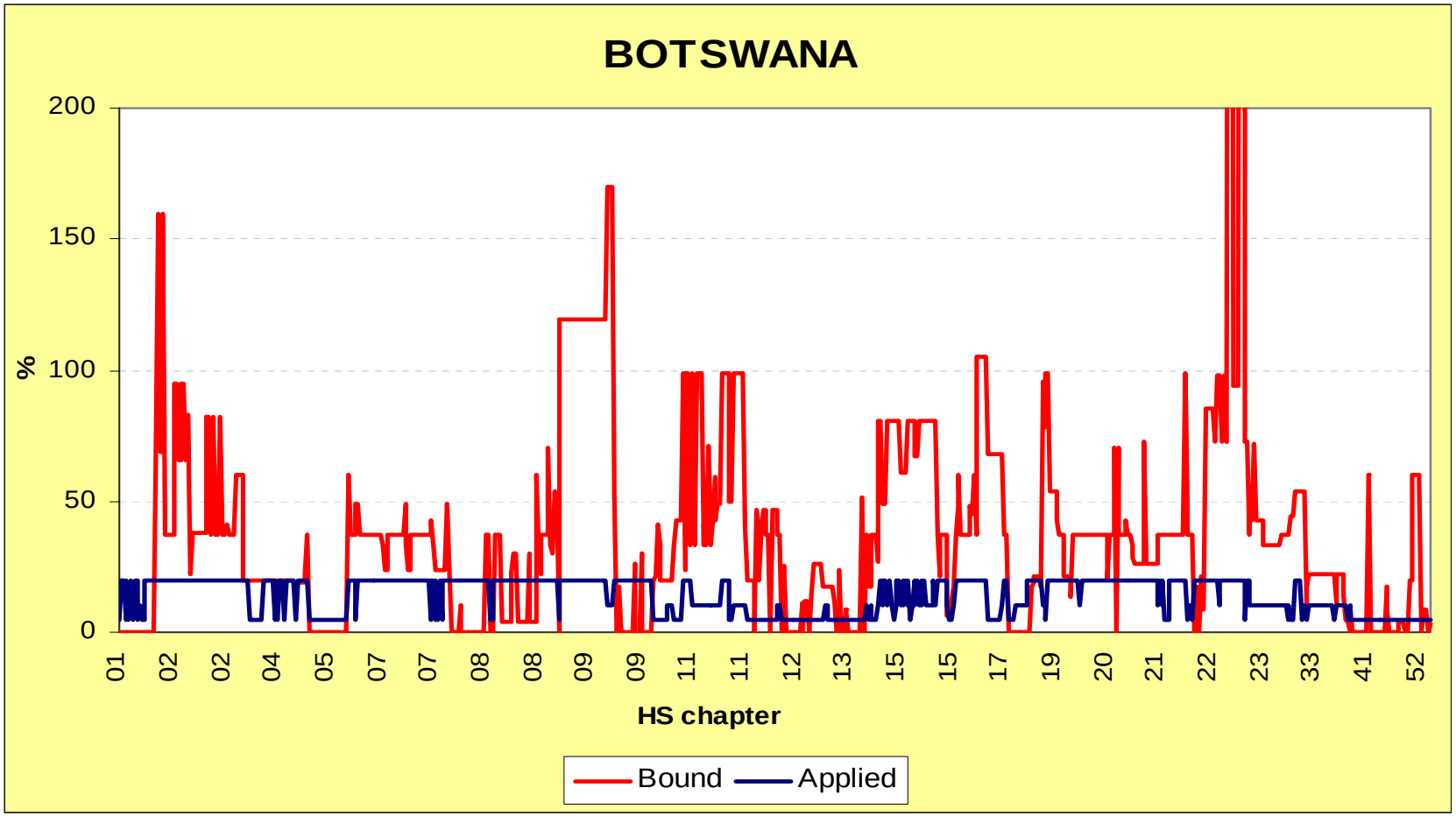
0105: Live poultry	0207: Poultry meat	07: Vegetables	1507: Soybean oil	1902: Pasta	22: Beverages
0203: Beef	0401-2: Milk	0807: Melons	1601/2: Sausages, meat prep.	2007: Jams, jellies	



Source: WTO (2004) and FTAA (2001).

Problematic Products

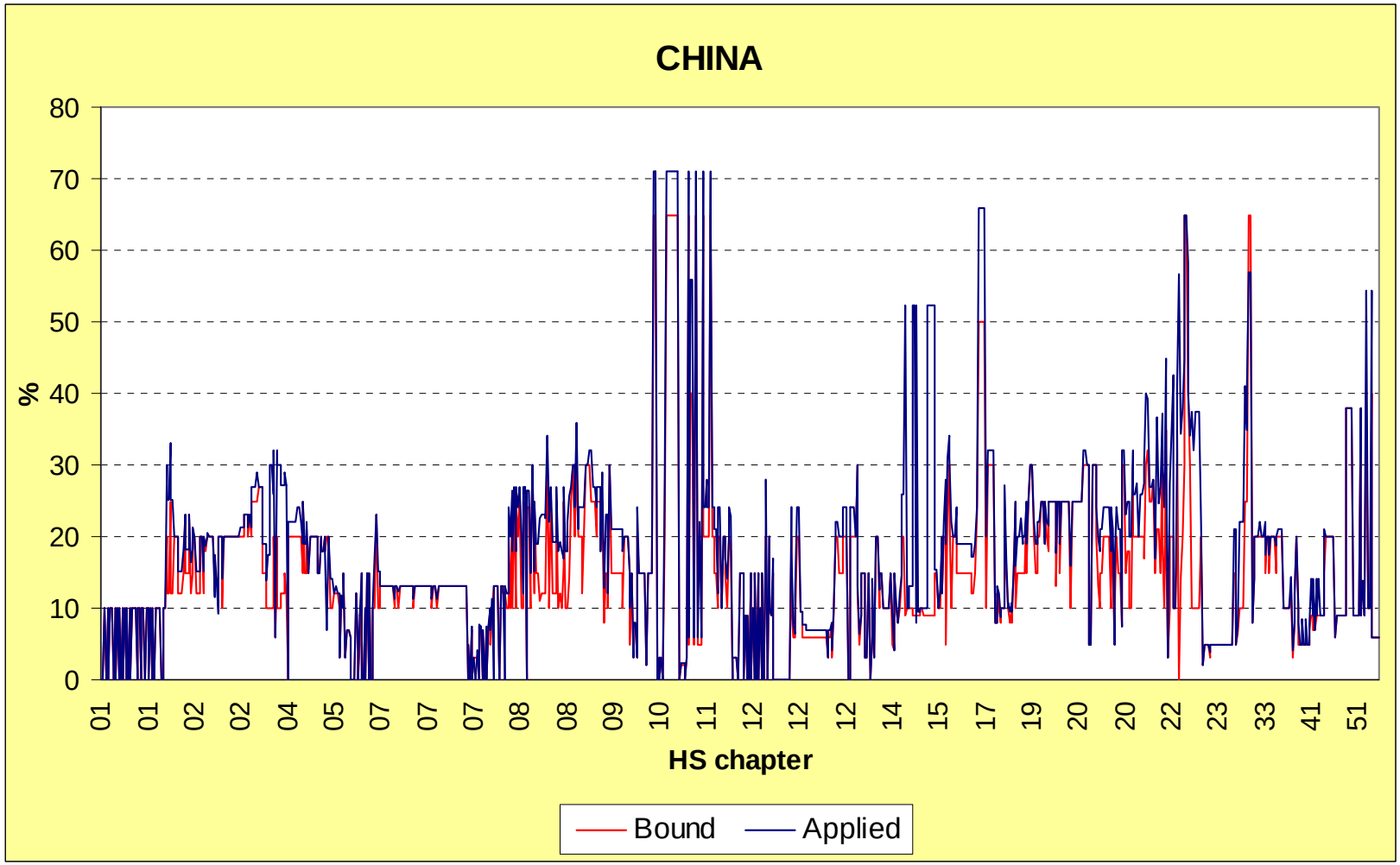
0701.90: Potatoes 0703.10: Onions 2203: Beer 2207: Und. ethyl alcohol (80% or higher) 2008: Brandy/whisky/rum/other



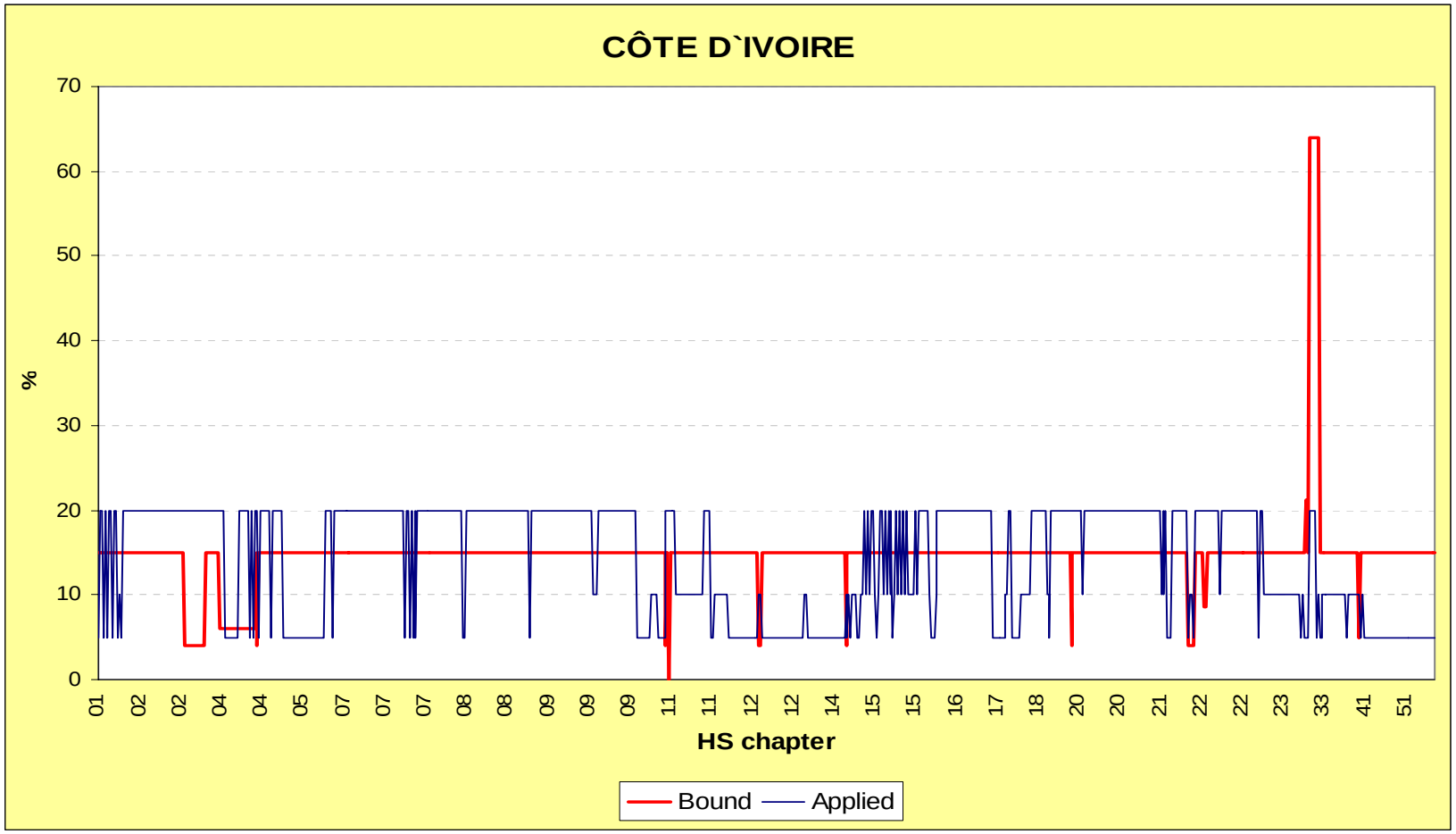
Sources: WTO (2004) and WITS (2002). Some spirits and beverage products have bound tariffs of 400%.

Problematic Products

01: Live animals	0708/10/13: Beans	1516.20: Veg. fats	18: Cocoa and prep.	2201-2: Water
0205: Horse meat	08: Nuts, fruit	1520: Glycerol	1905: Bread, pastry.	2203: Beer
04: Dairy, eggs	09: Coffee, tea, spices	1521.10: Veg. waxes	2008-9: Fruit prep./juices	35: Gelatin, peptones

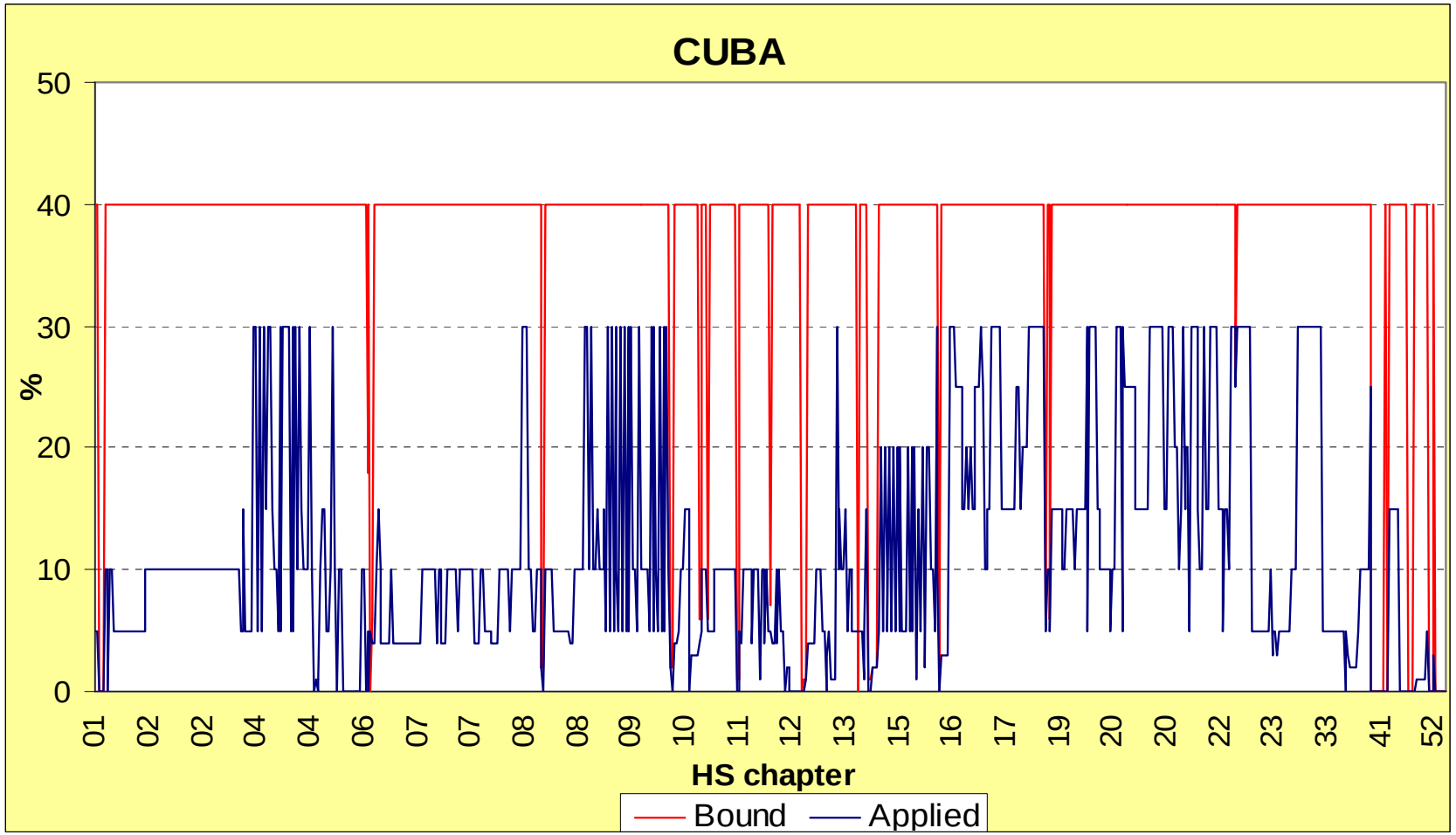


Sources: WTO (2004) and WITS (2002).
Most applied tariff rates are either equivalent or very close to bound rates.



Sources: WTO (2004) and WITS (2002).

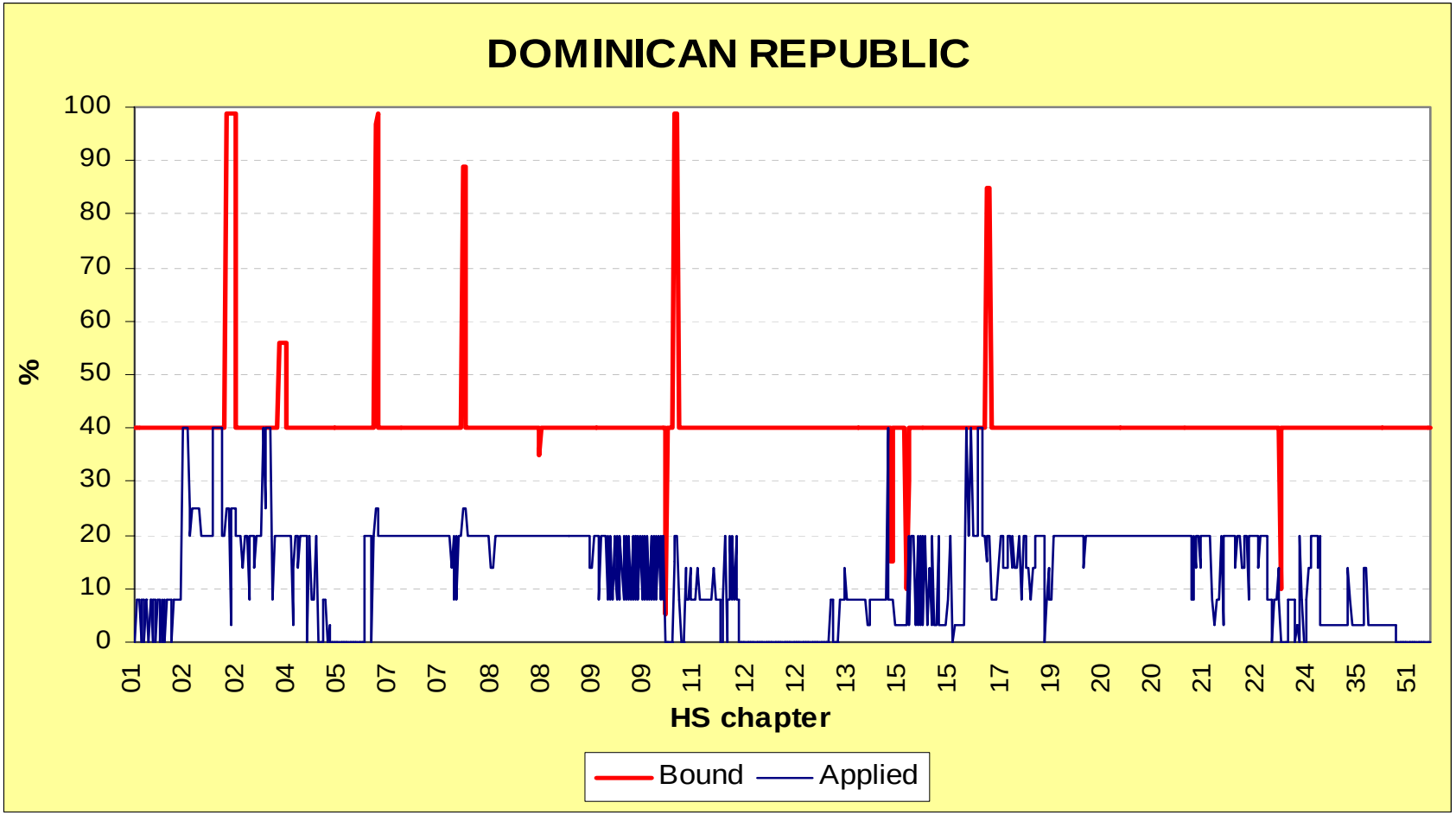
Problematic Products: The great majority of products, except pure-bred breeding animals (0101.11, 0102.10, 0103.10, 0104.10), live poultry (0105.11/12/19), other products of animal origin (05), live plants (0601-3), peas (0713.32), beans (0713.33), dates (0804.10), figs (0804.20), cereals except rice (10), oilseeds (12), lac/gums (13), refined sugar (1702), cocoa (1801), tobacco (24), among others.



Sources: WTO (2004) and WITS (2003).

Problematic Products

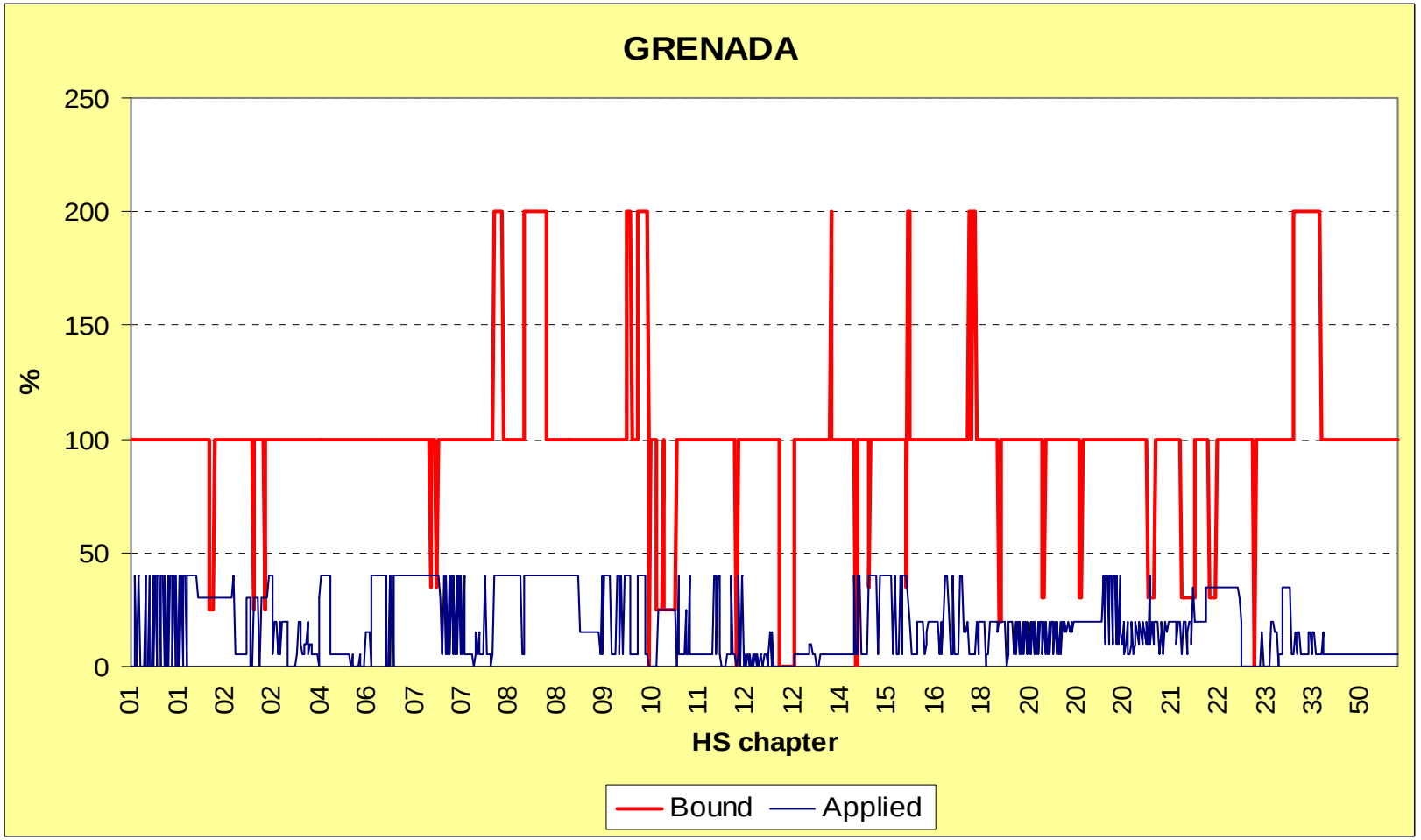
04: Dairy	09: Coffee/spices	1701/3: Sugar/molasses	20: Vegetable/fruit prep	22: Beverages
0805: Citrus fruit	1601/2: Sausages/meat prep.	1803-6: Cocoa products	2103: Sauces and prep.	24: Tobacco



Sources: WTO (2004) and WITS (2002).

Problematic Products:

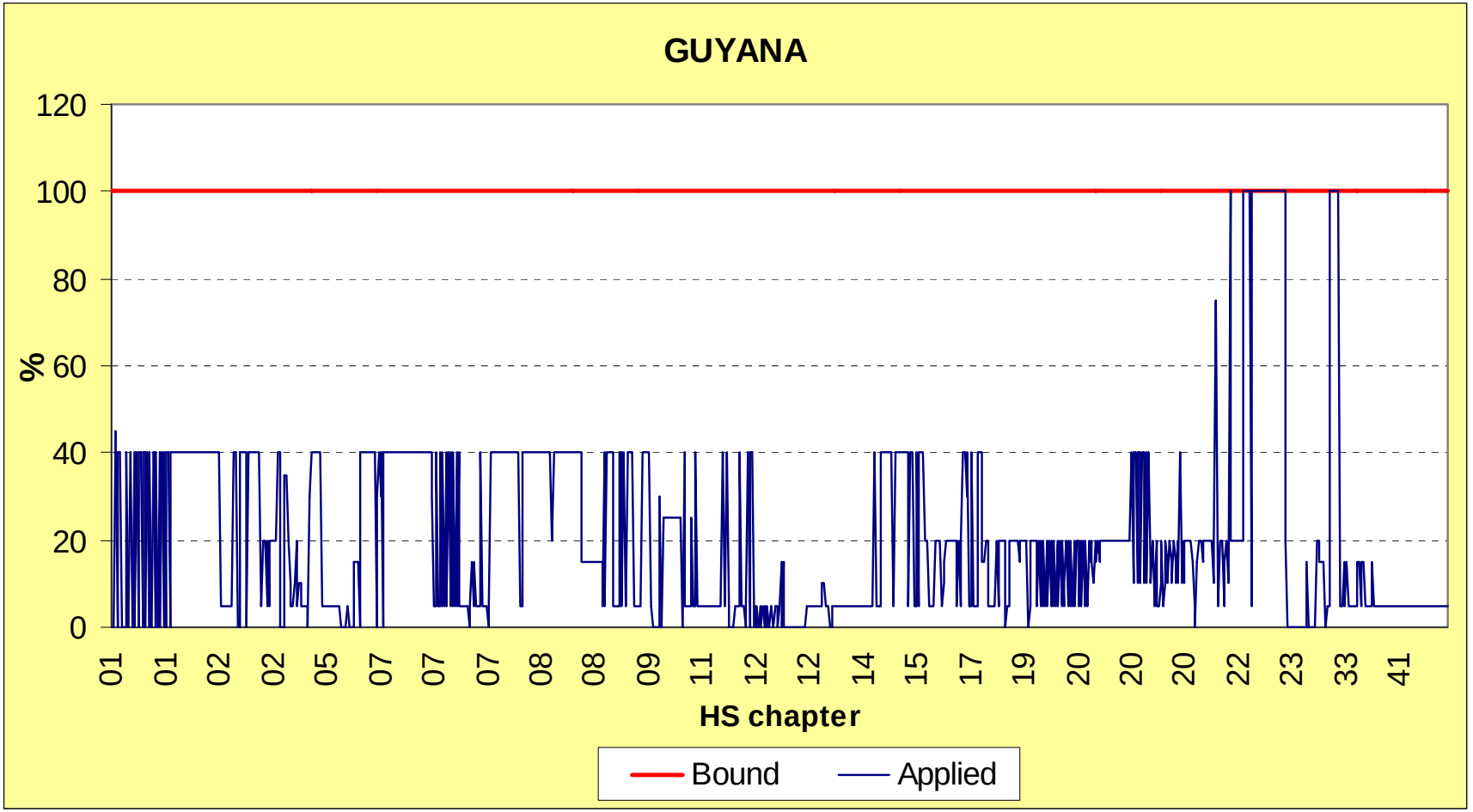
0201/2/10: Beef
0203/10: Pork (1 pp)
0206: Edible offals
0209/1501: Pig & poultry fats
1507.90: Refined soybean oil (2 pp)
1601/2: Sausages & meat preparations



Sources: WTO (2004) and FTAA (2001).

Problematic Products

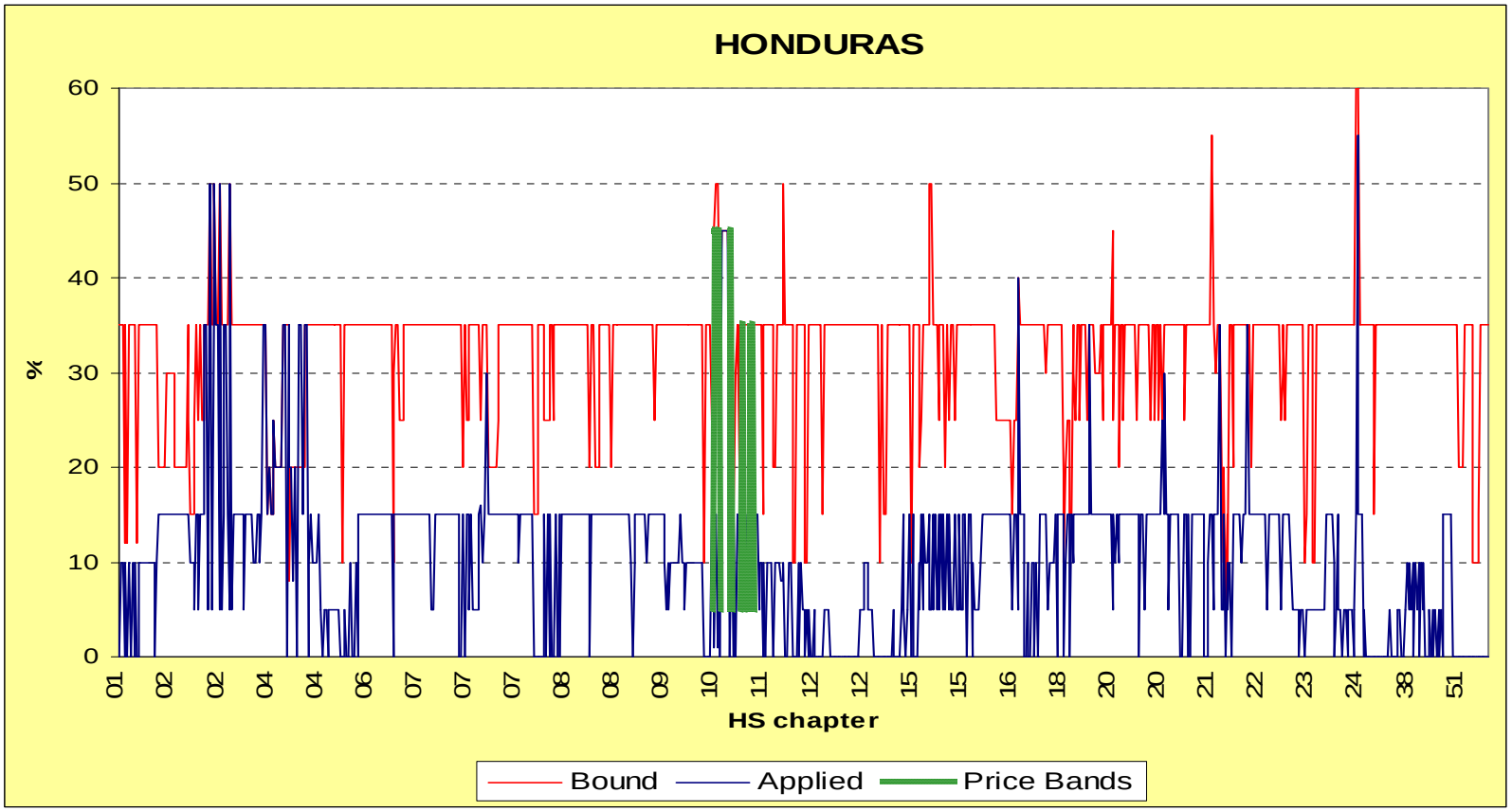
0202.30: Beef	0709.60.10: Sweet potatoes	1006: Rice	1510.20: Olive oil	2203: Beer
0207.14/34: Chicken livers	0709.90.30: Pumpkins	1507.90: Soybean oil	1904: Brkfast cereals	2204: Alcoholic beverages



Sources: WTO (2004) and FTAA (2001).

Problematic Products

2105: Ice cream 2106.90: Other food preparations 22: Beverages 24: Tobacco



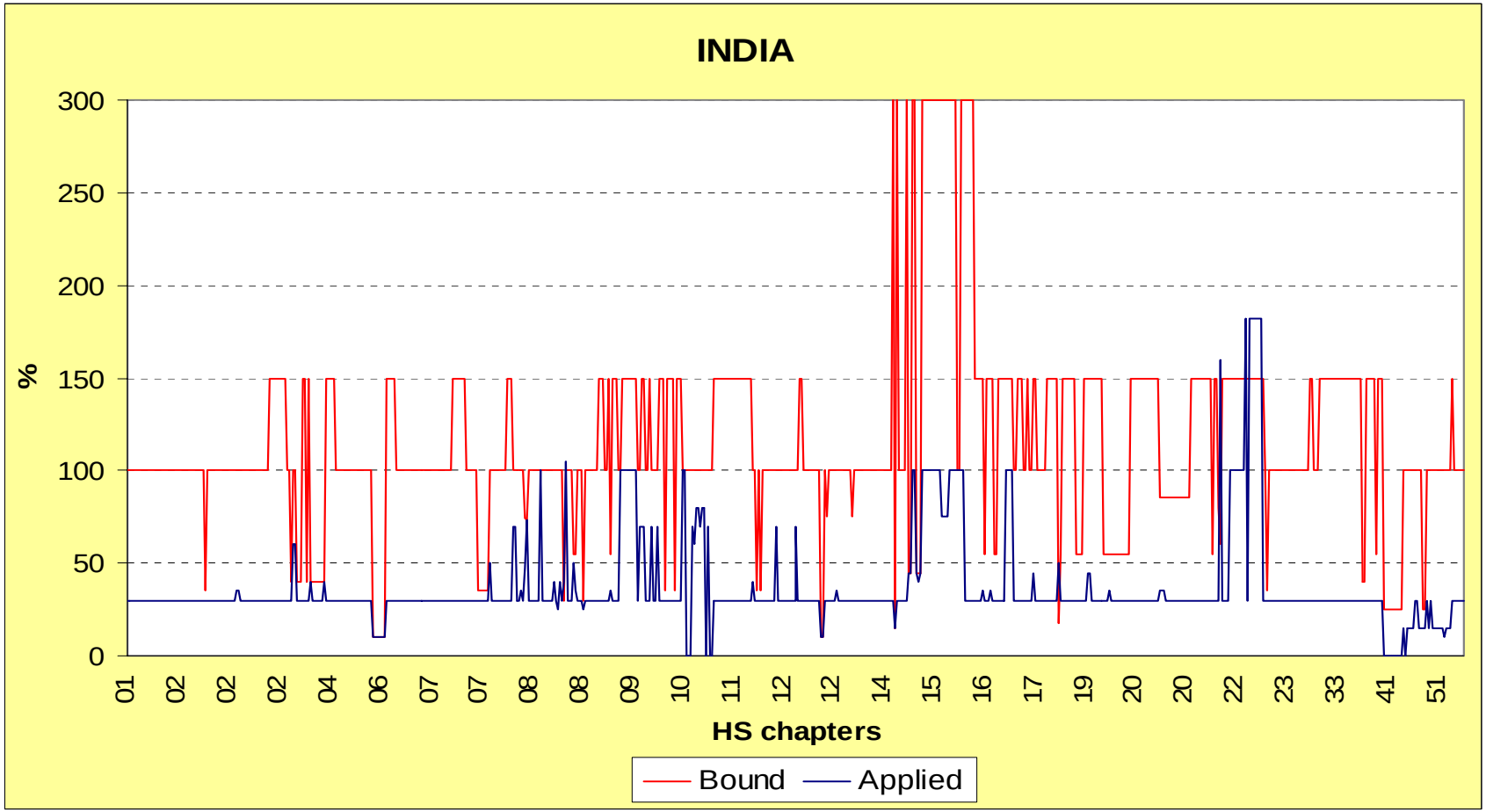
Sources: WTO (2004) and Government of Honduras (2003).

Problematic Products

0201/6: Beef & offal	0207: Chicken meat	0713: Beans/peas/lentils	0810.50: Kiwis	1806.90: Chocolate prep.
0204: Pork	04: Dairy products	0808: Apples/pears	1006: Rice	2402.20: Cigarettes.

Price Bands:

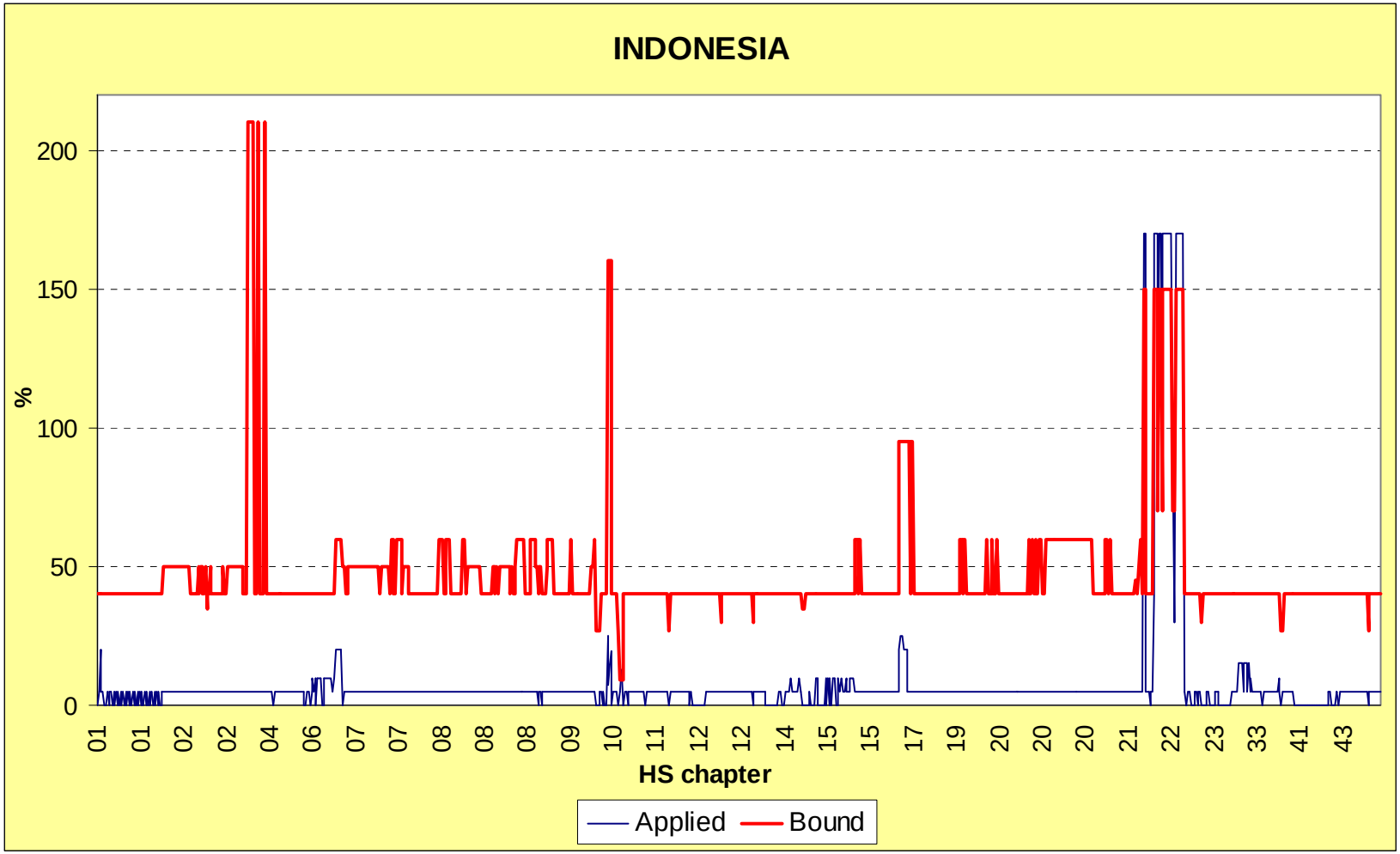
1005.90: Maize	1007: Sorghum	1102:20: Corn flour	1103.13: Cereal groats



Sources: WTO (2004) and WITS (2002).

Problematic Products

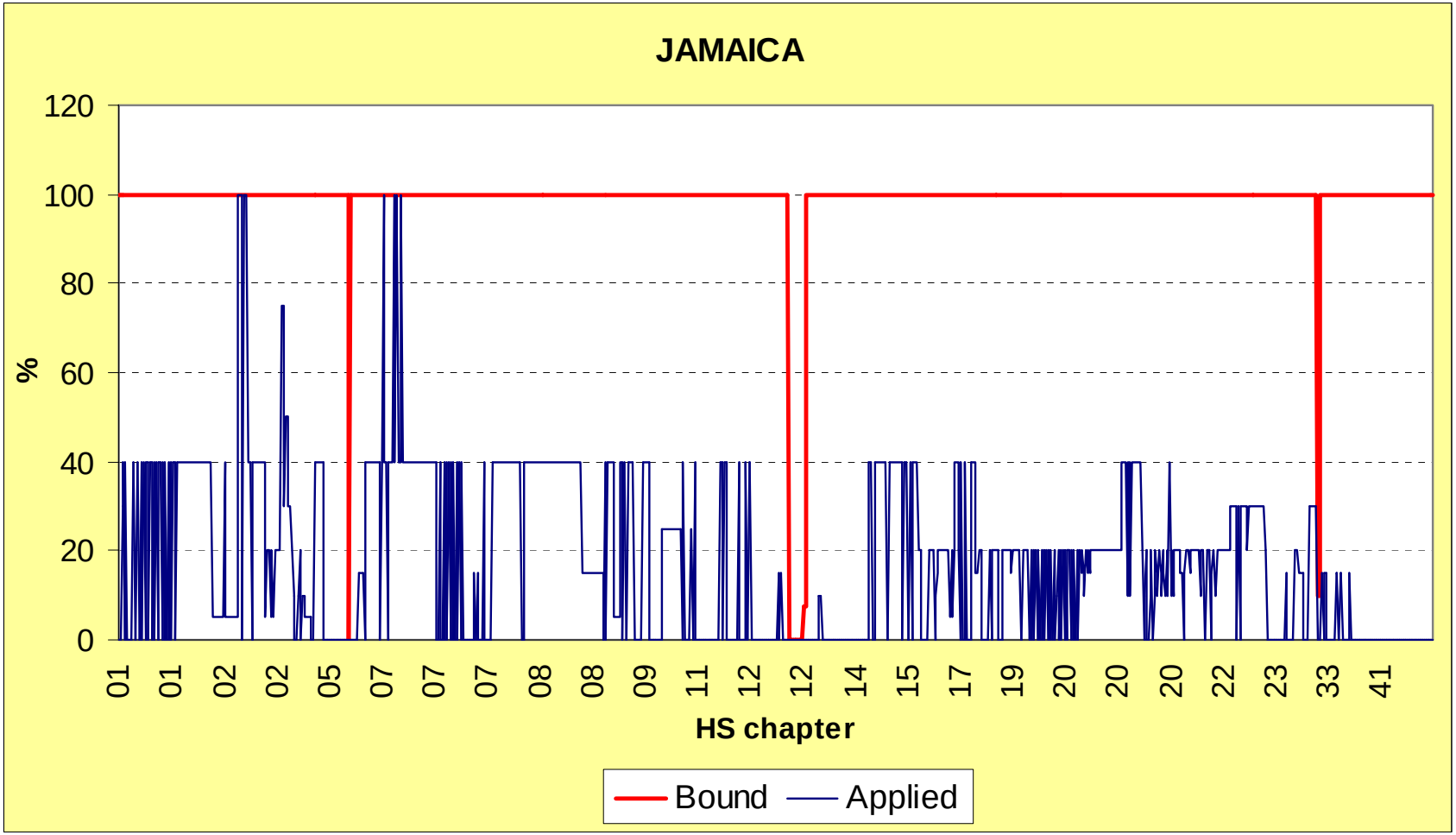
04: Dairy	0801.11/19: Coconuts	0808: Apples/pears	1001: Wheat	1008.20: Millet	1515.30/40: Castor/tung oils
0601/2: Live plants	0802.90: Other nuts	0901/2: Coffee/tea	1006: Rice	1507: Soybean oil	1701: Sugar
0712: Dried veg.	0806: Grapes	0907: Cloves	1007: Sorghum	1509/10: Olive oil	2203-08: Alcoholic beverages



Sources: WTO (2004) and WITS (2002).

Problematic Products

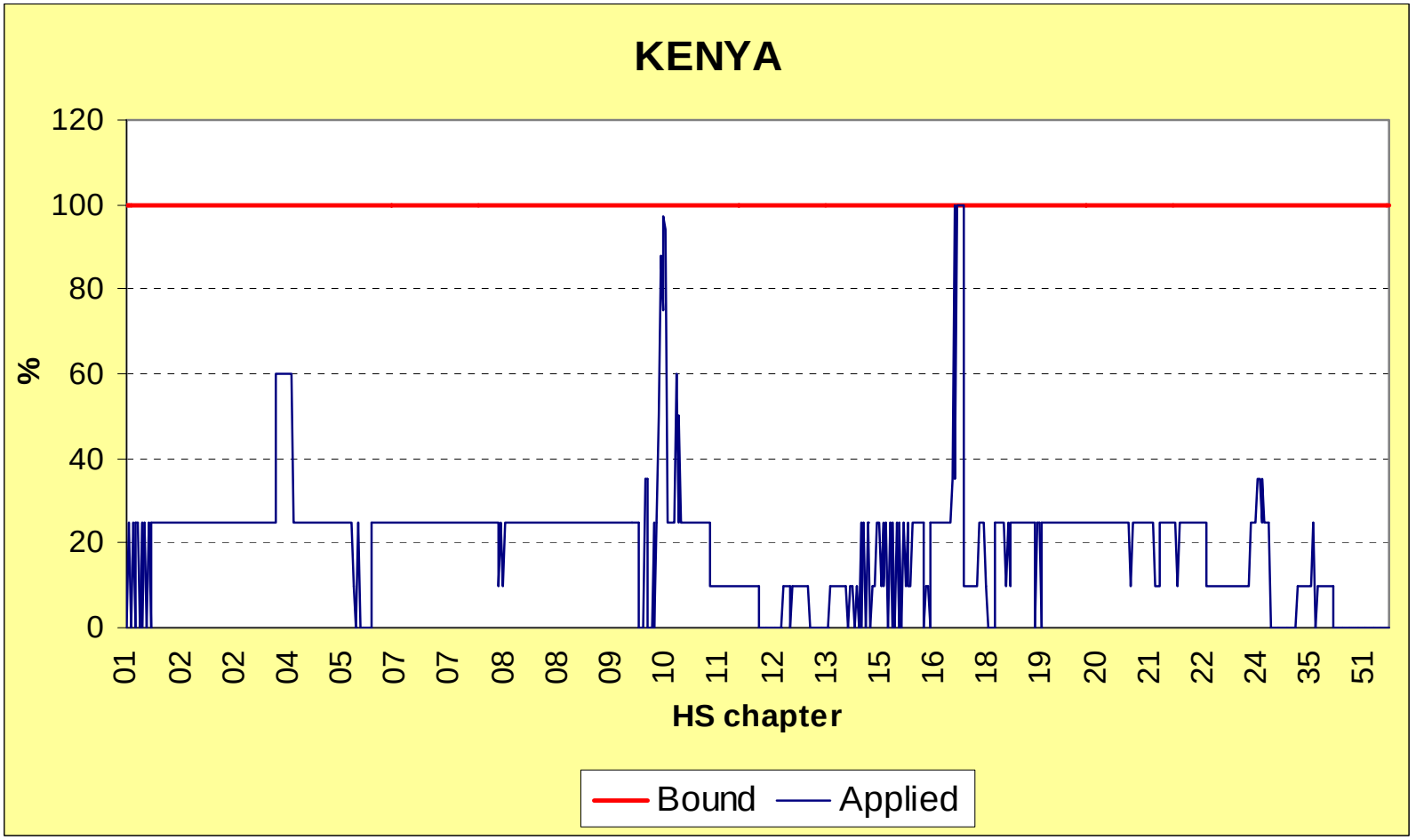
1102.30: Rice flour 2106.90: Other food preparations 2204: Wines 2206: Other fermented beverages 2208: Ethyl alcohol



Sources: WTO (2004) and FTAA (2001).

Problematic Products

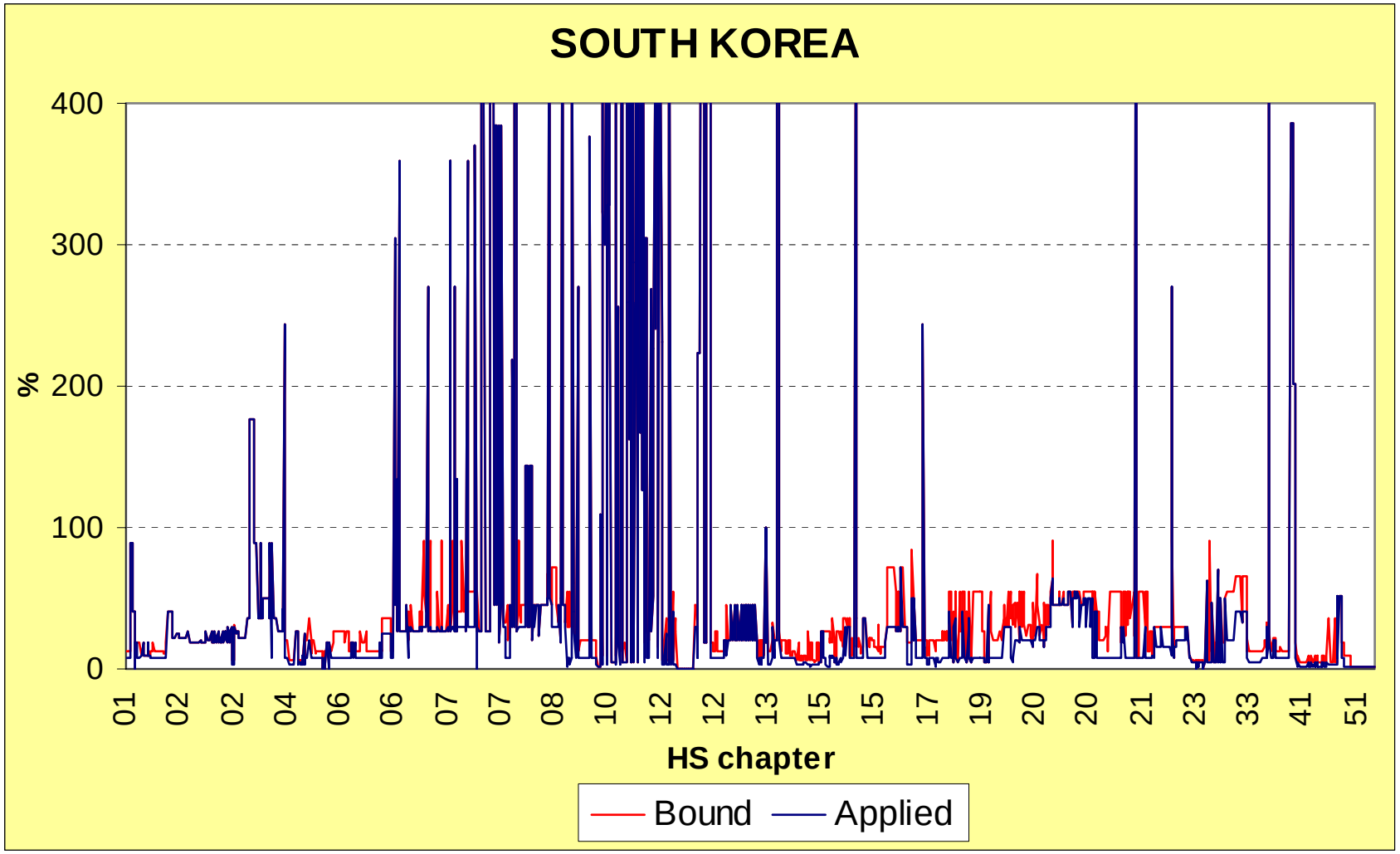
0207: Poultry meat 0401: Milk 0702: Tomatoes 0704.90: Cabbage 0705.11/19: Lettuce 0706.10: Carrot/turnips



Sources: WTO (2004) and EAC (2004).

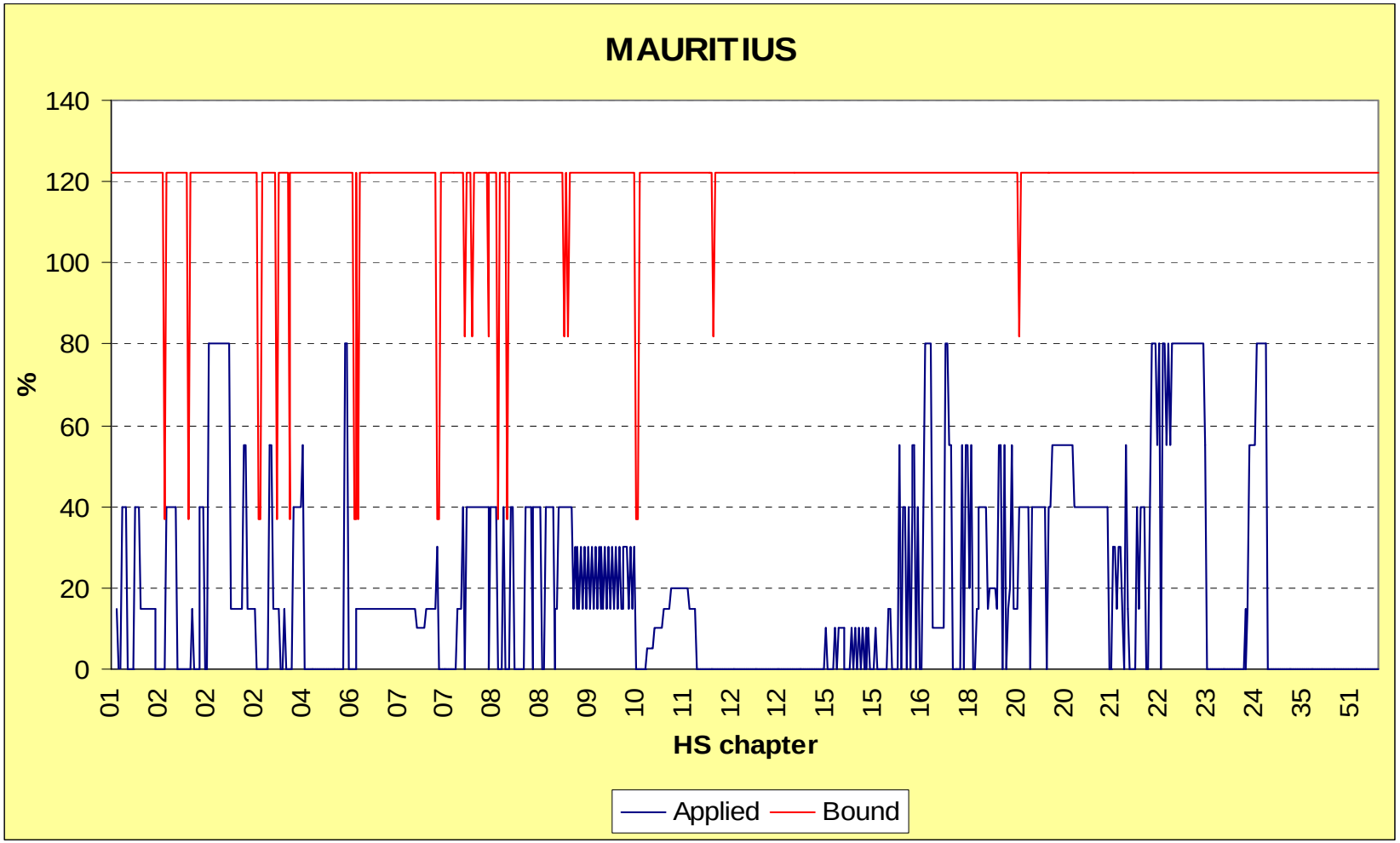
Problematic Products

1006: Rice 1701: Sugar



Sources: WTO (2004) and WITS (2003).

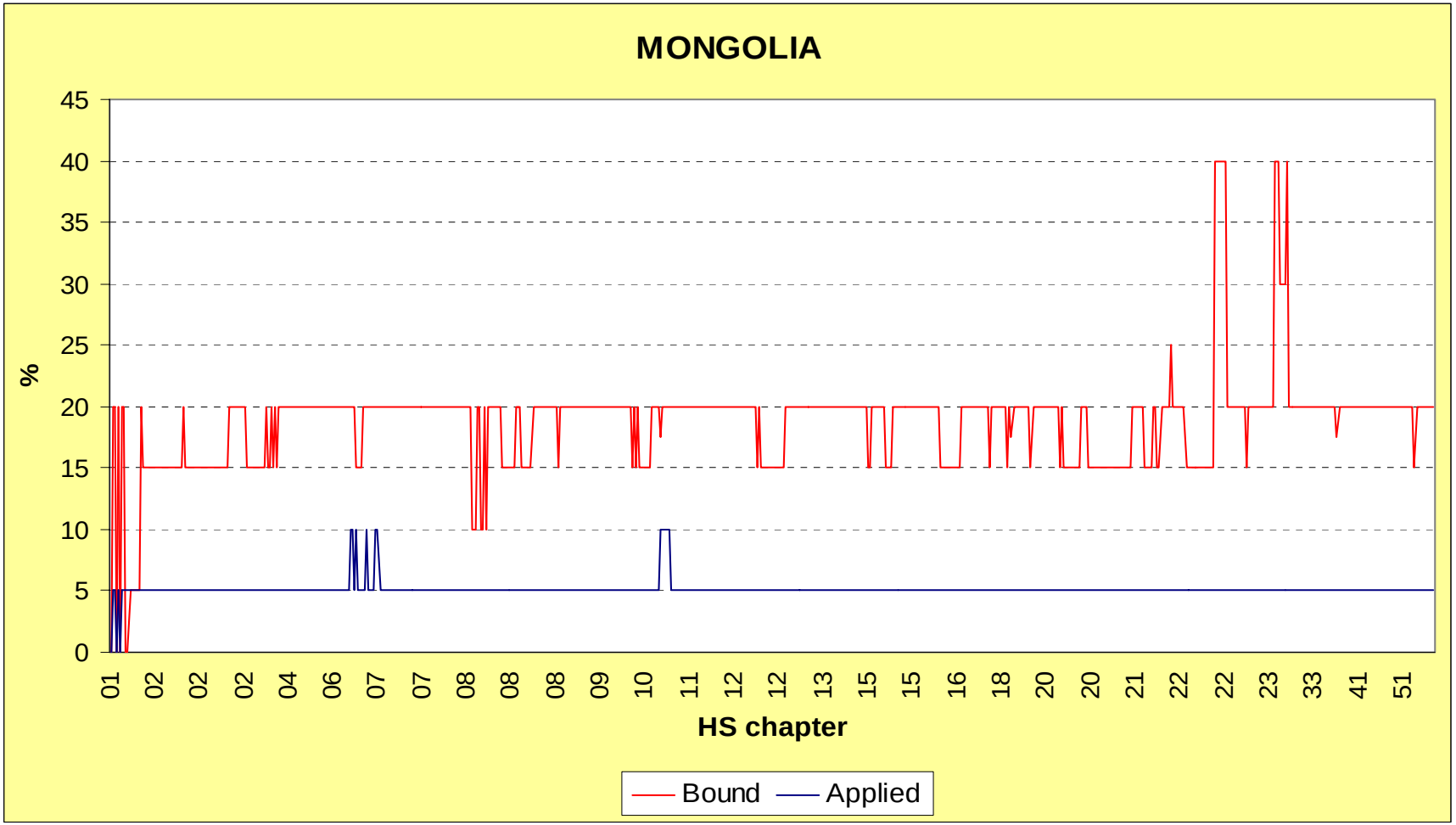
Most applied tariff rates are either equivalent or close to bound rates. There are 53 tariff lines with rates above 400%.



Source: WTO (2004) and Government of Mauritius (2004).

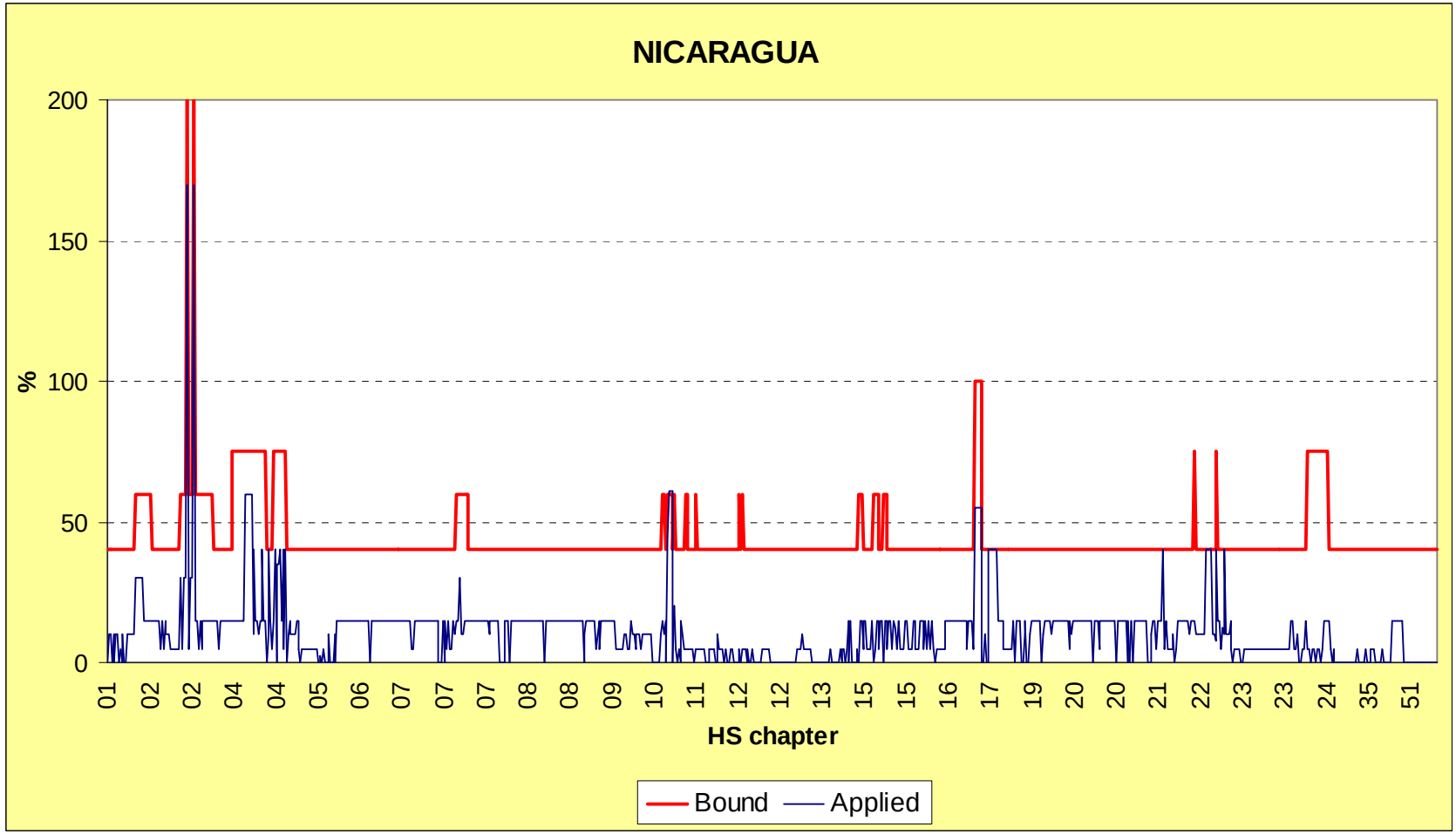
Problematic Products

0207: Poultry meat 0603: Cut flowers 0703.10: Split peas 1701/3: Sugar/Molasses 22: Beverages 24: Tobacco



Sources: WTO (2004) and WITS (2003).

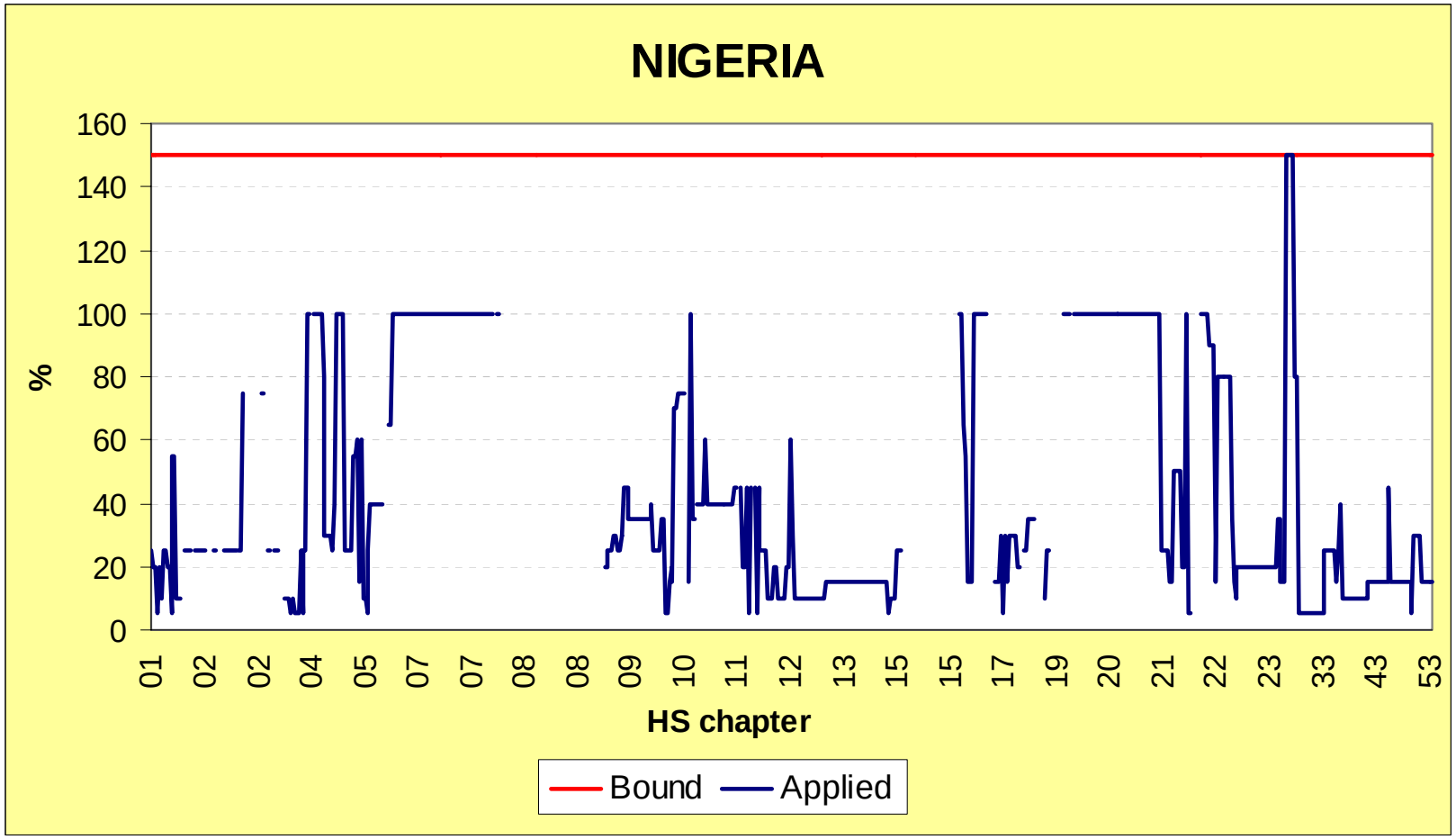
Problematic Products:
0104: Live sheep/goat 0105: Live poultry 0701.10: Onions



Sources: WTO (2004) and Government of Nicaragua (2003).

Problematic Products

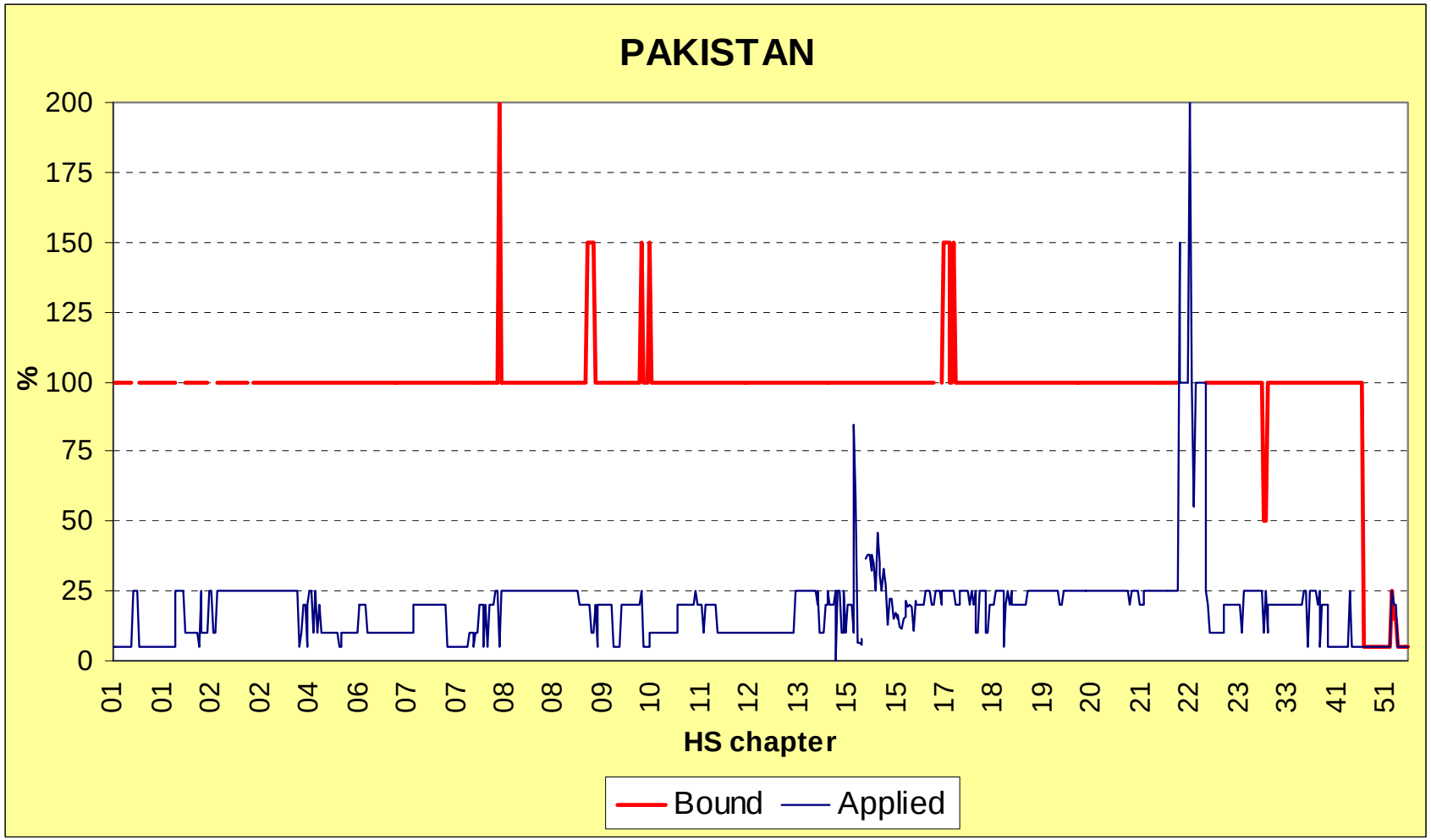
0207.13./14: Chicken cuts & offal	0405.10: Butter	1702: Refined sugar
0402: Milk	1006: Rice	2207/8: Undenatured ethyl alcohol



Sources: WTO (2004) and WITS (2002).

Problematic Products

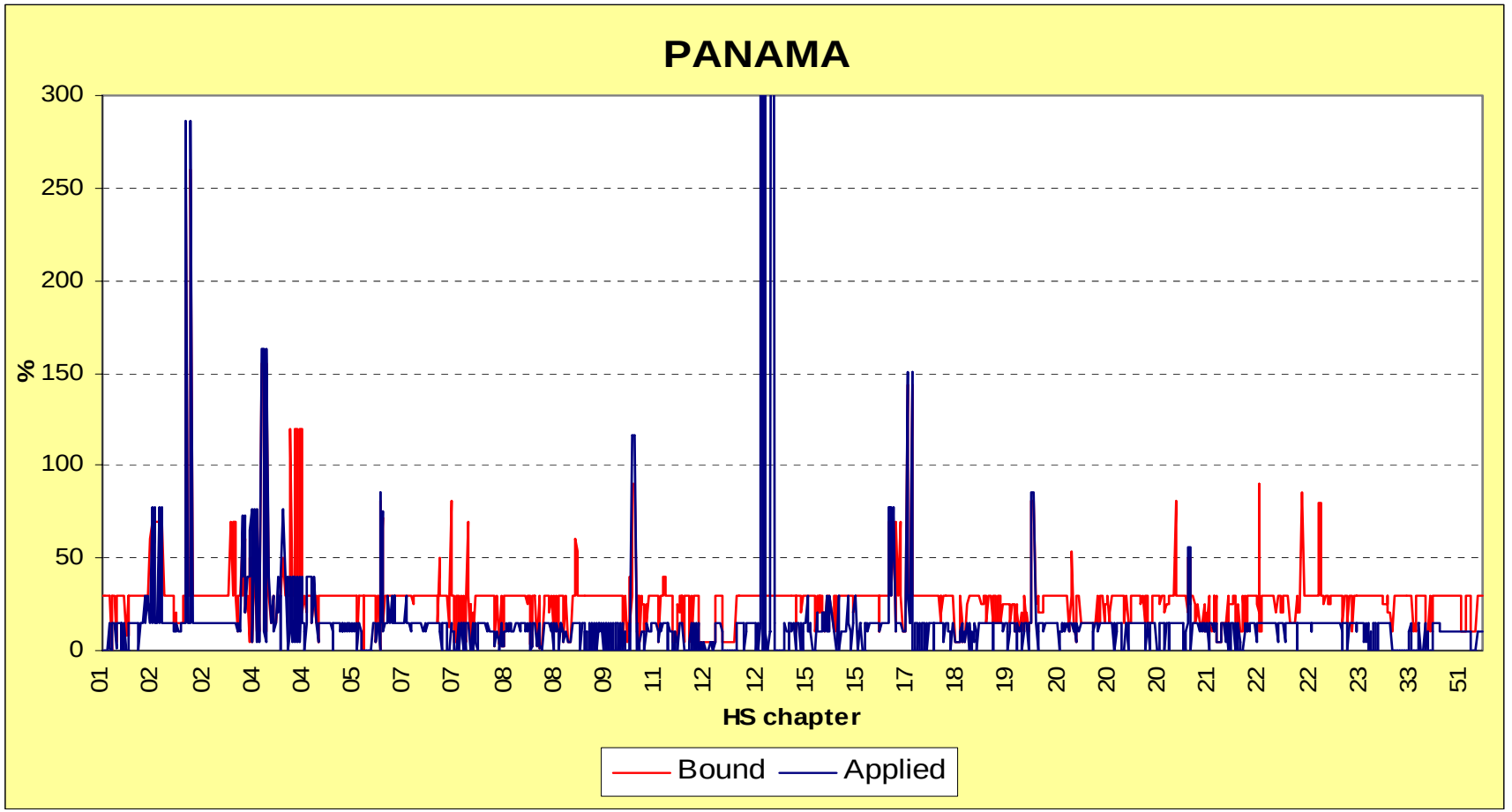
0405: Butter	07: Vegetables	10: Sorghum/Millet	1601/2: Sausages	19: Pasta/pastry/dairy	22: Beverages
0406: Cheese	08: Fruits	1517: Margarine	1704: Sugar conf.	20: Vegetable/fruit prep.	24: Tobacco



Sources: WTO (2004) and Government of Pakistan (2004).

Problematic Products

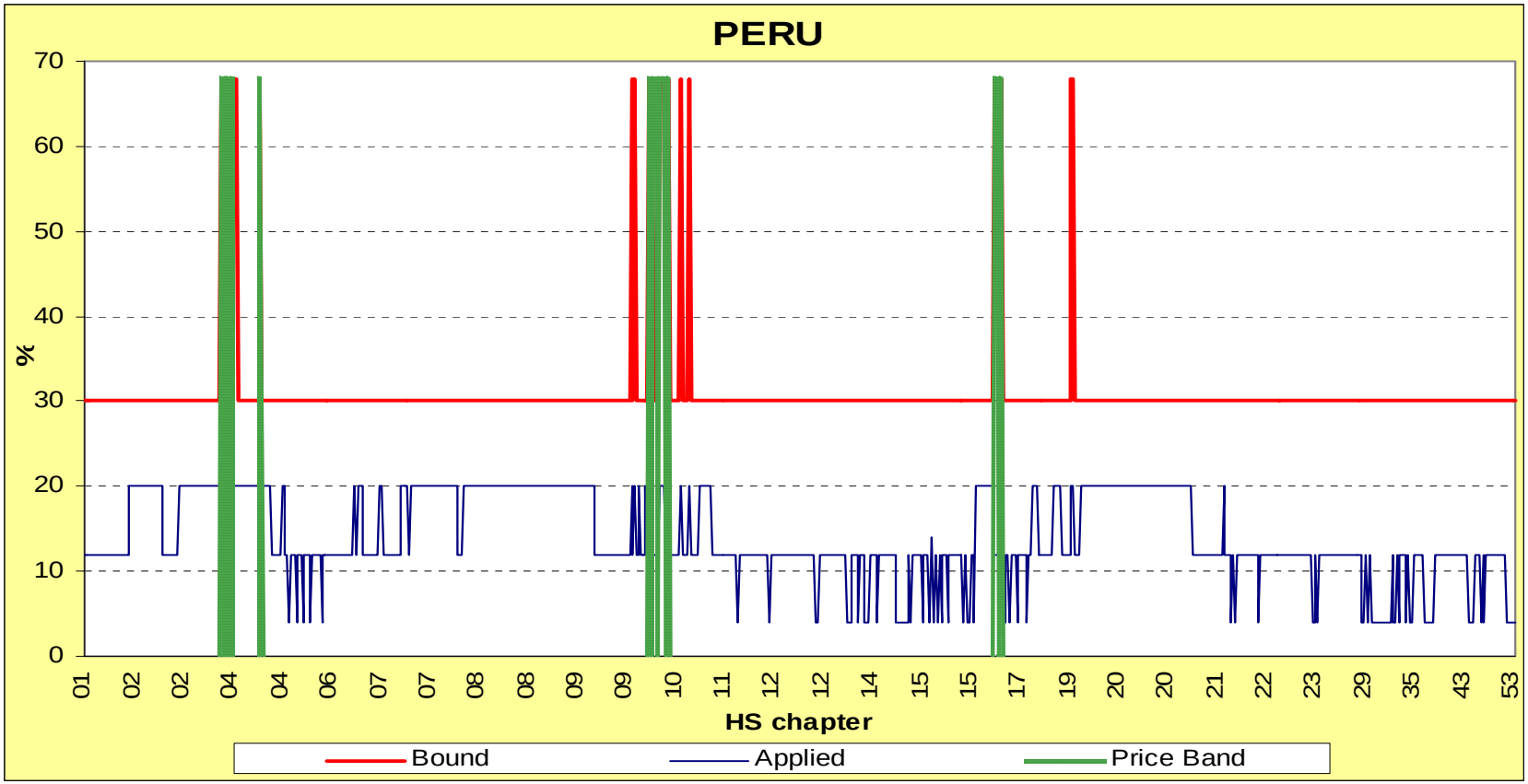
2203-8: Alcoholic beverages 5001-3: Silk 5101-3: Wool 5201-3: Cotton 5301-2: Flax/true hemp



Source: WTO (2004-2007) and WITS (2002).

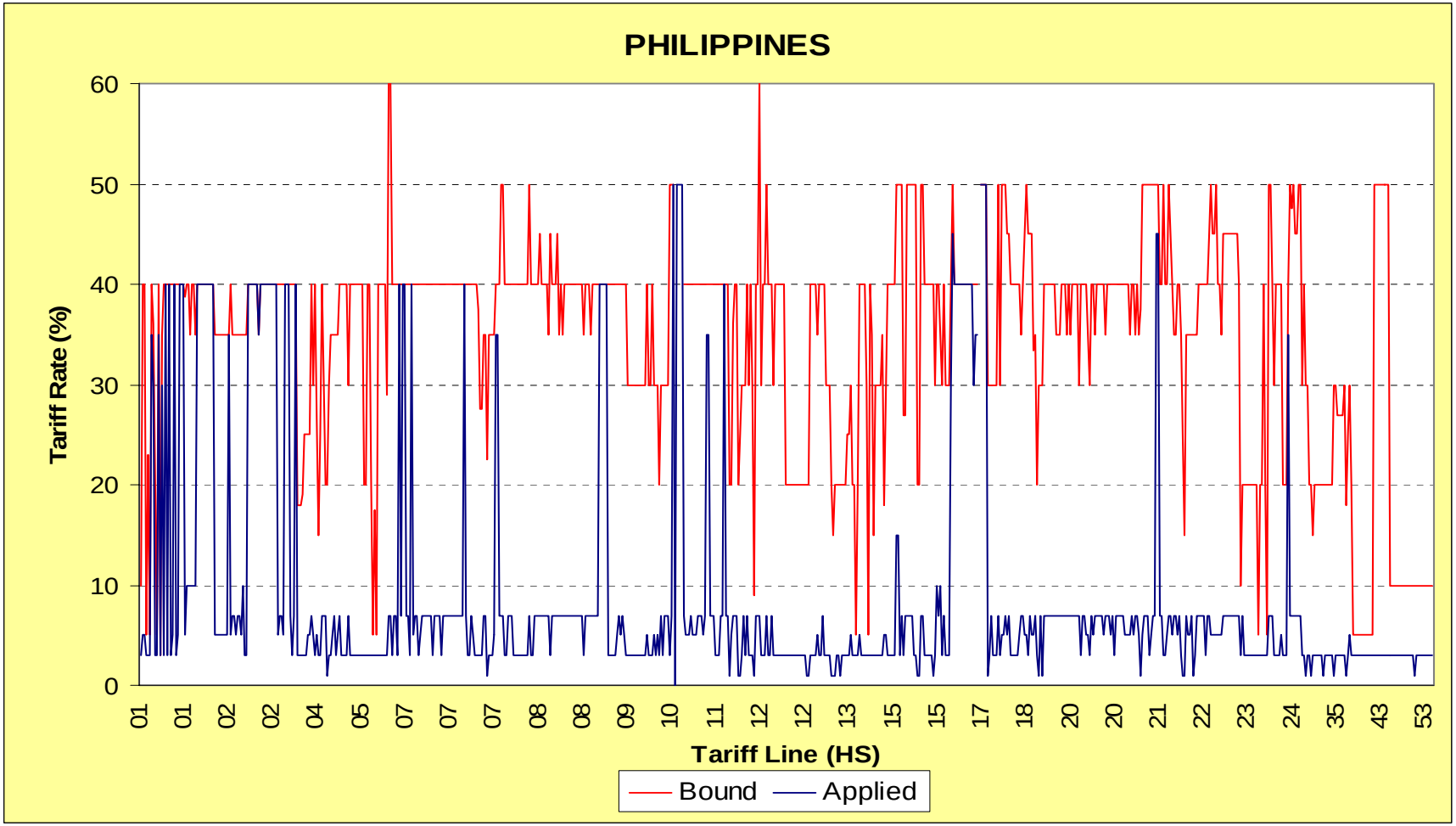
Problematic Products

0201/2: Beef	0207.13/14: Chicken cuts	0703.10/20: Onions, garlic	1002.30: Rice flour	20: Prepared vegetables
0203.12/22: Hams	04: Dairy	0706.10: Lentils	1107/8: Malt, starches	22: Beverages
0206: Edible offal	0701.90: Potatoes	1006: Rice	1701: Sugar	5101: Wool



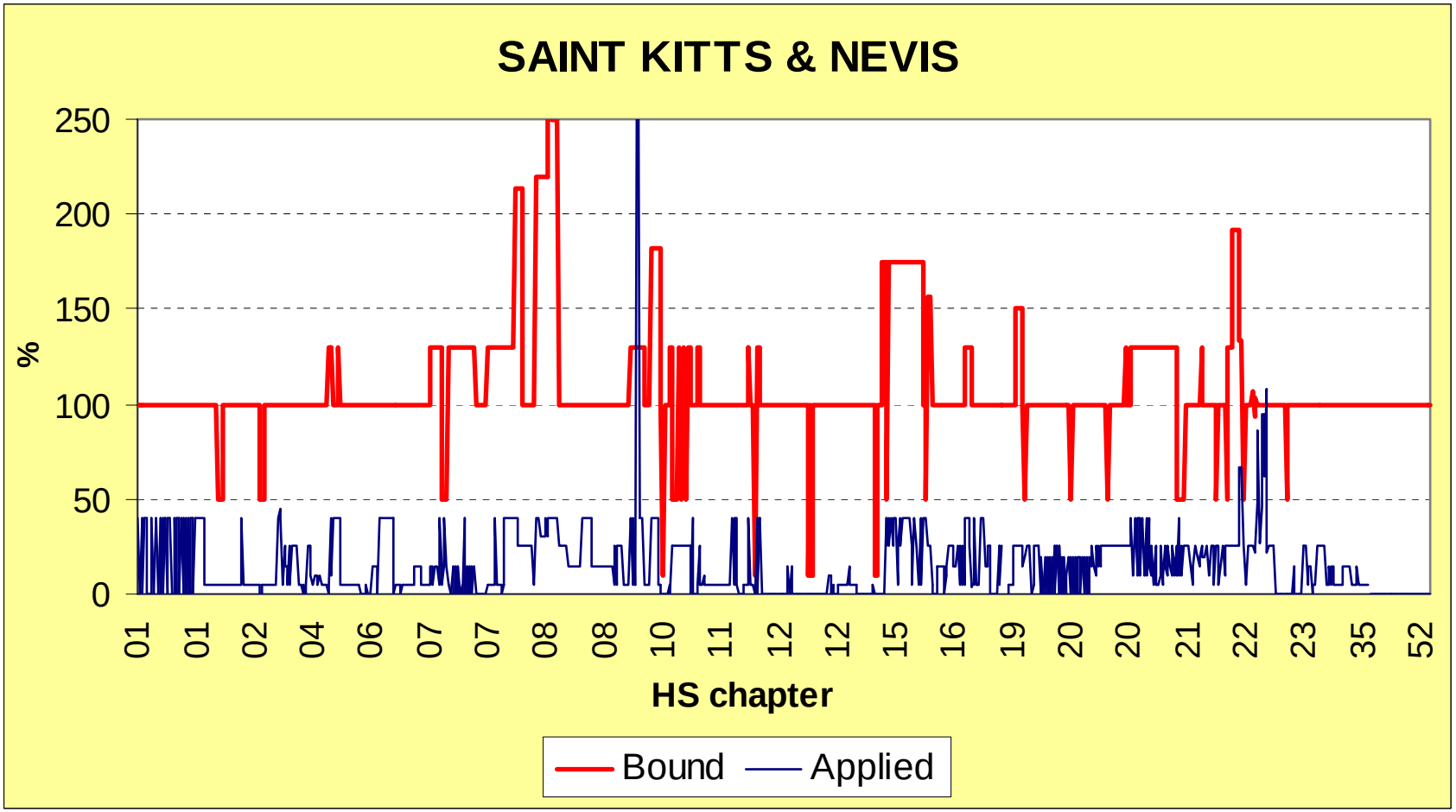
Sources: WTO (2004) and Government of Peru (2001).

Price Bands:
0402: Milk 0405: Butter 1005: Maize 1006: Rice 1007: Sorghum 1701: Sugar
Minor Problems: Meats (02), Other dairy (0403/4/5), Honey (0409), Beans & peas (0708), Frozen, preserved & dried vegetables (0710-13), Fruits (08), Coffee, tea & mate (0901-3), Worked cereal grains (1104), Sausages & meat preparations (1601-2), Sugar confectionary (1704), Chocolate (1806), Prepared cereal foods (1904), Bread & pastry (1905), Vegetable & fruit preparations. (20).



Sources: WTO (2004) and WITS (2002)

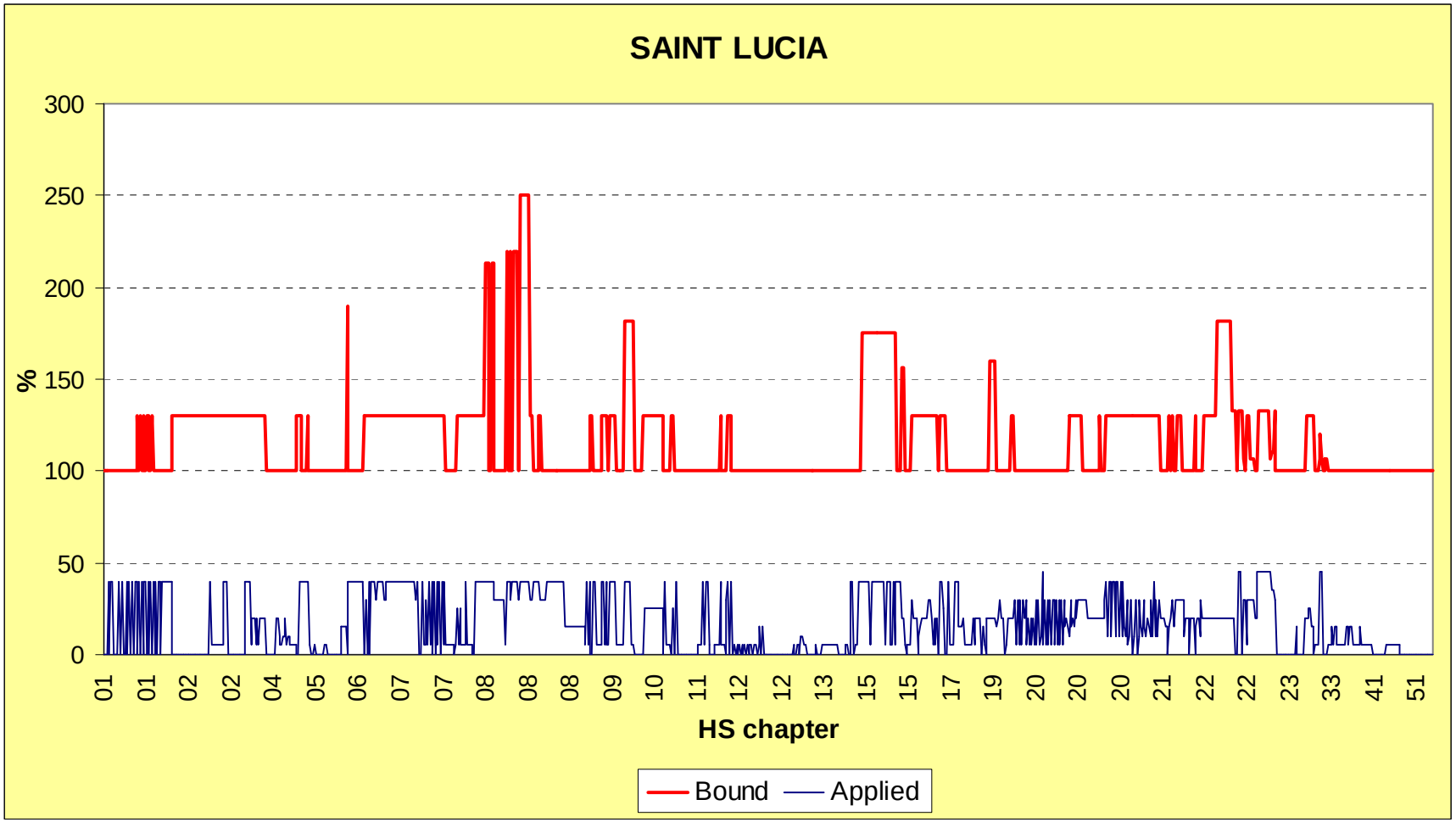
01: Live animals	0210: Salted/dried meats	0704.90: Cabbages/kale	1005.90: Corn	1601/2: Sausages/meat prep.
0203: Pork	0701: Potatoes	0714: Manioc/sweet potatoes	1103.13: Corn meal	1701: Coffee
0207: Poultry meat	0703: Onions/garlic/leeks	0901: Coffee	1104.23: Worked corn	2101.11/12: Coffee extracts



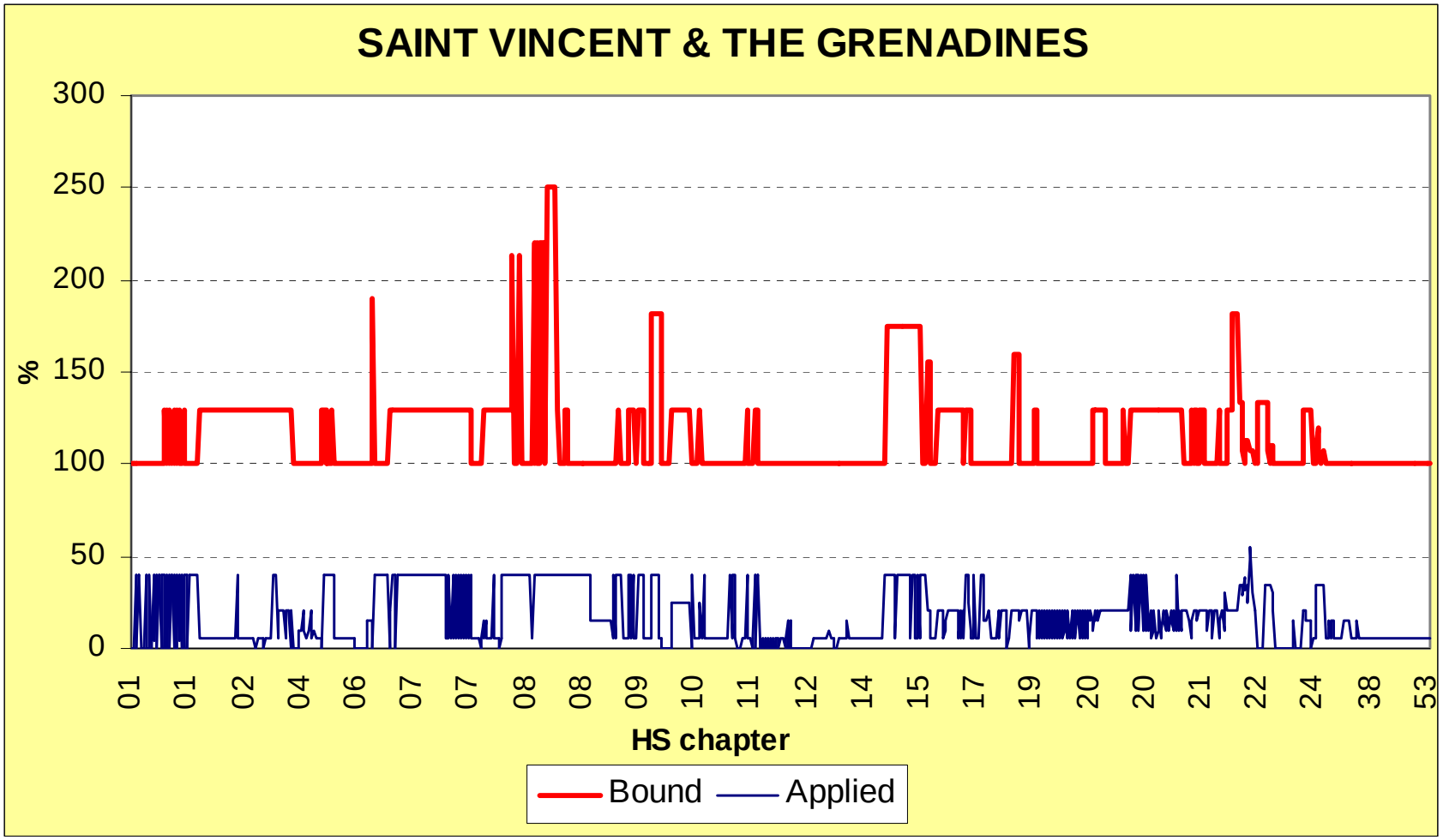
Sources: WTO (2004) and FTAA (2001).

Problematic Products

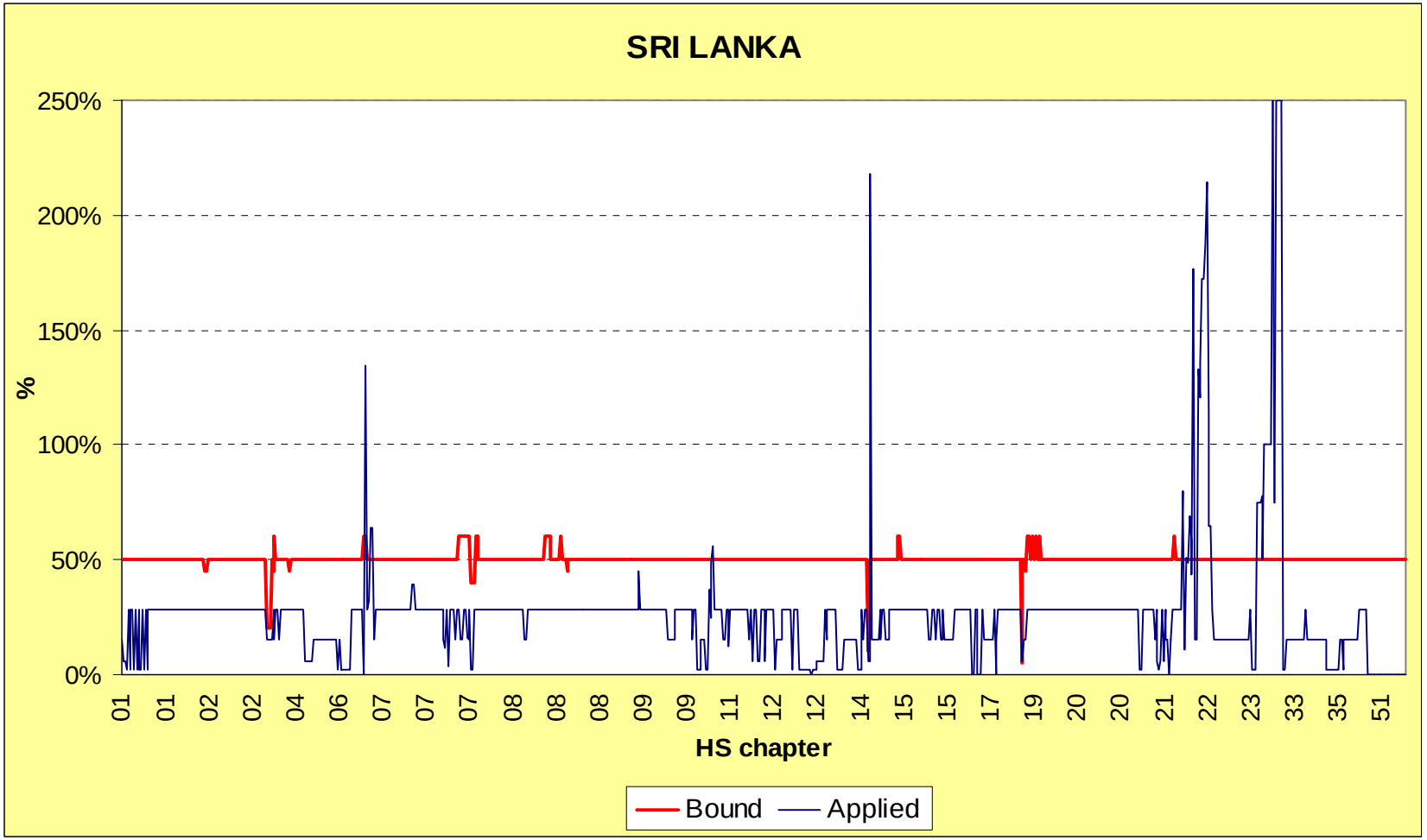
0709.90: Other fresh vegetables 0906.10: Cinnamon 1516.20: Veg. fats & oils 2009.90: Juice mixes 2208: Rum/tafia/gin/Geneva



Sources: WTO (2004) and FTAA (2001).



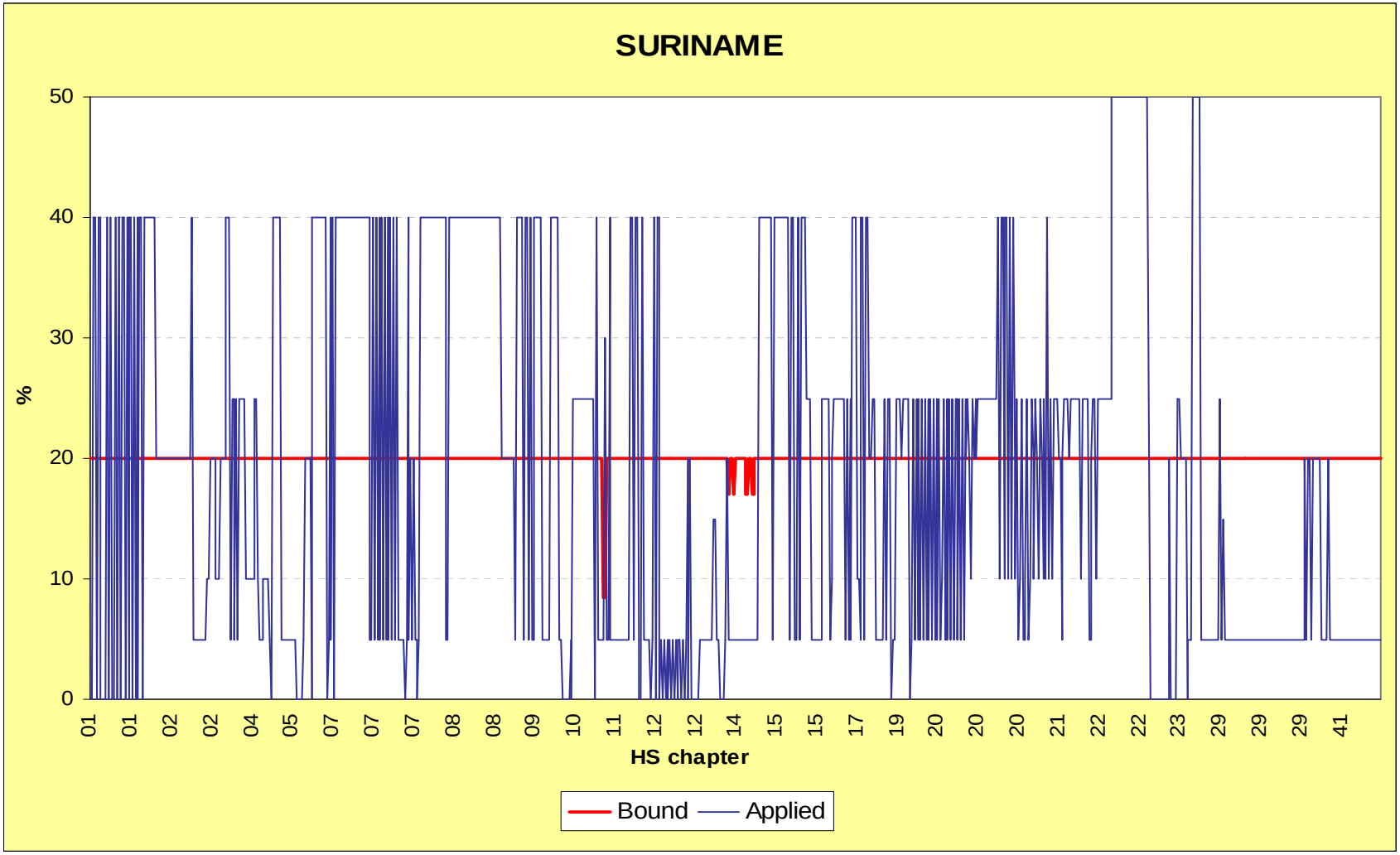
Sources: WTO (2004) and FTAA (2001).



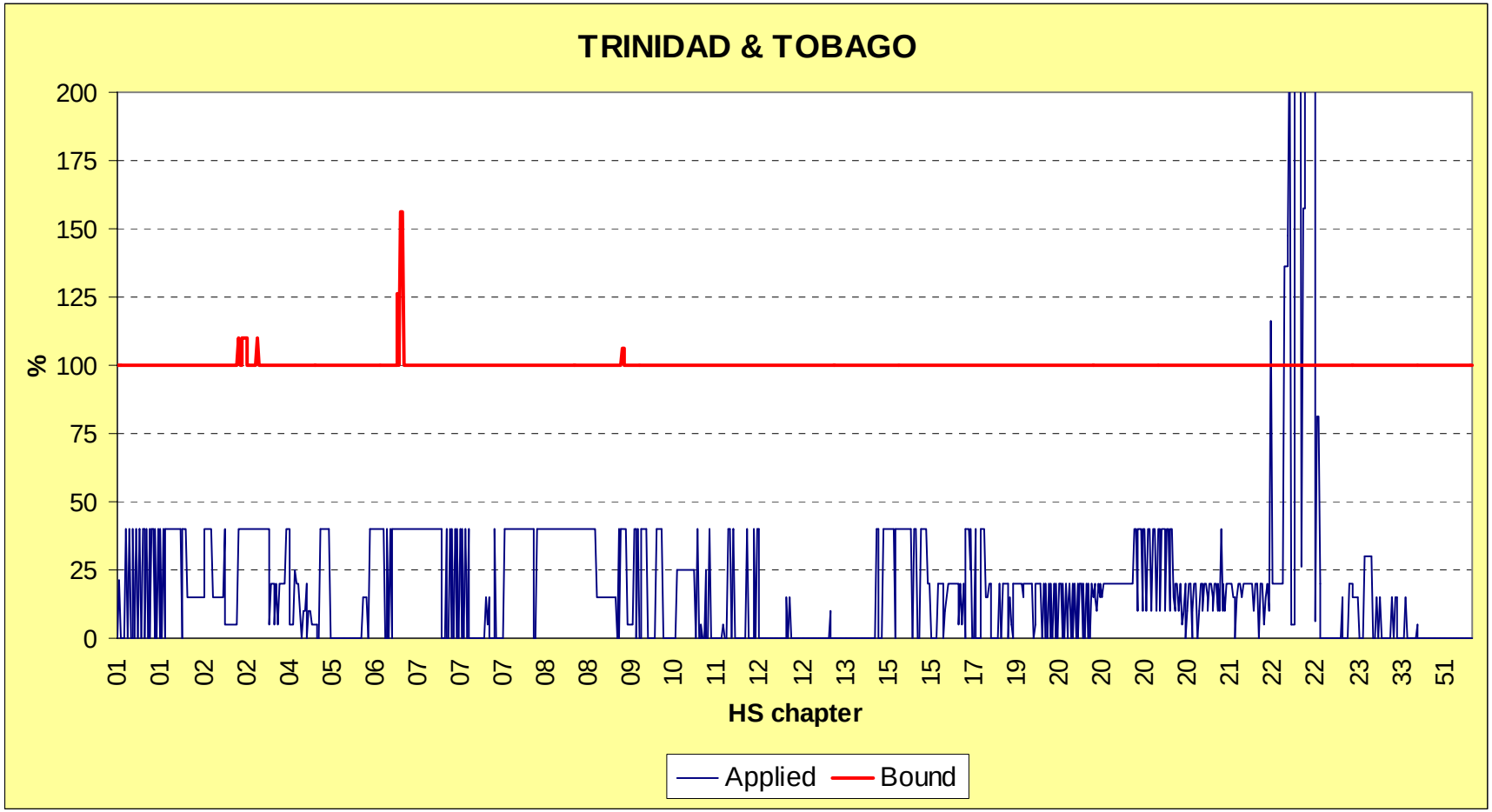
Sources: WTO (2004) and Government of Sri Lanka (2005).

Problematic Products

0402: Milk	0703: Onions	0808.10: Apples	1006: Rice	22: Beverages
0701/0710: Potatoes	0713.40: Lentils	0904.20: Chilies	1404.90: Beedi leaves	24: Tobacco

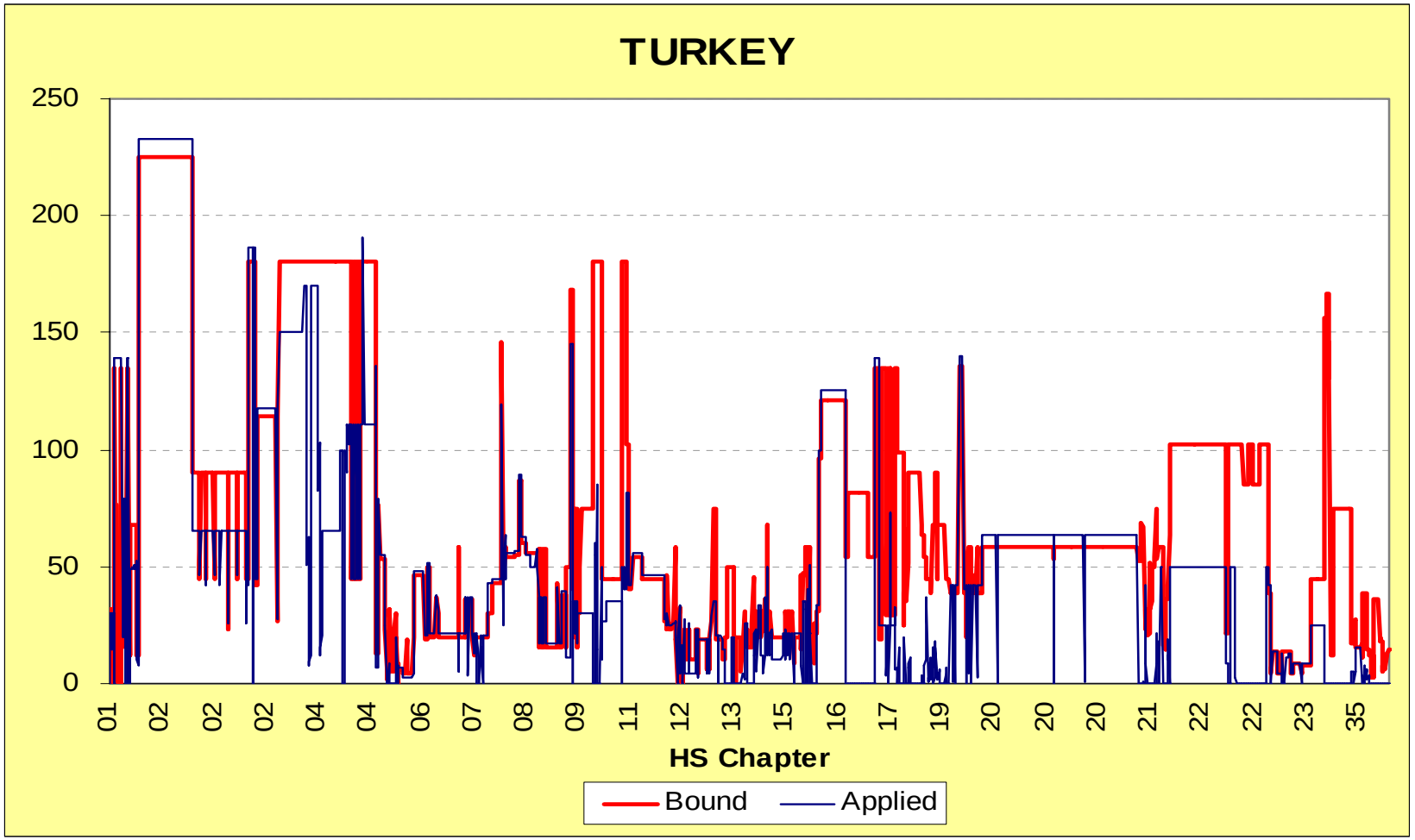


Sources: WTO (2004) and FTAA (2001).
The great majority of tariff line can be considered problematic.



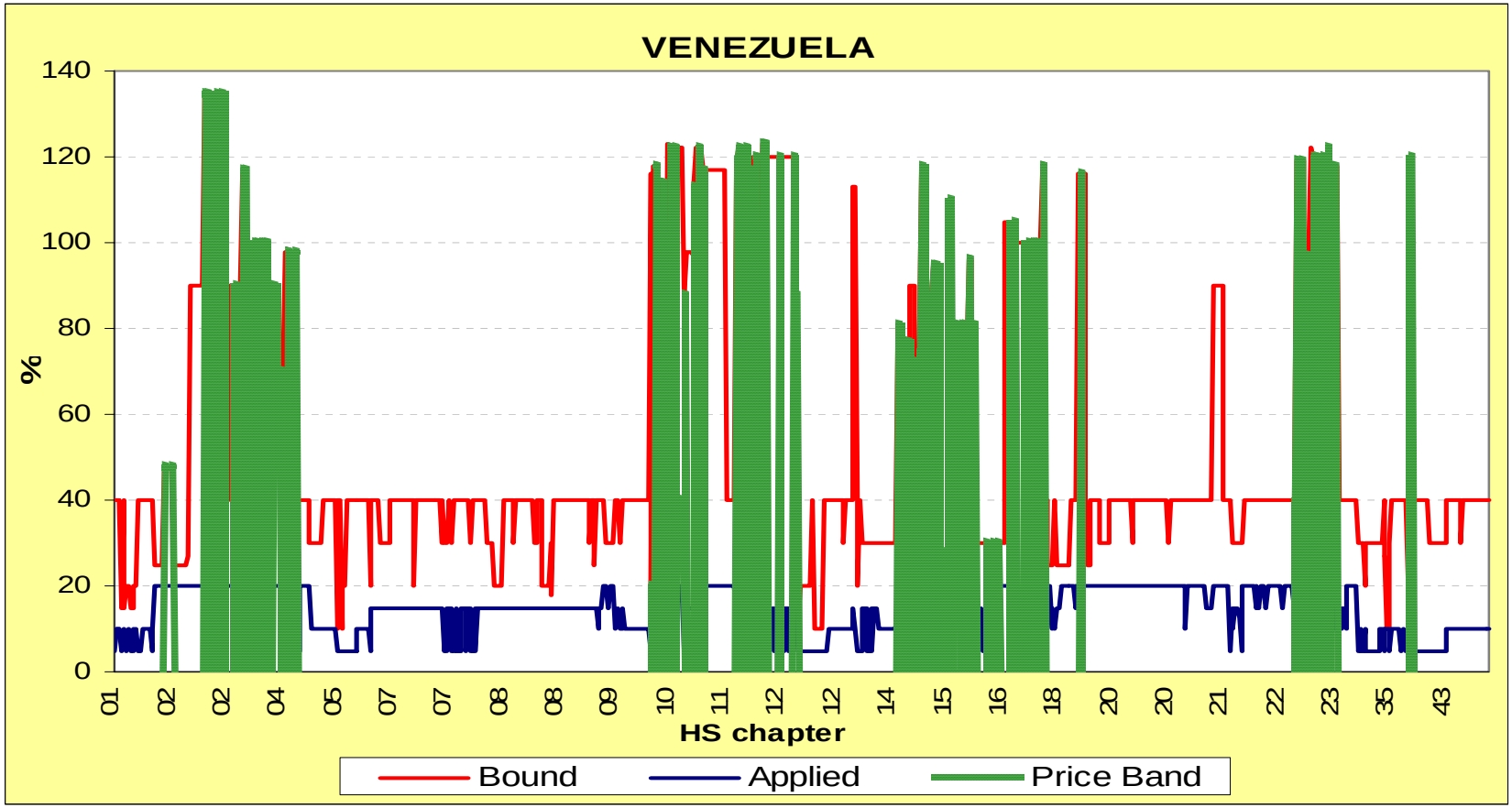
Sources: WTO (2004) and WITS (2004).

Problematic Products
22: Alcoholic beverages



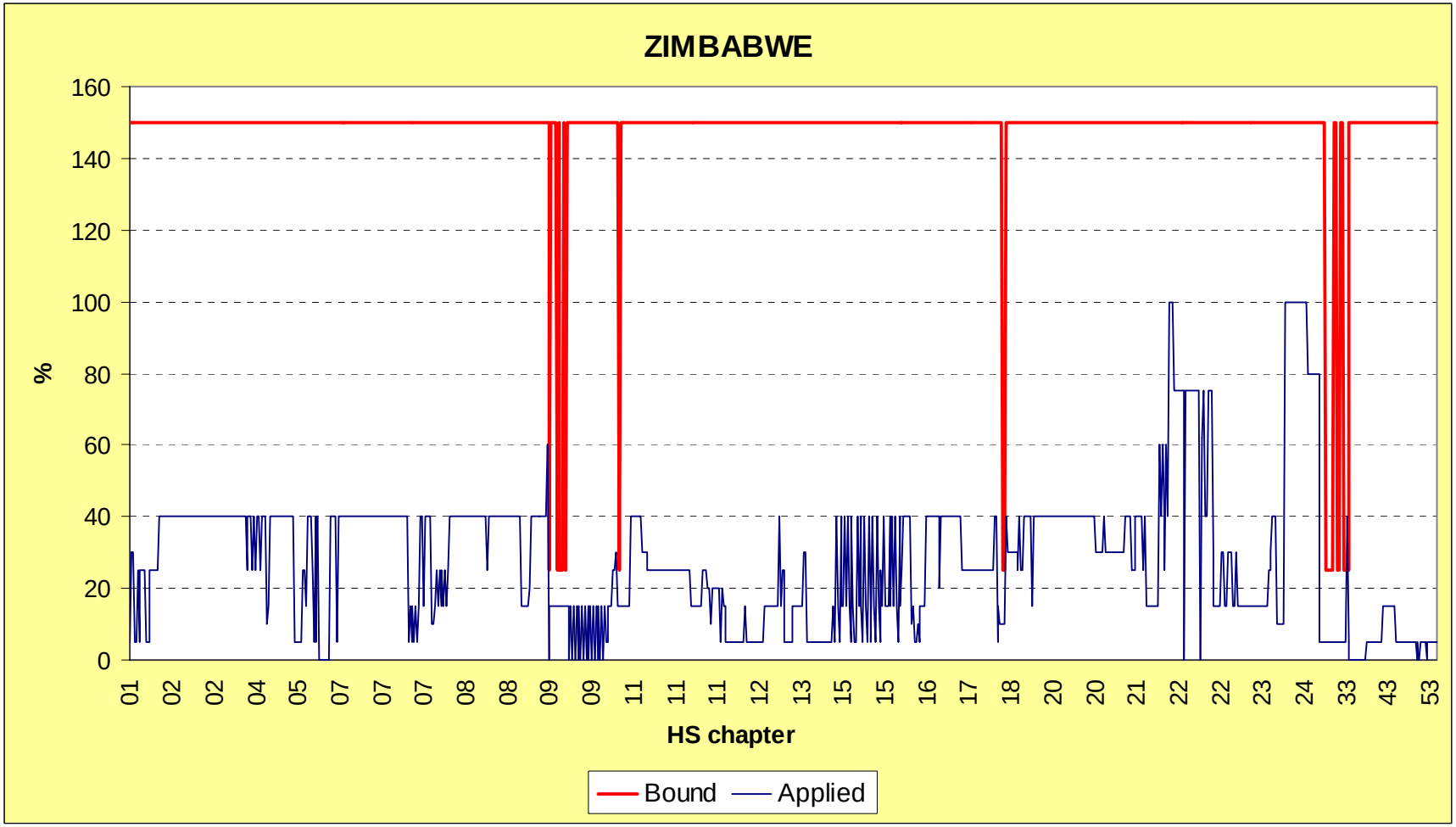
Sources: WTO (2004) and WITS (2001).

Most applied tariff rates are either equivalent or very close to bound rates, except for some types of yoghurt, butter, whey, coffee, nutmeg, cereals, lac, gums, animal fats, cocoa, cocoa products, edible preparations, beverages, tobacco, silk, wool, and cotton.



Sources: WTO (2004) and WITS (2002).

Price Bands:
0203: Pork 0207: Poultry meat 04: Dairy 1001: Wheat 1003: Barley 1005: Maize 1006: Rice 1101-3: Cereal flours 1107-8: Malt/starch 1201-8: Oilseeds 1501-18: Fats/oils 1601-2: Sausages 1701: Sugar 2301-4: Meat prep. 3505: Dextrine
Minor problems: Beef (0201-2), Sheep/goat/horse meat (0204-5), Almonds/walnuts (0802), Apple/pear/peach (0808-9), Coffee/ tea/mate (0901-3), Prep.foods (1904), Prep.fruit/veg (2001/2/6/8), Cocoa powder/chocolate (1805-6), Other essential oils (3301.90).



Sources: WTO (2004) and Government of Zimbabwe (2004).

Problematic Products

24: Tobacco