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ICTSD Project on Tropical Products



# A Comparison of the Barriers Faced by Latin American and ACP Countries' Exports of Tropical Products



By **Jean-Christophe Bureau**, Institute for International Integration Studies, Trinity College  
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International Centre for Trade  
and Sustainable Development

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## ACRONYMS

ACP	Alliance of the Africa, Caribbean and Pacific Group of States
AGOA	African Growth Opportunity Act (US unilateral agreement)
AMAD	Agricultural Market Access Database
ATPA	Andean Trade Preference Act
ATPDEA	Andean Trade Promotion and Drug Eradication Act
AU	African Union
CACM	Central American Common Market (Costa Rica, Salvador, Guatemala, Honduras and Nicaragua)
CAFTA	Central American Free Trade Agreement
CAP	Common Agricultural Policy
CARICOM	Caribbean Common Market
CBERA	Caribbean Basin Economic Recovery Act
CEPII	Centre of Prospective Studies and International Information
CNL	Competitive Need Limitation (US GSP scheme)
COMESA	Common Market For Eastern and Southern Africa (Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe)
CTH	Change in Tariff Heading (rules of origin)
DDA	Doha Development Round
DR-CAFTA	See CAFTA (extended to the Dominican Republic or DR)
EAC	Tripartite Commission on East African Cooperation
EBA	Everything But Arms (EU initiative)
EC	European Community
EPA	Economic Partnership Agreement (within the Cotonou agreement)
EPR	Effective Protection Rate
EU	European Union
FAO	Food and Agriculture Organization
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
GTAP	Global Trade Analysis Project
HS	Harmonized System of the United Nations
HTUS	Harmonized Tariff Schedule of the United States
IDB	Integrated Data Base (WTO data on tariffs)
LA	Latin American countries
LA11	Latin American countries with the exception of Argentina, Brazil, Uruguay, Paraguay and Chile
LDCs	Least Developed Countries
MFN	Most Favoured Nation (clause)
NAFTA	North American Free Trade Agreement: Canada, Mexico, United States
NC	Combined Nomenclature (statistical classification)
OECD	Organization for Economic Cooperation and Development
OTC	Overseas Territories
PANEURO	Pan European system of rules of origin
SAARC	South Asian Association for Regional Cooperation (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka)
SACU	South African Customs Union

SADC	Southern African Development Community (Angola, Botswana, the Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe)
SPS	Sanitary and Phytosanitary (agreement)
SSA	Sub Saharan Africa
SSG	Special Safeguard (clause)
TCDA	Trade, Development and Cooperation Agreement (EU-South Africa)
TARIC	Integrated Tariffs of the European Community Database
TRQ	Tariff Rate Quota
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
URAA	Uruguay Round Agreement on Agriculture
US	United States of America
USDA	US Department of Agriculture
USITC	United States International Trade Commission
WAEMU	West African Economic and Monetary Union
WCO	World Customs Organization
WTO	World Trade Organization

## FOREWORD

The world is producing more food than ever before. Yet, after decades of declining under-nourishment rates, the numbers of hungry people are on the increase again in several countries. Environmental degradation associated with intensive agricultural production - such as soil erosion, water pollution and biodiversity loss - remains at an unacceptable level. The major challenge today is therefore not so much to increase food production, but rather to ensure that agricultural production generates sufficient income for the poor, promotes equity, and contributes to the sustainable use of natural resources.

The reform of the global agriculture trading system currently being negotiated in the context of the Doha Round - with the objective of establishing a "fair and market-oriented trading system" - will play a major role in this process. Over the last fifteen years, world agriculture trade has grown almost twice as fast as production. However, highly subsidised agricultural production and exports from Organization for Economic Cooperation and Development (OECD) countries as well as the anti-competitive behaviour of trading firms are depressing world prices, thereby affecting development prospects in the South. Exports from developing countries continue to face a variety of specific challenges, ranging from non-tariff barriers, and technical barriers to trade (such as sanitary and phytosanitary requirements), tariff escalation, preference erosion, to price volatility and the long-term trend towards low and declining prices for agricultural commodities.

On these last points, there have been persistent differences between World Trade Organization (WTO) Members, more specifically a group of Latin American (LA) countries and the African, Caribbean and Pacific (ACP) countries, on how to liberalise trade in tropical products while also addressing the effects of trade preference erosion. The two mandates have neatly placed them in opposing camps: while some want developed countries to remove all tariffs and quotas on 'tropical products' such as sugar and bananas, others have long benefited from trade preferences for these very commodities, and thus stand to lose from across-the-board liberalisation. While the preference beneficiaries would like rich countries to be able to slate these products for lower tariff cuts, thus preserving more of their margin of preference, the others would like to prohibit the same products from being designated as 'sensitive.'

The present Issue Paper (No.9) on "A Comparison of the Barriers faced by Latin American and ACP Countries' Exports of Tropical Products", by Jean-Christophe Bureau, Anne-Célia Disdier and Priscila Ramos, is intended as a contribution to a knowledge-based discussion in this area. The purpose of the study is to shed a light on the reality of market access conditions for tropical products in the main import markets, namely the EU, the US, Japan and Canada, for both the ACP and the group of LA countries. To do so, the paper focuses not only on most favoured nation (MFN) tariffs but also analyses trade under different preferential schemes as well as bilateral free trade agreements. The paper, however, does not enter in a discussion on the pros and cons of multilateral liberalisation versus a more selective liberalisation under preferential schemes. Nor does it address prospects for the possible evolution of such schemes in the near future.

With those limitations in mind, the paper indicates that a detailed analysis of the tariffs faced by tropical products in major developed countries shows that the situation looks very different depending on whether one focuses on bound tariffs or on applied tariffs. LA countries, as well as most Asian countries, are often seen as being discriminated against by the EU and US preferential schemes that ACP countries benefit from. However, the study indicates that a thorough analysis of applied tariffs shows that the LA group benefit from tariff concessions in the EU, US, Canadian and Japanese markets that are quite similar to the ones granted to ACP countries.

This study establishes a list of products for which both groups face high tariffs, and where they might have common interest in pursuing further trade liberalisation. With a complete liberalisation, LA and ACP countries would gain more access to the Japanese market, and eliminate the remaining tariffs barriers in EU and US markets. They would also benefit from a more predictable environment thanks to the binding of low tariffs under the WTO. Full multilateral liberalisation would nevertheless reduce the benefits LA countries currently draw from their preferential access to OECD markets relative to third countries.

Furthermore, because of the various preferential regimes, tariff escalation does not appear to be a serious issue for the ACP and the LA, with the exception of the Japanese market. Both the ACP and the LA groups would probably benefit from more relaxed rules of origin so as to allow sourcing of material in other developing countries. Because of the complexity of the overlapping preferential agreements, these possibilities of sourcing materials in other countries eligible to similar preferential agreements are presently limited. In several cases, non tariff barriers, including the sanitary, phytosanitary and technical barriers seem to be the main obstacles preventing their exports to enter developed countries markets.

This paper was produced under an ICTSD dialogue and research project which seeks to address the opportunities and challenges of the full liberalisation of trade in tropical and diversification products, and explores possible areas of convergence between different groupings and interests in WTO negotiations. In doing so the project seeks to address legitimate concerns associated with particularly controversial products such as sugar or bananas, and generate solution oriented analysis and possible policy responses from a sustainable development perspective.



Ricardo Meléndez-Ortiz  
Chief Executive, ICTSD

## EXECUTIVE SUMMARY

The study aims at comparing the actual market access granted to a group of Latin American (LA) countries that are seeking fullest liberalisation of trade in tropical agricultural products under the World Trade Organization (WTO) on the one hand, and the African Caribbean and Pacific (ACP) countries that have expressed their concerns that a multilateral elimination of tariffs might result in the loss of their preferential access to the market of developed countries on the other hand. One objective is to identify products on which both groups would benefit from a fullest liberalisation under the WTO negotiation. Another objective is to identify those products on which one group faces higher tariffs than the other. The aim is to shed light on the products for which full multilateral liberalisation is a common interest of the ACP and the group of LA countries under consideration.

The study focuses on tropical products. The list covers 86 categories at the 4 digit level, that is, most fruits, vegetables, oilseeds, sugar, coffee, tea, fibres, preparations and most starch products.<sup>1</sup> Countries of interest for the study are ACP countries and LA countries. The group of ACP countries includes 79 members.<sup>2</sup> Most of the study focuses on the 11 LA countries that are members of the WTO tropical products group, i.e. Costa Rica, Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru and Venezuela. This group of countries circulated a proposal on the full liberalisation of tropical products and products providing an alternative to illicit narcotic crops in November 2004. In April 2006, eight members of this group circulated the list of tropical products under consideration in this study, for which they demanded fullest liberalisation.<sup>3</sup>

*The preferences granted to the ACP and "tropical products group" countries.* A detailed analysis of the tariffs faced by tropical products in major developed countries shows that the situation looks very different depending on whether one focuses on bound tariffs or on applied tariffs. Most developing countries are granted tariff cuts under the GSP (Generalized System of Preferences), but the coverage of the GSP is often partial and the depth of the preferential margins limited. The ACP countries and the group of 11 LA countries benefit from several additional preferential schemes in the European Union (EU), the United States (US) and Canada. The combination of the EU GSP+, the US Andean Trade Promotion and Drug Enforcement Act (ATPDEA) and the Central American Free Trade Agreement (CAFTA) results in the elimination of the tariffs faced by a large number of exports of the LA11 group in the EU and US markets. The combination of the EU Cotonou agreement, the Everything But Arms initiative, the Caribbean Basin Economic Recovery Act (CBERA) also grants duty free access to a large number of ACP exports.

As far as tropical products are concerned, the recent agreements (GSP+ and CAFTA), together with the ATPDEA, now provide LA11 countries with tariff exemptions that are quite similar to the ones granted to ACP countries in the EU and US markets. In practice, the LA11 group has access to the EU market - duty free or with minimal duty - for 87 percent of the tariff lines of the products considered as tropical.<sup>3</sup> The percentage is 92 percent in the US and 98 percent in Canada. Note, however that the considerations below do not fully apply to those countries that are excluded from some schemes or major interest, such as Panama and Venezuela (not covered by CAFTA and the ATPDEA). It does not fully apply to South Africa, not covered by Cotonou but by a bilateral agreement with the EU. In addition, one must keep in mind that in many cases, the duty free market access is the result of non-reciprocal preferences that are less predictable than the one granted under bound WTO tariffs and subject to frequent revisions. Finally, there are still some products for which the LA11 countries face high tariffs in the major developed countries' markets. They include sugar and preparations including sugar (EU, US, Japan), bananas (EU), tobacco (US), groundnuts (US), cassava (EU), citrus (EU, US, Japan), tomatoes (EU) and some particular fruits and vegetables.

*Differences in market access for ACP and LA countries.* The most obvious case where the ACP and the LA11 face a very different tariff on developed countries' markets is bananas (EU market). The few other products for which the exports of the two groups face significantly different tariffs in developed countries' markets are rum, peanut oil and a few products of rather limited importance (asparagus, arrow roots, a few processed products including sugar). In the sugar case, although the ACP countries benefit from tariff quotas in the EU, it is noteworthy that both groups now benefit from duty free access to the promising EU market for ethanol, which is becoming a substitute for sugar of significant interest.<sup>4</sup>

**Main products where the ACP and LA11 enjoy a different access  
to developed countries' markets**

- Significant divergence in the bananas sector, due to much lower tariffs for the ACP in the EU, and duty free access for the LDCs in the EU market.
- Some difference in the sugar sector in the EU market, due to the quotas under the EBA and the ACP protocol and the duty free access for LDCs starting in 2009.
- Some difference regarding rum and other ethyl alcohol in the EU market. ACP countries have duty free access under the Cotonou agreement, while LA11 countries face the MFN tariff, 0.6 euros per percent alcohol in vol/hl, plus an additional duty of 3.2 euros/hl (code 22084011), i.e. roughly a 8 percent ad valorem equivalent.
- Some difference regarding particular starch products (arrow root) in the EU. Those exported by the LA11 are more protected than those exported by the ACP to the EU (code 071490). This may provide an advantage to Ghana, Jamaica and Dominican Republic over Costa Rica, Nicaragua and Columbia in exporting these products to the EU. It is however a small market given the decrease in EU grains prices consecutive to a succession of reforms of the Common agricultural policy.
- Some difference regarding the preparations of cocoa and preparations of fruits including sugar. For both categories of products, ACP exports face lower tariffs than LA11 exports. In particular, chocolate products enter duty free in the EU market, while LA11 exports face a higher tariff as soon as they include sugar.

*Common interests as far as market access is concerned.* With the exception of least developed countries belonging to the ACP group, both groups face high tariffs for a rather similar list of products. They also enjoy a duty free access for a rather similar list of products (with the exception of the cases mentioned above).

Ambassador Falconer, Chair of the Committee of Agriculture, suggested defining a list of core products on which both the ACP and the LA11 could propose fullest trade liberalisation within the WTO. If we define such as list as those products for which either both the ACP and the LA11 face high applied tariffs, or those products for which one of the groups faces significant tariffs while the other group has little export capacity, the list would include:

- *Cassava.* Both groups face tariff barriers in the EU, with the exception of the LDCs. The main beneficiaries of trade liberalisation could be Costa Rica, followed by Ghana and Jamaica (item HS 71410). Ecuador and Cameroon are also exporters of cassava starch (HS110810) that also faces high tariffs in the EU.
- *Tobacco.* Both groups face very high tariffs for some particular products in the US, with the exception of a few countries benefiting from a quota.
- *Groundnuts.* Both groups face high tariffs in the US and Japan (HS120210 and 120220). Groundnuts are a significant export for Nicaragua, South Africa, Ghana, Malawi and Tanzania, and Senegal.

However, Senegal exports mainly oil, which faces less protection and is part of the ACP list of products for which preference erosion is a concern (HS150810).

- *Citrus* (HS0805). Both groups face high tariffs in the EU and Japan, grapefruits being less protected in the EU and lemons being less protected than other citrus fruits in Japan. South Africa is the largest exporter of citrus among the ACP and LA11 countries, with 950 million dollars of exports. It is followed by Zimbabwe, Honduras, Swaziland and Peru, with 25 to 35 million dollars.
- *Margarine* (HS161710). While quite incidental in terms of international trade, margarine faces a very high tariff in Canada, as well as significant tariffs in the EU and Japan.

*The erosion of preferences.* Full liberalisation under the WTO would provide a more stable framework than the present set of non-reciprocal preferences granted to the ACP and LA11 countries. It would also provide both groups with a larger access to markets that are still protected, such as Japan and emerging countries. The two groups would nevertheless face more competition from low-cost producers in the EU, US and Canadian markets.

In the WTO, the two groups seem to balance the pros and cons of multilateral liberalisation in a different way. The ACP countries have expressed some concerns regarding the erosion of preferences that would result from a cut of multilateral tariffs. They have put together a list of products subject to particular concern which includes a large number of tropical products. They have expressed their willingness that developed countries declare such products as "sensitive".<sup>5</sup> LA countries, in particular the eight ones who have put forward the April 2006 proposal for fullest trade liberalisation in tropical products<sup>6</sup>, seem less interested in keeping their preferential access than in achieving fullest trade liberalisation on a MFN basis. They point to the strings attached to preferential access, the lack of predictability of the US preferences that deter investors and the fact that some significant products are excluded from the preferential schemes. They see multilateral trade liberalisation as providing more security, given the legal framework brought by the WTO dispute settlement body. They also see the large tariff cuts proposed by the US, G-20 or Cairns group under the Doha agenda as a way to dent the protection on key sectors such as bananas or sugar, which are largely excluded from the EU and US preferences.

The purpose of the study is not to solve the trade-off between larger market access and the erosion of preference. The main report that follows this summary provides detailed statistics about the products for which the LA11 and the ACP face significant preferential access on the EU, US, Canada and Japanese market.

The figures presented in the report suggest that the list of tropical products for which full trade liberalisation is of primary interest might be narrowed so as to accommodate some of the concerns of the ACP group without limited consequence as far as the market access currently enjoyed by LA11 countries is concerned.

Regarding the erosion of preferences, estimates based on the preferential margin and the actual exports suggest that complete liberalisation of trade in tropical products on a MFN basis would reduce the value of their preferences on the EU and US market by some 280 million dollars *ceteris paribus*. The losses for ACP countries would be larger, in spite of the erosion of the quota rents induced by the recent EU sugar reform. This estimate is a crude one, and the impact of a multilateral liberalisation on world prices should be taken into account. In addition, the figure is an estimate of the whole preferential rent, some of which is likely to be captured by importers in developed countries. Finally,



the ongoing WTO negotiations are likely to reduce significantly the present value of the preferences. Under a plausible scenario, such as the G20 proposal for tariff cuts at the 2005 Hong Kong meeting, the benefits enjoyed by LA11 countries due to their preferential access to the EU and US markets would be reduced from 280 to 135 million dollars.

*Tariff escalation.* The issue of tariff escalation - i.e. the protection of the value added component of processed products - was identified as a potential issue on which LA and ACP countries have common interests. Tariff escalation penalises the economy of developing countries, locking them in a situation where they mainly export primary products.

The examination of the tariff structure of the EU, US, Canada and Japan shows that, tariff escalation is widespread if we look at bound tariffs. However, this is no longer the case if we focus on applied tariffs, i.e. if we take into account the preferential regimes. We observed tariff escalation for cotton in Japan and in the US. For most of the other products, the preferences are such that the ACP and the LA11 countries do not face serious tariff escalation. The only other cases where tariff escalation seems to be an issue are in Japan (coffee, cocoa, groundnuts, vegetables and citrus), which is a small market for ACP and LA11 countries, with the exception of South Africa. In all other cases, there is little evidence that the value added is protected. Some processed products such as chocolate and fruit juice face a higher tariff than the raw commodity in the EU and US. That is, tariffs increase with the degree of processing. However, in most cases, this is explained by the introduction of components such as sugar or dairy which are highly protected, or the concentration of fruit juice that increase the sugar content which is therefore taxed accordingly in the EU. Overall, tariff escalation is a less important issue for the ACP and LA11 countries than for those countries facing MFN tariffs.

*Limitations of the preferential access.* If both the ACP and LA11 countries have a large access to EU, US and Canadian markets, it is mainly because of tariff preferences. Many preferential regimes nevertheless come with strings attached which limit their actual usefulness.

Even though evidence is limited, it seems that rules of origin are less an issue in the agricultural and food products than they are in other sectors such as textiles. However, restrictions regarding the sourcing of material in third countries are often a major problem for small countries that find it difficult to find all materials within their own borders. LA11 and ACP countries have some common interests in expanding the possibilities of cumulation (i.e. the fact that materials originating from another country also eligible for preferential treatment are treated as if they originated from the preference-receiving country). Currently, cumulation is only allowed between a few regional groups. Easier cumulation within the whole set of countries benefiting from various preferential schemes might help triangular trade in areas such as cotton and sugar.

Estimates also show that administrative requirements impose a fixed cost which offsets a significant share of the preferential margin, in particular for the poorest countries. Finally, the lack of predictability of several preferential schemes is such that they do not provide enough certainty to would-be investors. This is an important issue. Many non tariff barriers that currently prevent developing countries from exporting to the EU or US (such as certification and traceability) could only be circumvented with significant foreign direct investment and technology transfer, but investors need a long term horizon and predictability in market access. In both cases, however, the WTO is unlikely to be the right forum for negotiating largely non-reciprocal preferences.

*Non tariff barriers.* Surveys suggest that sanitary, phytosanitary (SPS) and technical requirements (TBT) are now major obstacles to developing countries' exporting food products to OECD markets.



The problem is particularly severe for poorest countries. The examination of the coverage by SPS and TBT measures does not show any significant difference between the ACP and the LA11. Clearly, cut flowers, fresh fruit and vegetables are more subject to SPS and TBT measures than, say, coffee or sugar. Recent strengthening of developed countries' legislations suggest that the issue will only get worse, while it is becoming clear that the provisions for a special differential treatment for developing countries in the TBT and SPS agreements will not lead to operational measures. The pressure of the retailing sector for stricter private standards, which fall beyond the scope of the WTO and the willingness of OECD consumer groups to implement even stricter control measures, should not be underestimated.

# 1. BACKGROUND AND FOCUS OF THE STUDY

## 1.1. Context

*Objectives.* The built-in agenda of the Agreement on Agriculture concluded during the Uruguay Round stresses the importance of considering *"the fullest liberalisation of trade in tropical products"*. The 2004 Framework Agreement under the Doha Development Round states that the issue of tropical products will be addressed in the market access negotiations.

There have been persistent differences between the Latin American (hereafter LA) countries and the African, Caribbean and Pacific (hereafter ACP) countries on the issue of trade liberalisation in agriculture, and in particular on the issue of achieving full liberalisation in tropical and diversification products. ACP countries expressed concerns that across-the-board liberalisation of tropical products might accelerate the erosion of the preference margin they currently enjoy under different preferential schemes. Given that some of the LA countries and ACP countries appear in opposing camps on this particular issue, Ambassador Falconer, Chair of the Committee of Agriculture, suggested developing a *"list of products for which agreement exists"* before deciding on any others.<sup>7</sup>

The International Centre on Trade and Sustainable Development (ICTSD) organised two informal meetings in 2006. The idea was to focus discussions on those *"tropical and diversification products"* on which an agreement might be most easily reached, excluding controversial products such as sugar and bananas. The present study aims at exploring the actual market access faced by the group of 11 LA countries who have submitted proposals on the liberalisation of trade in tropical and diversification products to the WTO and the ACP countries as a whole.

*Status of the negotiation.* Tropical products have been a special negotiating sector since the Kennedy Round (1964 - 1967). These products were given *"special attention"* during the Uruguay Round (1986 - 1994). The 1994 Agreement on Agriculture states

that developed country Members would take fully into account the particular needs and conditions of developing country Members by providing for a *"greater improvement of opportunities and terms of access for agricultural products of particular interest to these Members, including the fullest liberalisation of trade in tropical agricultural products as agreed at the Mid-Term Review."* The same Agreement also grants specific treatment to products of particular importance to the diversification of production from the growing of illicit narcotic crops, hereafter referred to as *"diversification products"*.

The July 31, 2004 Framework Agreement (Paragraph 43 of Annex A) notes that the full implementation of the long-standing commitment to achieve the fullest liberalisation of trade in tropical agricultural products is *"overdue and will be addressed effectively in the market access negotiations."*<sup>8</sup>

The negotiations on modalities started in 2004. However, there is no specific group or committee in charge of handling negotiations in tropical products. Such negotiations are covered by the WTO Committee on Agriculture. The way in which the commitment with respect to tropical products is to be implemented and the identification of such products have not yet been worked out.

Following agreement on the July Package, Costa Rica, on behalf of Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru and Venezuela (i.e. 11 LA countries), presented a proposal on tropical products and products providing an alternative to illicit narcotic crops in an informal meeting in November 2004. The submission proposed bringing down tariffs on these products, removing tariff peaks, abolishing quotas on the products, addressing non-tariff barriers and providing most-favoured nation (MFN) treatment. The measures should be permanent, and without conditionalities.

Eight LA WTO Members circulated - on 28 April 2006 - a new proposal<sup>9</sup> seeking the elimination of all duties and quotas on tropical agricultural products. In it, they interpreted 'fullest liberalisation' to mean the complete, expeditious elimination of tariffs and quotas on tropical products, which they defined as "*products growing between the Tropic of Cancer and the Tropic of Capricorn.*" Furthermore, they argued that no tropical product should be eligible for designation as 'sensitive,' as this would allow Members to partially shield such products from tariff cuts. The proposal specifically mentions several product categories, including such tariff lines as sugar and bananas, but not rice.

The EU and several ACP countries opposed both the proposal's liberalisation demands as well as its list of products. The EU said that the list could account for up to half of all agricultural products. Many ACP countries, whose bananas and sugar have preferential access to the EU, proposed that Brussels designate tropical products as 'sensitive'. Allowing the EU to retain higher MFN tariffs for these products would enhance the effective value of their trade preferences.

In June 2006, Colombia, Costa Rica, Guatemala and Panama presented a new formal proposal<sup>10</sup> on the tariff treatment of tropical products, stepping away from earlier calls for duty - and quota - free trade that they had made as part of a larger group of eight LA countries. While the April 2006 informal paper had argued that "*fullest liberalisation*" entailed the complete elimination of all duties and quotas, the 9 June submission simply stated that it meant that an eventual deal "*must bring about tariff reductions that are substantially more ambitious*" than those required by the general formula. Specifically, the paper called for tropical products to face the maximum level of tariff cuts provided for under the eventual formula. Furthermore, the submission stipulates that tropical products subject to tariff escalation - when countries levy higher tariffs on processed products than on unprocessed ones - should be subject to an additional 10 percent cut. The sponsors reiterated that developed countries should not be able to designate tropical and

alternative products as 'sensitive'. Furthermore, the submission would require Members to implement liberalisation commitments for tropical and alternative products in half the time granted to developed countries for other farm products.

In the draft of possible modalities for agriculture circulated in June 2006, Ambassador Falconer, Chair of the Committee on Agriculture proposed that: "*Developed country Members shall reduce bound duties on tropical and diversification products [by the reduction applicable under paragraph 3.d above and, where such products are subject to tariff escalation, an additional reduction in bound duties of 10 percentage points. The reduction in bound duties on tropical and diversification products will be implemented by [ ] [by an additional [ ] per cent of the appropriate reduction under the tiered formula [on [ ] per cent of tariff lines at the [ ] digit level for] products defined as tropical and diversification products]. [Any bound in-quota duty shall be eliminated.]. And that [No tropical or diversification product listed in Annex F may be designated as a Sensitive Product by a developed country Member.].*"<sup>11</sup> There is no apparent consensus on the items listed within brackets.

On March 9 2007, the Cairns Group tabled an informal paper on tropical products at a meeting of the agriculture negotiating committee. It proposes tariff cuts on tropical products and diversification products that are softer than the complete elimination of tariffs and quotas sought by a group of eight LA countries last year. It also builds on the latter group's work to come up with a shorter list of such products, which include bananas, sugar, mangoes, and potatoes. Trade sources suggested that the list's more precise specification of products - at the 6-digit harmonised system (HS) level rather than 4-digit - made it more likely to garner consensus.

According to the approach set out in the non-paper, developed countries would eliminate all tariffs below 25 percent on listed products. Other tariffs would be reduced by 85 percent.

Developed countries would not be allowed to designate tropical products as sensitive.

The EU criticised the Cairns Group's proposal for deep tariff cuts to a range of tropical products, arguing it was too ambitious. The EU claimed that the list of products on which the group was seeking tariff elimination or 85 percent cuts was too long, covering two-fifths of its agricultural tariff lines. It also said that the proposed list should not have included temperate zone

products such as rice, sugar, onions, flowers and tobacco.

The EU was unhappy that the proposal seeks to prevent developed countries from designating tropical products as 'sensitive' to shield them from standard tariff cuts. It also pointed out that the proposal would lead to the erosion of trade preferences currently enjoyed by the ACP group countries. Cote d'Ivoire expressed support for the EU on this point.

## 1.2. Coverage of the Study

*Products of interest for the study.* There is still no agreed definition as to which agricultural commodities should be considered as tropical and diversification products between the negotiating parties. The Uruguay negotiating group on tropical products focused on seven categories of products.<sup>12</sup> However, they have never constituted a definitive list. Since 1995, the Committee on Agriculture has not put together a list of tropical products either, and the Chair of the Committee has expressed pessimism on this issue, acknowledging that no agreement on an exhaustive list has ever been reached in the history of GATT/WTO negotiations.<sup>13</sup>

The fact that there is no agreement even of the list of products that can be considered as "tropical" for negotiating purposes is due to the fact that various developing countries wish to keep open the option of including particular products. In addition, the possible erosion of preferences is, for some developing countries, a concern that covers a large array of agricultural products, some of them not particularly "tropical". The fact that there are some possible substitutions between purely tropical products and other products also makes some developing countries uncomfortable with a narrow list.

In this study, we focus on the products listed by some members of the WTO "Tropical products

group", i.e. eight LA countries in their document JOB(06)/129 of 28 April 2006. The list of products covered is given in Table 1.1. The document states that tropical products "*are those products growing between the Tropic of Cancer and the Tropic of Capricorn*". And that alternative products are those products "*growing in tropical zones under the potential of growing illicit crops that threaten human and social development*". The signatories consider that this list includes the tropical products of high export importance for developing countries as well as alternative products essential for the diversification of production from the growing of illicit narcotic crops.

It is noteworthy that the list includes 86 products at the HS4 level (i.e. the 4-digit level of the Harmonised system or HS). This represents 320 items at the HS6 level, but a much larger number of tariff lines in the schedules of the developed countries. Indeed, this corresponds to 935 different tariff lines at the 8-digit level in the EU, and even more in Japan which uses a 9-digit level national classification for tariffs. Note that the international classification HS is only common to all World Customs Organization members to the 6-digit level, so the number of tariff lines differs significantly across developed countries.

Table 1.1. *Products Considered in the Study (List established by LA8 tropical group)*

Code HS4	Description at the HS2 level	Description at the HS4 level	ACP list of products (preference erosion is a matter of concern)
602	LIVE TREES AND OTHER PLANTS; BULBS ROOTS AND THE LIKE; CUT FLOWERS AND ORNAMENTAL FOLIAGE	LIVE PLANTS NESOI (INCLUDING THEIR ROOTS) CUTTINGS AND SLIPS; MUSHROOM SPAWN	yes
603	id	CUT FLOWERS AND BUDS SUITABLE FOR BOUQUETS OR ORNAMENTAL PURPOSES FRESH DRIED DYED BLEACHED IMPREGNATED OR OTHERWISE PREPARED	yes
604	id	FOLIAGE BRANCHES GRASSES MOSSES ETC. (NO FLOWERS OR BUDS) FOR BOUQUETS OR ORNAMENTAL PURPOSES FRESH DRIED DYED BLEACHED ETC.	no
701	EDIBLE VEGETABLES AND CERTAIN ROOTS AND TUBERS	POTATOES (OTHER THAN SWEET POTATOES) FRESH OR CHILLED	no
702	id	TOMATOES FRESH OR CHILLED	no
709	id	VEGETABLES NESOI FRESH OR CHILLED	yes
711	id	VEGETABLES PROVISIONALLY PRESERVED (BY SULFUR DIOXIDE GAS IN BRINE ETC.) BUT UNSUITABLE IN THAT STATE FOR IMMEDIATE CONSUMPTION	no
713	id	LEGUMINOUS VEGETABLES DRIED SHELLS	no
714	id	CASSAVA (MANIOC) ARROWROOT SALEP JERUSALEM ARTICHOKE SWEET POTATOES AND SIMILAR ROOTS ETC. (HIGH STARCH ETC. CONTENT) FRESH OR DRIED; SAGO PITH	yes
801	EDIBLE FRUIT AND NUTS; PEEL OF CITRUS FRUIT OR MELONS	COCONUTS BRAZIL NUTS AND CASHEW NUTS FRESH OR DRIED	no
802	id	NUTS NESOI FRESH OR DRIED	yes
803	id	BANANAS AND PLANTAINS FRESH OR DRIED	yes
804	id	DATES FIGS PINEAPPLES AVOCADOS GUAVAS MANGOES AND MANGOSTEENS FRESH OR DRIED	yes
805	id	CITRUS FRUIT FRESH OR DRIED	no
807	id	MELONS (INCLUDING WATERMELONS) AND PAPAYAS (PAPAWS) FRESH	yes
810	id	FRUIT NESOI FRESH	yes
811	id	FRUIT AND NUTS (UNCOOKED OR COOKED BY STEAM OR BOILING WATER) WHETHER NOT SWEETENED FROZEN	no
812	id	FRUIT AND NUTS PROVISIONALLY PRESERVED (BY SULFUR DIOXIDE GAS IN BRINE ETC.) BUT UNSUITABLE IN THAT STATE FOR IMMEDIATE CONSUMPTION	no
813	id	FRUIT DRIED NESOI (OTHER THAN THOSE OF HEADINGS 0801 TO 0806); MIXTURES OF NUTS OR DRIED FRUITS OF THIS CHAPTER	yes
814	id	PEEL OF CITRUS FRUIT OR MELONS (INCLUDING WATERMELONS) FRESH FROZEN DRIED OR PROVISIONALLY PRESERVED	no
901	COFFEE TEA MATE AND SPICES	COFFEE WHETHER OR NOT ROASTED OR DECAFFEINATED; COFFEE HUSKS AND SKINS; COFFEE SUBSTITUTES CONTAINING COFFEE	no
902	id	TEA WHETHER OR NOT FLAVOURED	no
904	id	PEPPER OF THE GENUS PIPER; FRUITS OF THE GENUS CAPSICUM (PEPPERS) OR OF THE GENUS PIMENTA DRIED CRUSHED OR GROUND	no
905	id	VANILLA BEANS	yes
906	id	CINNAMON AND CINNAMON-TREE FLOWERS	no
907	id	CLOVES (WHOLE FRUIT CLOVES AND STEMS)	no
908	id	NUTMEG MACE AND CARDAMOMS	no
909	id	SEEDS OF ANISE BADIAN FENNEL CORIANDER CUMIN OR CARAWAY; JUNIPER BERRIES	no
910	id	GINGER SAFFRON TURMERIC (CURCUMA) THYME BAY LEAVES CURRY AND OTHER SPICES	no
1106	MILLING INDUSTRY PRODUCTS; MALT; STARCHES; INULIN; WHEAT GLUTEN	FLOUR AND MEAL OF DRIED LEGUMINOUS VEGETABLES (HD. 0713) OF SAGO OR ROOTS ETC. (HD. 0714); FLOUR MEAL AND POWDER OF FRUIT AND NUTS ETC. (CH. 8)	no
1108	id	STARCHES; INULIN	no
1202	OIL SEEDS AND OLEAGINOUS FRUITS; MISCELLANEOUS GRAINS SEEDS AND FRUITS; INDUSTRIAL OR MEDICINAL PLANTS; STRAW AND FODDER	PEANUTS (GROUND-NUTS) NOT ROASTED OR OTHERWISE COOKED WHETHER OR NOT SHELLS OR BROKEN	no
1203	id	COPRA	no
1207	id	OIL SEEDS AND OLEAGINOUS FRUITS NESOI WHETHER OR NOT BROKEN	no
1208	id	FLOURS AND MEALS OF OIL SEEDS OR OLEAGINOUS FRUITS OTHER THAN THOSE OF MUSTARD	no
1211	id	PLANTS AND PARTS OF PLANTS (INCLUDING SEEDS AND FRUITS) USED IN PERFUMERY PHARMACY OR FOR INSECTICIDAL OR SIMILAR PURPOSES FRESH OR DRIED	no

Code HS4	Description at the HS2 level	Description at the HS4 level	ACP list of products (preference erosion is a matter of concern)
1212	id	LOCUST BEANS SEaweeds ETC. SUGAR BEET AND SUGAR CANE; FRUIT STONES AND KERNELS AND OTHER VEGETABLE PRODUCTS USED FOR HUMAN CONSUMPTION NESOI	no
1301	LAC; GUMS; RESINS AND OTHER VEGETABLE SAPS AND EXTRACTS	LAC; NATURAL GUMS RESINS GUM-RESINS AND BALSAMS	no
1302	id	VEGETABLE SAPS AND EXTRACTS; PECTIC SUBSTANCES PECTINATES AND PECTATES; AGAR-AGAR AND OTHER MUCILAGES AND THICKENERS DERIVED FROM VEGETABLE PRODUCTS	no
1401	VEGETABLE PLAITING MATERIALS AND VEGETABLE PRODUCTS NESOI	VEGETABLE MATERIALS USED PRIMARILY FOR PLAITING INCLUDING BAMBOOS RATTANS REEDS RUSHES OSIER RAFFIA PROCESSED CEREAL STRAW AND LIME BARK	no
1402	id	VEGETABLE MATERIALS USED PRIMARILY AS STUFFING OR PADDING INCLUDING KAPOK VEGETABLE HAIR AND EEL-GRASS	no
1403	id	VEGETABLE MATERIALS USED PRIMARILY IN BROOMS OR BRUSHES INCLUDING BROOMCORN PIASSAVA COUCHGRASS AND ISTLE	no
1404	id	VEGETABLE PRODUCTS NESOI	no
1502	ANIMAL OR VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PREPARED EDIBLE FATS; ANIMAL OR VEGETABLE WAXES	FATS OF BOVINE ANIMALS SHEEP OR GOATS RAW OR RENDERED WHETHER OR NOT PRESSED OR SOLVENT-EXTRACTED	no
1504	id	FATS AND OILS AND THEIR FRACTIONS OF FISH OR MARINE NOT CHEMICALLY MODIFIED	no
1505	id	WOOL GREASE AND FATTY SUBSTANCES DERIVED THEREFROM INCLUDING LANOLIN	no
1507	id	SOYBEAN OIL AND ITS FRACTIONS WHETHER OR NOT REFINED BUT NOT CHEMICALLY MODIFIED	no
1508	id	PEANUT (GROUND-NUT) OIL AND ITS FRACTIONS WHETHER OR NOT REFINED BUT NOT CHEMICALLY MODIFIED	yes
1511	id	PALM OIL AND ITS FRACTIONS WHETHER OR NOT REFINED BUT NOT CHEMICALLY MODIFIED	yes
1512	id	SUNFLOWER-SEED SAFFLOWER OR COTTONSEED OIL AND THEIR FRACTIONS WHETHER OR NOT REFINED BUT NOT CHEMICALLY MODIFIED	no
1513	id	COCONUT (COPRA) PALM KERNEL OR BABASSU OIL AND THEIR FRACTIONS WHETHER OR NOT REFINED BUT NOT CHEMICALLY MODIFIED	yes
1515	id	FIXED VEGETABLE FATS AND OILS (INCLUDING JOJOBA OIL) AND THEIR FRACTIONS WHETHER OR NOT REFINED BUT NOT CHEMICALLY MODIFIED	no
1516	id	ANIMAL OR VEGETABLE FATS AND OILS AND THEIR FRACTIONS PARTLY OR WHOLLY HYDROGENATED ETC. WHETHER OR NOT REFINED BUT NOT FURTHER PREPARED	no
1517	id	MARGARINE; EDIBLE MIXTURES OR PREPARATIONS OF ANIMAL OR VEGETABLE FATS OR OILS OR OF FRACTIONS OF DIFFERENT SPECIFIED FATS AND OILS	no
1518	id	ANIMAL OR VEGETABLE FATS OILS AND THEIR FRACTIONS BOILED OXIDIZED ETC.; INEDIBLE MIXES OR PREPARATIONS OF ANIMAL OR VEGETABLE FATS AND OILS NESOI	no
1520	id	GLYCEROL (GLYCERINE) WHETHER OR NOT PURE; GLYCEROL WATERS AND GLYCEROL LYES	no
1521	id	VEGETABLE WAXES (OTHER THAN TRIGLYCERIDES) BEESWAX OTHER INSECT WAXES AND SPERMACEI WHETHER OR NOT REFINED OR COLORED	no
1522	id	DEGRAS; RESIDUES RESULTING FROM THE TREATMENT OF FATTY SUBSTANCES OR ANIMAL OR VEGETABLE WAXES	no
1701	SUGARS AND SUGAR CONFECTIONERY	CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE IN SOLID FORM	yes
1703	id	MOLASSES RESULTING FROM THE EXTRACTION OR REFINING OF SUGAR	yes
1801	COCOA AND COCOA PREPARATIONS	COCOA BEANS WHOLE OR BROKEN RAW OR ROASTED	no
1802	id	COCOA SHELLS HUSKS SKINS AND OTHER COCOA WASTE	no
1803	id	COCOA PASTE WHETHER OR NOT DEFATTED	no
1804	id	COCOA BUTTER FAT AND OIL	yes
1805	id	COCOA POWDER NOT CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER	no
1806	id	CHOCOLATE AND OTHER FOOD PREPARATIONS CONTAINING COCOA	no
1903	PREPARATIONS OF CEREALS FLOUR STARCH OR MILK; BAKERS' WARES	TAPIOCA AND SUBSTITUTES THEREFOR PREPARED FROM STARCH IN THE FORM OF FLAKES GRAINS PEARLS SIFTINGS OR SIMILAR FORMS	no
2001	PREPARATIONS OF VEGETABLES FRUIT NUTS OR OTHER PARTS OF PLANTS	VEGETABLES FRUIT NUTS AND OTHER EDIBLE PARTS OF PLANTS PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID	no



Code HS4	Description at the HS2 level	Description at the HS4 level	ACP list of products (preference erosion is a matter of concern)
2004	id	VEGETABLES OTHER THAN TOMATOES MUSHROOMS AND TRUFFLES PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID FROZEN EXC PRODUCTS OF 2006	no
2005	id	VEGETABLES OTHER THAN TOMATOES MUSHROOMS AND TRUFFLES PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID NOT FROZEN EXC PRDCTS OF 2006	yes
2006	id	VEGETABLES FRUIT NUTS FRUIT-PEEL AND OTHER PARTS OF PLANTS PRESERVED BY SUGAR (DRAINED GLACE OR CRYSTALLIZED)	no
2007	id	JAMS FRUIT JELLIES MARMALADES FRUIT OR NUT PUREE AND FRUIT OR NUT PASTES BEING COOKED PREPARATIONS WHETHER OR NOT CONTAINING ADDED SWEETENING	no
2008	id	FRUIT NUTS AND OTHER EDIBLE PARTS OF PLANTS OTHERWISE PREPARED OR PRESERVED WHETHER OR NOT CONTAINING ADDED SWEETENING OR SPIRIT NESOI	yes
2009	id	FRUIT JUICES NT FORTIFIED W VIT OR MINLS (INCL GRAPE MUST) & VEGETABLE JUICES UNFERMENTD & NT CONTAING ADD SPIRIT WHET OR NT CONTAING ADDED SWEETENG	yes
2101	MISCELLANEOUS EDIBLE PREPARATIONS	EXTRACTS ESSENCES AND CONCENTRATES OF COFFEE TEA OR MATE AND PREPARATIONS THEREOF; ROASTED CHICORY ETC. AND ITS EXTRACTS ESSENCES AND CONCENTRATES	yes
2103	id	SAUCES AND PREPARATIONS THEREFOR; MIXED CONDIMENTS AND MIXED SEASONINGS; MUSTARD FLOUR AND MEAL AND PREPARED MUSTARD	yes
2208	BEVERAGES SPIRITS AND VINEGAR	ETHYL ALCOHOL UNDENATURED OF AN ALCOHOLIC STRENGTH BY VOLUME OF UNDER 80% VOL.; SPIRITS LIQUEURS AND OTHER SPIRITUOUS BEVERAGES	yes
2305	id	PEANUT (GROUND-NUT) OILCAKE AND OTHER SOLID RESIDUES RESULTING FROM THE EXTRACTION OF PEANUT (GROUND-NUT) OIL WHETHER OR NOT GROUND OR IN PELLETS	no
2306	id	OILCAKE AND OTHER SOLID RESIDUES (IN PELLETS OR NOT) RESULTING FROM THE EXTRACTION OF VEGETABLE FATS OR OILS (EXCEPT FROM SOYBEANS OR PEANUTS) NESOI	no
2401	TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES	TOBACCO UNMANUFACTURED (WHETHER OR NOT THRESHED OR SIMILARLY PROCESSED); TOBACCO REFUSE	yes
2402	id	CIGARS CHEROOTS CIGARILLOS AND CIGARETTES OF TOBACCO OR OF TOBACCO SUBSTITUTES	yes
2403	id	TOBACCO AND TOBACCO SUBSTITUTE MANUFACTURES NESOI; HOMOGENIZED OR RECONSTITUTED TOBACCO; TOBACCO EXTRACTS AND ESSENCES	no
3203	TANNING OR DYEING EXTRACTS; DERIVATIVES; INKS	COLORING MATTER OF VEGETABLE OR ANIMAL ORIGIN AND PREPARATIONS BASED THEREON	no
3301	ESSENTIAL OILS AND RESINOIDS; PERFUMERY COSMETIC OR TOILET PREPARATIONS	ESSENTIAL OILS CONCRETES AND ABSOLUTES; RESINOID;EXTRACTED OLEORESINS; CONCEN OF ESSEN OILS AND TERPENIC BY PRODS; AQUEOUS SOLUTNS ETC. OF ESSEN OIL	no
5001	SILK INCLUDING YARNS AND WOVEN FABRICS THEREOF	SILKWORM COCOONS SUITABLE FOR REELING	no
5201	COTTON INCLUDING YARNS AND WOVEN FABRICS THEREOF	COTTON NOT CARDED OR COMBED	no

Source: Based on the JOB(06)/129 document of 28 April 2006.

*Countries of interest for the study.* The group of ACP countries includes 79 members. Among them, 56 are members of the WTO, and 77 have signed the Cotonou agreement with the European Union or EU.<sup>14</sup> Here, we consider the ACP79, unless it is mentioned otherwise.

Regarding the group of LA countries, most of the study focuses on the 11 LA countries (Costa Rica, on behalf of Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru and Venezuela) that circulated a proposal on the full liberalisation on tropical products and products providing an alternative to illicit narcotic crops in November 2004.

**Table 1.2. Countries and Groups Considered in the Study**

ACP 79: ACP country

ACP 77: signatory of the Cotonou Agreement

ACP56: ACP country member of the WTO

LA16: LA countries that have expressed support to the LA8 November 2004 proposal on tropical products

LA11: members of the WTO "tropical product group"

LA8: signatories of the November 2004 proposal on tropical and diversification products.

	UN code	Code ISO	ACP56	ACP77
ACP79				
Angola	024	AGO	yes	yes
Antigua and Barbuda	028	ATG	yes	yes
Burundi	108	BDI	yes	yes
Benin	204	BEN	yes	yes
Burkina Faso	854	BFA	yes	yes
Bahamas	044	BHS		yes
Belize	084	BLZ	yes	yes
Barbados	052	BRB	yes	yes
Botswana	072	BWA	yes	yes
Cen African Rep	140	CAF	yes	yes
Cote d'Ivoire	384	CIV	yes	yes
Cameroon	120	CMR	yes	yes
Congo ROC	178	COG	yes	yes
Cook Is	184	COK		yes
Comoros	174	COM		yes
Cape Verde	132	CPV		yes
Cuba	192	CUB	yes	
Djibouti	262	DJI	yes	yes
Dominica Is	212	DMA	yes	yes
Dominican Republic	214	DOM	yes	yes
Eritrea	232	ERI		yes
Ethiopia	231	ETF		yes
Fiji	242	FJI	yes	yes
Micronesia Federation	583	FSM		yes
Gabon	266	GAB	yes	yes
Ghana	288	GHA	yes	yes
Guinea	324	GIN	yes	yes
Gambia	270	GMB	yes	yes
Guinea-Bissau	624	GNB	yes	yes
Equatorial Guinea	226	GNQ		yes
Grenada Is	308	GRD	yes	yes
Guyana	328	GUY	yes	yes
Haiti	332	HTI	yes	yes
Jamaica	388	JAM	yes	yes
Kenya	404	KEN	yes	yes
Kiribati	296	KIR		yes
St Kitts and Nevis	659	KNA	yes	yes
Liberia	430	LBR		yes
St Lucia Is	662	LCA	yes	yes
Lesotho	426	LSO	yes	yes
Madagascar	450	MDG	yes	yes
Marshall Is	584	MHL		yes
Mali	466	MLI	yes	yes
Mozambique	508	MOZ	yes	yes
Mauritania	478	MRT	yes	yes
Mauritius	480	MUS	yes	yes
Malawi	454	MWI	yes	yes
Namibia	516	NAM	yes	yes
Niger	562	NER	yes	yes
Nigeria	566	NGA	yes	yes
Niue	570	NIU		yes
Nauru	520	NRU		yes
Palau	585	PLW		yes



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	UN code	Code ISO	ACP56	ACP77
Papua New Guin	598	PNG	yes	yes
Rwanda	646	RWA	yes	yes
Sudan	736	SDN		yes
Senegal	686	SEN	yes	yes
Solomon Is	090	SLB	yes	yes
Sierra Leone	694	SLE	yes	yes
Somalia	706	SOM		yes
Sao Tome and Principe	678	STP		yes
Suriname	740	SUR	yes	yes
Swaziland	748	SWZ	yes	yes
Seychelles	690	SYC		yes
Chad	148	TCD	yes	yes
Togo	768	TGO	yes	yes
Tonga	776	TON		yes
Trin & Tobago	780	TTO	yes	yes
Tuvalu	798	TUV		yes
Tanzania	834	TZA	yes	yes
Uganda	800	UGA	yes	yes
St Vincent and Grenadines	670	VCT	yes	yes
Vanuatu	548	VUT		yes
Samoa	882	WSM		yes
South Africa	710	ZAF	yes	yes
Congo DR	180	ZAR	yes	yes
Zambia	894	ZMB	yes	yes
Zimbabwe	716	ZWE	yes	yes
Timor Leste	626	TLS		yes

LA16	UN code	Code ISO	LA8	LA11
Argentina	032	ARG		
Bolivia	068	BOL	yes	yes
Brazil	076	BRA		
Chile	152	CHL		
Colombia	170	COL	yes	yes
Costa Rica	188	CRI	yes	yes
Ecuador	218	ECU	yes	yes
Guatemala	320	GTM	yes	yes
Honduras	340	HND		yes
Nicaragua	558	NIC	yes	yes
Panama	591	PAN	yes	yes
Peru	604	PER	yes	yes
Paraguay	600	PRY		
El Salvador	222	SLV		yes
Uruguay	858	URY		
Venezuela	862	VEN		yes

## 2. LA AND ACP COUNTRIES' ACCESS TO DEVELOPED COUNTRIES' MARKETS

### 2.1. Actual and Virtual and Actual Tariff Protection

*Countries of interest for the study.* The group of ACP countries includes 79 members. Among them, 56 are members of the WTO, and 77 have signed the Cotonou agreement with the European Union or EU.<sup>14</sup> Here, we consider the ACP79, unless it is mentioned otherwise.

Regarding the group of LA countries, most of the study focuses on the 11 LA countries (Costa Rica, on behalf of Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru and Venezuela) that circulated a proposal on the full liberalisation on tropical products and products providing an alternative to illicit narcotic crops in November 2004.

Isolating the position of the LA11 is perhaps restrictive. Indeed, Bolivia and Guatemala, Peru and Venezuela are members of the G20. In addition, Bolivia, Columbia, Costa Rica and Guatemala are also members of the Cairns group. It is noteworthy that this proposal on achieving liberalisation of tropical products by the LA11 was supported the G20.<sup>15</sup> In order to reflect a broader list of LA countries supporting liberalisation in tropical products, we also define the LA16 group, as LA11 plus the Latin American members of the G20, i.e. Argentina, Brazil, Chile, Paraguay and Uruguay.

Under the WTO, Members negotiate on bound tariffs. Such tariffs mainly act as a ceiling, given the large set of preferential regimes. When assessing actual tariff protection it is necessary to focus on applied tariffs. The applied tariffs faced by developing countries are often very different from bound tariffs or those applied on the Most Favoured Nation (MFN) basis.

Consider the case of the EU. The EU has very high MFN tariffs on a large set of agricultural products, in particular sugar, beef and dairy products and to some extent fruit and vegetables. These MFN tariffs are, in general, the bound tariffs which

are discussed in the WTO negotiations (other countries apply tariffs on a MFN basis that are lower than the bound ones). However, among the 150 WTO Members, there are only 9 countries whose exports face only the MFN treatment. All other countries face some kind of preferential access, at least for some products. The resulting EU tariff faced by a particular export can vary a lot across products and beneficiaries. Some preferential schemes provide extensive product coverage and deep preferential margins. Some do not. Some also are also conditional to particular provisions. Overall, Bureau, Jean and Matthews (2006) show that when one considers the tariffs actually applied by EU customs on the whole range of agricultural and food products, ACP and Least Developed Countries' (LDCs) exports face few tariff obstacles in the EU, while most Asian and Latin American countries face much higher tariffs.

The situation is rather similar in the United States (US). Tariffs are very high on key commodities, such as sugar, peanuts, citrus or some cotton products. But some of these products are subject to preferential regimes, even though with a number of strings attached and some degree of unpredictability (Gallezot and Bureau, 2005). As in the EU case, the benefits are very unevenly distributed across countries. In brief, the Caribbean Basin and the LDCs, and to some extent Sub Saharan African countries and Andean countries are granted broader preferences than other developing countries. In Canada, Japan, Switzerland or Norway, preferences are also granted to developing countries, although they are not as geographically imbalanced as the US and EU ones.

Table 2.1 lists the eligibility of ACP and LA countries to the EU, US, Japanese and Canadian preferential regimes.

Table 2.1. Eligibility of ACP and LA countries to the quad Preferences

		EU				US								Japan			Canada			
	ISO	Cotonou	EBA	GSP	GSP+	CAFTA	Bilateral	AGOA	GSP	LDC GSP	CBERA	ATPDEA	CBTPA	GSP	LDC		GSP	LDC	Cwealth	Bilateral
Angola	AGO	x	x	x				x	x	x				x	x		x	x		
Antigua and Barbuda	ATG	x		x							x			x			x		x	
Bahamas	BHS	x		x							x						x		x	
Barbados	BRB	x		x							x		x	x			x		x	
Belize	BLZ	x		x					x		x		x	x			x		x	
Benin	BEN	x	x	x				x	x	x				x	x		x	x		
Botswana	BWA	x		x				x	x					x			x			
Burkina Faso	BFA	x	x	x				x	x	x				x	x		x	x		
Burundi	BDI	x	x	x				x	x	x				x	x		x	x		
Cameroon	CMR	x						x	x					x			x			
Cape Verde	CPV	x	x	x				x	x	x				x	x		x	x		
Cen African Rep	CAF	x	x	x					x	x				x	x		x	x		
Chad	TCD	x	x	x				x	x	x				x	x		x	x		
Comoros	COM	x	x	x					x	x				x	x		x	x		
Congo DR	ZAR	x	x	x				x	x	x				x	x		x	x		
Congo ROC	COG	x		x				x	x					x			x			
Cook Is	COK	x		x					x					x			x			
Cote d'Ivoire	CIV	x		x					x					x			x			
Cuba	CUB			x										x			x			
Djibouti	DJI	x	x	x				x	x	x				x	x		x	x		
Dominica Is	DMA	x		x					x		x			x			x		x	
Dominican Republic	DOM	x		x		x			x		x		x	x			x			
Equatorial Guinea	GNQ	x	x	x					x	x				x	x		x	x		
Eritrea	ERI	x	x	x					x					x	x		x	x		
Ethiopia	ETF	x	x	x				x	x	x				x	x		x	x		
Fiji	FJI	x		x					x					x			x			
Gabon	GAB	x		x				x	x					x			x			
Gambia	GMB	x	x	x				x	x	x				x	x		x	x		
Ghana	GHA	x		x				x	x					x			x			
Grenada Is	GRD	x		x					x		x			x			x		x	
Guinea	GIN	x	x	x				x	x	x				x	x		x	x		
Guinea-Bissau	GNB	x	x	x				x	x	x				x	x		x	x		
Guyana	GUY	x		x					x		x		x	x			x		x	
Haiti	HTI	x	x	x					x	x	x		x	x	x		x	x		
Jamaica	JAM	x		x					x		x		x	x			x		x	
Kenya	KEN	x		x				x	x					x			x			
Kiribati	KIR	x	x	x					x	x				x	x		x	x		
Lesotho	LSO	x	x	x				x	x	x				x	x		x	x		
Liberia	LBR	x	x	x					x	x				x	x		x	x		
Madagascar	MDG	x	x	x				x	x	x				x	x		x	x		
Malawi	MWI	x	x	x				x	x	x				x	x		x	x		
Mali	MLI	x	x	x				x	x	x				x	x		x	x		
Marshall Is	MHL	x		x										x						
Mauritania	MRT	x	x	x					x	x				x	x		x	x		
Mauritius	MUS	x		x				x	x					x			x			
Micronesia Federation	FSM	x		x										x						
Mozambique	MOZ	x	x	x				x	x	x				x	x		x	x		
Namibia	NAM	x						x	x					x			x			

	ISO	EU				US								Japan		Canada			
		Cotonou	EBA	GSP	GSP+	CAFTA	Bilateral	AGOA	GSP	LDC GSP	CBERA	ATPDEA	CBTPA	GSP	LDC	GSP	LDC	Cwealth	Bilateral
Nauru	NRU	x		x												x			
Niger	NER	x	x	x				x	x	x				x	x	x	x		
Nigeria	NGA	x		x				x	x					x		x			
Niue	NIU	x		x					x					x					
Palau	PLW	x		x										x					
Papua New Guin	PNG	x		x					x					x					
Rwanda	RWA	x	x	x				x	x	x				x	x	x	x		
Samoa	WSM	x	x	x					x	x				x	x	x	x		
Sao Tome and Principe	STP	x	x	x				x	x	x				x	x	x	x		
Senegal	SEN	x	x	x				x	x					x	x	x	x		
Seychelles	SYC	x		x				x	x					x					
Sierra Leone	SLE	x	x	x				x	x	x				x	x	x	x		
Solomon Is	SLB	x	x	x					x					x	x	x	x		
Somalia	SOM	x	x	x					x	x				x	x	x	x		
South Africa	ZAF			x				x	x					x					
St Kitts and Nevis	KNA	x		x					x		x			x				x	
St Lucia Is	LCA	x		x					x		x		x	x				x	
St Vincent and Grenadines	VCT	x		x					x		x			x				x	
Sudan	SDN	x	x	x										x	x	x	x		
Suriname	SUR	x		x					x					x					
Swaziland	SWZ	x		x				x	x					x					
Tanzania	TZA	x	x	x				x	x	x				x	x	x	x		
Timor Leste	TLS	x	x	x										x	x	x	x		
Togo	TGO	x	x	x					x	x				x	x	x	x		
Tonga	TON	x		x					x					x					
Trin & Tobago	TTO	x		x					x		x		x	x				x	
Tuvalu	TUV	x	x	x					x	x				x	x	x	x		
Uganda	UGA	x	x	x				x	x	x				x	x	x	x		
Vanuatu	VUT	x	x	x					x	x				x	x	x	x		
Zambia	ZMB	x	x	x				x	x	x				x	x	x	x		
Zimbabwe	ZWE	x		x					x					x					
Argentina	ARG			x					x					x		x			
Bolivia	BOL			x	x				x			x		x		x			
Brazil	BRA			x					x					x		x			
Chile	CHL			x			x		x					x		x			
Colombia	COL			x	x				x			x		x		x			
Costa Rica	CRI			x	x	x			x		x		x	x		x			x
Ecuador	ECU			x	x				x			x		x		x			
El Salvador	SLV			x	x	x								x		x			
Guatemala	GTM			x	x	x			x					x		x			
Honduras	HND			x	x	x								x		x			
Nicaragua	NIC			x	x	x								x		x			
Panama	PAN			x	x				x		x		x	x		x			
Paraguay	PRY			x					x					x		x			
Peru	PER			x	x				x			x		x		x			
Uruguay	URY			x					x					x		x			
Venezuela	VEN			x	x				x					x		x			

## 2.2. Preferential Access in the Quad for the LA and ACP Countries

*The EU preferences granted to the ACP and LA countries.* The different schemes which the LA and/or the ACP countries are eligible to are the following:

- Both the LA and the ACP (even the ones that are not in the list of LDCs) have access to the EU Generalised System of Preferences, hereafter GSP.
- LDCs have access to the Everything But Arms (EBA) initiative, which is formally a component of the GSP for the poorest countries.
- Both LA and ACP countries have access to extra preferences under the «GSP+» provided that they satisfy particular requirements on environmental, anti-drug trafficking, and human rights issues. In practice, however, the list of 14 countries to which such preferences are granted are mainly LA countries. The list does not include any ACP country but includes all LA11 countries.
- Most of the ACP countries or territories have preferential access under the Cotonou agreement.<sup>16</sup>
- Among the ACP countries, South Africa enjoys preferential access to the EU under a reciprocal free trade agreement.

Overall, the main difference in treatment between ACP and LA11 countries is that among the ACP countries, 42 of them are LDCs enjoying full duty free access (except for rice and sugar until 2009). The «tropical commodity» group, or LA11, actually have much larger preferences than the rest of LA countries due to their eligibility to the GSP+.<sup>17</sup>

*The US preferences granted to LA and ACP countries.* The US grants preferential treatment to LA and ACP countries under several non

reciprocal or regional reciprocal agreements. Some LA countries are granted preferential access under particular agreements, such as the Central America Free Trade Agreement (CAFTA), and non-reciprocal agreements with the Andean area or the Caribbean basin. Some ACP countries have a preferential access under a specific non reciprocal agreement with sub Saharan Africa. But some also have the same access to US market than some LA countries under the Caribbean Basin agreements and the CAFTA. The US preferences are typically an illustration of the "spaghetti bowl" problem, i.e. the eligibility to multiple and overlapping agreements for some countries while others are excluded. The Dominican Republic, for example, is eligible to the GSP, the Caribbean Basin Economic Recovery Act (CBERA), the Caribbean Basin Trade Partnership Act (CBTPA) and the DR-CAFTA, i.e. the Caribbean Basin Free Trade Area extended to the Dominican Republic.

More specifically, LA countries are granted preferential treatment by the US under the following schemes:

- Four members of the LA11, Bolivia, Colombia, Ecuador, Peru, are eligible to the ATPDEA (Andean Trade Promotion and Drug Enforcement Act).
- Five members of the LA11 (Costa Rica, Guatemala, Nicaragua, Honduras and El Salvador) are eligible to the DR-CAFTA.
- Eight members of the LA11 (Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Panama, Peru and Venezuela) have access to the US GSP, even though some exports might be graduated.
- Two members of the LA11 (Costa Rica and Panama) have preferential access to the US market under the CBERA and the CBTPA agreements.

Regarding the ACP countries, the situation is hardly less complex since:

- Thirty seven ACP countries located in Sub Saharan Africa are eligible to trade preferences under the Africa Growth Opportunity Act or AGOA.<sup>18</sup>
- Fifty six ACP countries are eligible to the US GSP<sup>19</sup>, including 36 countries eligible to the specific GSP provisions for LDCs.
- Fourteen ACP countries are granted preferential access under the CBERA<sup>20</sup> and 8 of them are also granted preferential access for some products under the CBTPA.
- One ACP country (Dominican Republic) has preferential access to the US market under the DR-CAFTA agreement as well as the CBERA.

*The Japanese preferences granted to LA and ACP countries.* Japanese preferences are much more limited than the EU and US ones. They include only the GSP, with specific provisions for LDCs. Japan does not discriminate on a regional basis between ACP and LA countries. Japan has not entered into bilateral free trade agreements with any LA11 or ACP country. The trade agreements under Asia-Pacific Economic Co-operation which Japan is part of have limited consequences on the agricultural and food sector. That is:

- All 79 ACP countries are eligible to the Japanese GSP (General preferential treatment).
- In addition, the 40 ACP countries that are members of the UN list of LDCs are eligible to the specific provisions

for LDC countries in the General preferential treatment of Japan.<sup>21</sup>

- All LA11 countries have access to the Japanese GSP. None has access to the specific provisions for LDCs.

The Canadian preferences granted to LA and ACP countries. The Canadian preferential schemes grant tariff reductions to particular ACP and LA countries through the GSP, with special provisions for LDCs. Some ACP countries are granted duty free treatment under a special provision for Caribbean Commonwealth countries.

- Almost all ACP countries have a preferential access to the Canadian market under the regular Canadian GSP (with the exception of Zimbabwe, Palau and the Federation of Micronesia).
- Fortytwo ACP countries have a preferential access to the Canadian market under the special regime for LDCs.<sup>22</sup>
- Twelve ACP countries benefit from a preferential access to the Canadian market under the specific tariffs for Caribbean Commonwealth countries.<sup>23</sup>

LA countries are eligible to a more restricted set of preferences in Canada.

- All LA11 countries have access to the Canadian regular GSP, none to the specific provisions for LDCs.
- Costa Rica benefits from a preferential access to the Canadian market under a separate bilateral free trade agreement.

### 2.3. How Ambitious are the Various Preferential Schemes?

*The EU GSP.* On 27 June 2005, the EU formally adopted the new EU GSP scheme. It expanded the product coverage and set up the GSP+ to encourage sustainable development. Beneficiaries

must comply with a set of requirements. The GSP scheme has an expulsion provision for those countries which seriously and systematically violate minimum labour standards. Use of forced

labour and money laundering can result in temporary withdrawal of preferences. A country can be removed from the list of beneficiaries if a violation is observed for three consecutive years. Graduation excludes or limits access for a country that would account for a large share of the EU imports under this arrangement, in order to spread the benefits between a large number of countries. The graduation system is now simpler than in the past. Tariff preferences are removed for particular product when the average value of EU imports from that country exceed 15 percent of the value of EU imports of the same products from all countries for three consecutive years. Graduation does not apply if the product represents more than 50 percent of the value of all GSP-covered imports originating from the country in question. Graduation does not apply to LDCs.

The rates under the GSP for «sensitive» products are based on a reduction of 3.5 percentage points compared to the MFN rate for ad valorem tariffs, and 0.7 times the MFN rate for specific tariffs. A zero rate is applied when the preferential treatment results in a nuisance (i.e. small) tariff.

Both ACP and LA countries are eligible to the GSP. However, the regular GSP provides only limited extra market access, compared to the MFN regime. Not only is the coverage limited, but the preferential margins are small for most of the products. That is, the GSP still results in significant tariff barriers.

If we focus on the list of tropical products defined in Table 1.1., there are 935 tariff lines in the EU, including 729 dutiable ones (the others are subject to a zero MFN tariff). The regular GSP provides actual tariff cuts to 646 tariff lines out of the 729. It grants duty free treatment to 95 of the dutiable lines, mainly on products for which MFN tariffs are already very low. On average, the GSP leads to a reduction in the mean tariff for MFN dutiable tropical products from 14.8 percent (MFN rate) to 11.2 percent. (GSP rate, simple average, non weighted). It is noteworthy that for the products that face a high tariff in the EU,

such as fruit and vegetables, and cigarettes, the eligibility to the regular GSP has little impact. Those products that are excluded are those with relatively high tariffs such as sugar, bananas, citrus, strawberries and some starch products (cassava, arrow root, etc.).

*The EU GSP+* provides much broader tariff concessions to the countries that are eligible, including all LA11 countries. Indeed, out of the 729 MFN dutiable tariff lines, it provides duty free access to 571 of them. Overall, there are 158 tariff lines that do not result in duty free under this scheme. It also provides large tariff cuts for most fruit and vegetables, and eliminates tariffs on tobacco products. Overall, for MFN dutiable products, the GSP+ reduces the average tariff by almost 10 percentage points, from 14.7 percent (MFN) to 4.9 percent (simple average, non weighted).

The LA11 countries benefit from a duty free or minimal duty (less than 5%) access to the EU for 87 percent of the tariff lines corresponding to «Tropical products» (according to the JOB(06)/129 paper definition of tropical products). Overall, the tropical products that still face significant tariff barriers under the GSP+ are sugar, bananas, starch products (including cassava), olives, citrus and fruit juices, as well as some processed products with high sugar content, such as some categories of chocolate. For these products, the GSP+ brings little advantage.

*The EBA.* In 2001, the EU reduced to zero all duty on exports from 49 least developed countries and then added Timor Leste to the list under the Everything But Arms (EBA). However, sugar and rice imports will only be fully liberalised in 2009. Until these products benefit from a complete suspension of MFN duty, a duty-free quota is opened for each marketing year. The initial quotas for 2001/2002 were set at 2,517 tonnes for rice and 74,185 tonnes for sugar (white sugar equivalent). These quotas are increased by 15 percent for each subsequent marketing year.



Gallezot and Bureau (2006) have carried out an extensive evaluation of the EBA. They show that the initial fears of large diversion effects were misplaced. However, they also show that, in spite of these generous tariff preferences, the exports from LDCs under the EBA remained very limited. The main explanations that they put forward are twofold: the technical and sanitary requirements of importers, especially those imposed by the private sector in the EU, and the supply side constraints in LDC countries.

*The EU preferences to the ACP countries under Cotonou preferences.* The Lomé Convention that covered the cooperation agreements with the ACP countries, was replaced in 2000 by the Cotonou agreements. Most of the 77 countries and territories covered are also eligible to the GSP. Non-reciprocal tariff preferences are maintained on an exceptional and transitional basis until the end of 2007, but must then be replaced by reciprocal Economic Partnership Agreements (EPAs). Under the present (transitory) Cotonou regime, most tariffs are set to zero, even though some "sensitive" products only benefit from a tariff reduction and some are excluded from the preferences. Some preferential imports are subject to quantitative limitations under specific protocols (sugar, beef, rice, etc.).

The Cotonou agreement has a broad coverage. Out of the 729 MFN dutiable tariff lines for tropical products, 643 are covered by the agreement, and only 127 are not granted duty free treatment. The Cotonou agreement leaves some relatively high tariffs on sugar (except for those countries benefiting from quotas), starch products, fruit juices and citrus, and some fresh fruit and vegetables. It is noteworthy that the Cotonou provisions grant larger reductions than the GSP+ for some of the vegetables (tomatoes) and starch products (cassava), but that the GSP+ provides larger concessions for fresh vegetables.

Some particular countries make little use of the Cotonou agreement (Chad, Djibouti, Kiribati, Solomon Islands, Sierra Leone, Trinidad and Tobago, Tonga, Marshall Islands, Micronesia Federation, for example). However, it plays

a major role in the exports of most other ACP countries to the EU. This is particularly the case of Cote d'Ivoire, Kenya, Mauritius, Bahamas, and Zimbabwe. Sugar, fruit, alcohol, and cocoa products are the main tropical products that are imported under the Cotonou agreement.

*The EU-South Africa Agreement.* The Trade, Development and Cooperation Agreement (TCDA) entered in force in 2000. The objectives include the "expansion and reciprocal liberalisation of mutual trade in goods, services and capital". Liberalisation of agricultural trade is taking place over a phasing in period of 10 years (for the EU, 12 years for South Africa). Although only a share of agricultural goods will be subject to liberalisation, it is foreseen that, at the end of the 10 year implementation period, more than 60 percent of the initial trade will be subject to a zero tariff in the EU. Some EU agricultural sectors are excluded from trade liberalisation. They include some products of the LA11 list such as wines and liquors covered by EU denominations of origin, citrus fruit and apples. Chocolate is subject to a tariff rate quota. South African exporters often use the provisions of the GSP rather than those of the TCDA to benefit from lower than MFN tariffs.

*The US GSP.* The US GSP was introduced in 1976 and has been periodically renewed. For agricultural and food products, the US GSP grants duty free access to the products eligible. LDCs enjoy more favourable treatment in terms of larger product coverage. The system is revised every year and some countries can be removed or added to the list of beneficiaries by the US administration. Some developing countries are excluded because they are covered by a free trade agreement or a unilateral preference, or because they are deemed to be sufficiently developed. As a result of periodic revisions, certain ACP and LA countries have ceased to be eligible for US GSP.<sup>24</sup> Human rights criteria led to preference being withdrawn from certain countries, such as Sudan (Mauritania and Liberia had been denied access until recently). Eligibility is also subject to a number of commercial and political



conditions, such as compliance with intellectual property rights vis-à-vis American firms and dispute settlement procedures. The US trade representative can grant additional benefits to countries that cooperate with the US and the GSP sub-committee also takes decisions about a country's access to the US market.

A product or a group of products from a beneficiary country may be excluded from GSP under the graduation rules. The aim is to prevent a single, particularly competitive country from supplying the market on its own. A criterion is defined, that of "competitive need limitation" or CNL, with a ceiling which, if it is reached, means that the product no longer qualifies for GSP the following year. There are two ceilings depending on the country.<sup>25</sup> When one of these ceilings is reached, the product (for the country concerned) may be excluded from GSP (imports from LDCs and countries covered by the AGOA are not subject to these percentage criteria). A country whose exports have been graduated may request a *de minimis* waiver if total imports of the product (including outside GSP) are lower than an amount set annually.

Both ACP and LA countries are eligible to the US GSP. Out of the 818 tariff lines covered by the category "tropical products" defined in Table 1.1. at the 8 digit level of the US Harmonised Tariff Schedule, 211 are subject to a zero MFN duty. Out of the 607 remaining ones, 306 are covered by the regular GSP and 501 are covered by the GSP for LDCs.

A difficulty is that the list of products eligible to the GSP varies according to the countries. In 2006, for example, Columbia was excluded for some cut flowers, sugar products, some cocoa products, sweet potato products, Peru for asparagus, paprika, some sweet potato products, pecan nuts, some specific citrus products. Costa Rica was excluded for some sweet potatoes, bananas and some pineapples products. Ecuador was excluded for some banana products, Jamaica for some citrus fruit. Dominican Republic was denied GSP access for sweet potatoes, sugar products, cashew and papaya products, copra oil and tobacco products, but could benefit from other agreements.

Overall, the regular US GSP only slightly dents the average tariff protection for tropical products. Indeed, for the MFN dutiable tropical products, the average tariff in the US is 11.5 percent (ad valorem equivalent, simple average, non weighted). For the same products, the GSP tariff is 9.7 percent.<sup>26</sup> Basically, the GSP eliminates the nuisance tariffs and most of the tariffs below 15 percent. But the GSP does not address the high tariffs on groundnuts, sugar, cocoa powder, orange juice, citrus, rum and some selected preparations including milk products or sugar. The GSP for LDCs is more generous, since it grants duty free to most fruits and vegetables as well as to some tobacco products. However, it does not help LDCs to get around the high US tariffs on sugar, groundnuts, orange juice and cocoa preparations.

*The US AGOA.* The African Growth and Opportunity Act (AGOA) was signed in May 2000 with the aim of helping the sub-Saharan African countries by facilitating development based on market forces and trade. AGOA extends the GSP scheme by granting the countries of sub-Saharan Africa duty-free access to the US market for a larger list of products than GSP. To benefit from the trade preferences accorded under AGOA, countries must meet the eligibility conditions for GSP and some additional conditions. They include criteria relating to economic policy (a market economy, poverty reduction policies), justice (anti-corruption measures, anti-child labour measures) and the elimination of barriers to exports and to inward investment from the US. In addition, the countries must not engage in activities harmful to the national security and foreign policy interests of the US and must have introduced effective controls against smuggling, re-exportation and the use of false trade documents consistent with the rules of the US administration. For that reason AGOA covers fewer African countries than GSP. Some particular countries such as Mauritania, Central African Republic, Comoros, Cote d'Ivoire, Somalia, Equatorial Guinea, Zimbabwe, Eritrea, Sudan, Togo, Liberia are excluded (list in 2006).

As with GSP, import-sensitive products are excluded from preference. Products benefiting from a tariff quota are excluded from duty-free access. Preferences can also be removed unilaterally. The AGOA covers 505 of the MFN dutiable tariff lines for tropical products. Under the AGOA, only 100 of the 818 tropical products at the 8-digit level are not subject to a zero tariff. However, the products excluded are those with the highest tariffs. In this respect, the AGOA does not facilitate imports of groundnuts, sugar, cotton products and most preparations that include sugar. Overall, the AGOA is more generous than the regular GSP for fruit and vegetables, but it brings little extra benefits for the countries that are already eligible to the LDC GSP, except a duty free treatment for some citrus and fruit juices.

*The US ATPDEA.* The Andean pact (Andean Trade Preference Act, ATPA), which came into effect in December 1991, was a unilateral preference scheme for exports from Bolivia, Colombia, Ecuador and Peru designed to encourage local alternatives to the growing of coca by offering access to the US market for other goods. ATPA formally ended in 2001, but was continued by the Andean Trade Promotion and Drug Eradication Act (ATPDEA). The ATPDEA renewed the ATPA preferences and allowed new products to enter the US duty-free.

The list of eligible products includes a wide range of agricultural products, although a number of sensitive products are excluded, especially those subject to tariff quotas under WTO rules. The ATPDEA provides broader product coverage than even the LDC GSP and the AGOA for tropical products. Out of the 607 tariff lines subject to a strictly positive MFN tariff, 526 are eligible to duty free treatment under the ATPDEA. The exclusions remain sugar, peanuts, cotton, rum and preparations that include sugar, peanuts and dairy products. However, fruit and vegetables, fruit juices and oilseeds are largely covered by the ATPDEA, while they are protected under the GSP. Previous assessments of the ATPDEA showed that exports under the ATPDEA were significant for cut flowers (roses), cigarettes, asparagus, guava and mangoes (Gallezot and Bureau, 2005).

*The US CBERA and CBTPA.* The 1993 Caribbean Basin Economic Recovery Act (CBERA) is the trade component of the Caribbean Basin Initiative (CBI). CBERA has not had a statutory expiry date since 1990, making it the US' only non-reciprocal preferential agreement not to have a limited lifetime. One particular provision includes the duty-free entry of products from Puerto Rico themselves originally imported from countries eligible for CBERA. The coverage of agricultural and food products is limited and some countries are subject to particular limitations on products such as sugar. The conditions for eligibility include compliance with trade policy criteria, judicial criteria, the protection of intellectual property rights, labour rights, the openness and transparency of public procurement and anti-drug trafficking measures. In contrast to GSP, there is no graduation mechanism whereby preference could be withdrawn if a country were deemed to have reached a sufficiently high level of development (countries classed as high-income by the World Bank such as Aruba, the Bahamas and the Dutch Antilles are eligible for CBERA).

The second part of the 2000 Trade and Development Act consists of the Caribbean Basin Trade Partnership Act (CBTPA), which came into effect in October 2000. The trade provisions of the Act apply to the countries of the Caribbean basin. A few products not eligible for the CBERA scheme are covered, but most of them are non-agricultural.

The combined effect of the CBERA and the CBTPA grant to a list of Caribbean and Central American countries a treatment which is practically similar, in terms of product coverage, to the one granted to the ATPDEA countries. The list of products excluded is the same: sugar, peanuts, cotton, rum and preparations that include sugar, peanuts and dairy products.

*The DR-CAFTA.* The Central America-Dominican Republic-US Free Trade Agreement (DR-CAFTA) was signed on August 5, 2004. It is a reciprocal agreement, and all preferential tariffs are not set to zero as is the case for US non reciprocal agreements. However, among tropical products,

there are few tariffs remaining for the list of goods covered by the agreement. Out of the 607 MFN dutiable tariff lines for tropical products, CAFTA provides zero duty for 530 of them. The significant tariffs that remain are for peanuts, sugar, cotton and cocoa products. Again, these are the products where US MFN tariffs are often the highest.

As far as tropical products are concerned, the combination of the ATPDEA, the DR-CAFTA and the CBERA is such that most LA11 countries enjoy a duty free or minimal tariff on 93 percent of the tariff lines (according to the JOB(06)/129 paper definition of tropical products). In particular, the LA11 countries already have duty free access to the EU and US for most of these products, with the exception of citrus, sugar, peanuts, rum and some tobacco products and preparations including sugar (note that, perplexingly, these countries have not requested an easier access to the US market for ethanol on which most of them face high tariffs). The combination of the AGOA, the CBERA and the DR-CAFTA is such that most of ACP countries enjoy a duty free or minimal tariff for 92 percent of the tariff lines at the 8-digit level in the US market. In most cases, the products granted duty free treatments are the same as in the case of the LA11.

*The Japanese GSP.* Japan grants preferential treatment to a list of agricultural products defined in a domestic classification at the 9-digit level. This involves various tariff reductions, including duty-free treatment. There are no quantitative ceilings for those agricultural products that can enter under the GSP scheme. Preferential tariff rates of agricultural products are defined in a "positive list".

An annual review might lead to graduation of a particular product from a particular country. The whole country is graduated if it becomes classified as a high income country in the World Bank Atlas (or is recognised to have the same level of GDP per capita). If the imports of a product from a developing country exceed a particular threshold relative to the imports from the world to Japan, and at the same time amount to over one billion yen for a consecutive

period of two years, the beneficiary country or territory is to be excluded from the preference. However, LDCs are not graduated.

Only a limited number of tropical products are covered by the Japanese GSP. Out of the 650 MFN dutiable at the 9-digit level, corresponding to the categories mentioned in Table 1.1, the GSP reduces tariffs for 236 of them. The GSP for LDCs is more generous, since it covers 287 tariff lines. Most of the time, the preferential margin is limited. The average MFN tariff (for the MFN dutiable lines only) is 18 percent, while for the GSP eligible countries it is still 15 percent, and for the LDC countries it is 13 percent. Starch, molasses, silk, pineapples and ethyl alcohol are the only products where the GSP results in large tariff cuts, even though it also reduces tariffs for some fruit and vegetables. Overall, 22 percent of tropical products can enter the Japanese market duty free under the MFN, including most types of oilseeds and some raw commodities such as coffee beans and raw cotton. The figure is 34 percent for countries eligible to the GSP and 55 percent for the LDCs.

Overall, a large number of tropical products still face high tariffs in Japan, in spite of the preferential access under the Japanese GSP. The coverage of the preference is limited and so is the preferential margin.

*The Canadian GSP.* MFN rates are usually low in Canada, except in a few sectors, such as dairy or some poultry meat, characterised by very high tariffs. Canada grants tariff preferences for selected agricultural products of export interest to developing countries within the GSP. A special preferential treatment is granted to LDCs, and in that case, for the products eligible, the preferential tariff is zero. In practice, it provides LDCs with a treatment that is rather similar to the one granted to the US and Mexico under the North American Free Trade Agreement. The products subject to peak tariffs, such as dairy products and poultry meat, are excluded from the LDC preferences. The GSP nevertheless provides significant cuts in the tariffs mainly for fruit and vegetables and honey products.

Out of the 483 tariff lines for tropical products in the Canadian schedule, almost half of them are subject to a zero MFN tariff. The GSP grants extra preferences to 99 of them, and the GSP for LDCs to 215 of them. Under the GSP, the only very large tariffs are for butter substitutes and cocoa products with a large dairy content. This matches the peak tariffs on dairy products in Canada. The other large tariffs are for mushrooms and starch. Under the GSP for LDCs, almost all tropical products have duty free access.

*The Canadian Caribbean Commonwealth regime.*

The Commonwealth Caribbean regime eliminates the tariffs on all eligible agricultural goods exported by 12 ACP countries or territories of the Caribbean, most of them being small islands. In practice, it provides LDCs with a treatment that is rather similar to the one granted to the

LDC countries. The only tropical products that do not have free access are one type of starch and chocolate with a very high dairy content. The case is similar for the special *Canada-Costa Rica* agreement.

Overall, almost all LA and ACP countries are able to export tropical products duty free to Canada, except some particular processed products which include dairy, starch and margarine. That is, LA11 countries can export 98 percent of the tropical products in the list presented in Table 1.1. to Canada duty free.

### 3. ACTUAL MARKET ACCESS FOR LA AND ACP COUNTRIES IN THE QUAD

#### 3.1. Quantifying Market Access

ACP and LA can access developed countries' markets under a variety of preferential schemes. However, several elements make particularly complex the assessment of the market access opportunities actually provided by the tariff structure of the EU, US, Canada and Japan.

First, the tariff structure in the various destination countries is heterogeneous, with a significant number of products entering duty free, while others are much protected. That is, the overall barrier faced by an exporting country "i" will be different according to its specialisation in such or such product. Second, the country "i" may or may not be eligible to a particular preferential tariff regime. In the ACP group, for example, the Dominican Republic is eligible to 4 preferential regimes, Haiti to three of them, Jamaica to two, the Bahamas to one, and Cuba to none. Third, the product "j" exported by this

country "i" may or may not be covered by one of the preferential regimes. Fourth, this product "j" might be "graduated" or denied, temporarily or permanently, preferential access for the country "i" (this does not apply only to the GSP, some products are excluded from the CBERA for particular countries, for example).

Finally, in order to calculate tariff averages, compare tariffs across commodities or countries, it is necessary to convert specific tariffs, per kilo, litre, etc. into ad valorem (e.g. percentage) equivalents. There is no fully satisfactory method to do so. Here we constructed the ad valorem equivalents on the basis of the methodology agreed upon by different parties under the Doha Round (see Box 1). In some cases this methodology leads to ad valorem equivalents which do not necessarily provide a good image of the protection.

**Box 1. Methodology: calculation of ad valorem equivalents**

In many countries, some tariffs are specified in values per kilo, litre, or head of animal, i.e. as "specific" tariffs. This is particularly the case in the EU, US, Japan, Canada, and Switzerland. The conversion of these tariffs into percentage equivalents is difficult and it has been shown that different, although equally defensible, assumptions could lead to very different figures. In particular, using more aggregate price (e.g. unit values of trade at the 6-digit level to convert tariffs at the 8-digit level into ad valorem equivalents) leads to artificial tariff peaks. On the other hand, using unit values based on very detailed trade flows (8-digit level) results in prices that are often meaningless given the small flows for many products at this level of detail.

Even though none of the existing databases has yet included the resulting ad valorem equivalents, an official methodology was adopted in 2005, after months of negotiation between selected WTO Members. We adopted this methodology in this study. The conversion of specific and composite tariffs relies on the following guidelines:

- Convert the final bound non-ad valorem duties into ad valorem equivalents using the unit value method based on the import data contained in the WTO Integrated Data Base (IDB) for the 1999-2001 period.
- If the IDB data for the tariff line is either i/ missing, contains errors, or is lower than 2500 USD on average for 1999-2001 or ii/ the IDB-based ad valorem equivalent cannot be considered to reflect the true level of tariff protection afforded by the non ad valorem tariff, an alternative method will be used.
- For the tariff lines that fall into category i/ above, there are four possible alternative methods. a/ extend the base period 1999-2001 by up to two years at either end. b/ use the IDB import value of a closely related tariff line. c/ used the IDB import unit value of the tariff line at issue of a near country; d/ use the United Nations database COMTRADE unit value (i.e. a unit value at the HS6 level).
- For the tariff lines that fall into category ii/ above, the "40/20" filter has been developed. That is, the conversion of non-ad valorem duties into their ad valorem equivalent will be calculated using the following weightings based on unit values of COMTRADE and IDB data:
  - (a) For HS Chapters 1 to 16, and the products in Annex 1 of the Agreement on Agriculture in the HS Chapters beyond Chapter 24, a 82.5/17.5 (COMTRADE/IDB) weighting will apply.
  - (b) For HS Chapters 17-24, a 60/40 (COMTRADE/IDB) weighting will apply.
  - (c) For all tariff lines for raw and refined sugar, world prices will apply, "with prices to be agreed."

Note that a comparison with other approaches does not lead us to the conclusion that the ad valorem equivalents constructed this way are more reliable than others. The difference between the unit value obtained from IDB and COMTRADE sometimes lead to calculating two alternative ad valorem equivalents that differ by a factor of ten. But because of the semi-official status that this method now has, we used it in this study.



### 3.2. Trade Restrictions and Export Specialisation

Identifying the most relevant tariff faced by the exports of country "i" to country "r" for the product "j" requires constructing a bilateral dataset, with the full vector of tariffs faced by each country independently, under each regime accessible, accounting for product exclusions, in each foreign market, and to find out which regime provides the lowest tariff. Here we use the MacMap dataset on bilateral applied tariffs put together by the Centre d'Etudes Prospectives et d'Informations Internationales (CEPII), and the CEPII data from BACI on trade flows as well as the UN database COMTRADE. There are however three limitations for this study:

- In order to construct such a multidimensional matrix, it is necessary to work on a harmonised classification. The so-called "harmonised" system is only common to all countries at the 6-digit level. MacMap tariffs are constructed as simple average of the various tariffs beyond the 6-digit level. Because of this, some information might be lost in the area of tariff dispersion. In section 4, we will provide a more focused analysis at the 8 or 9-digit level on a restricted list of products.
- MacMap is a considerable effort, which cannot be done each year. Right now, the MacMap 2004 version is being put together, but the only version available is for the year 2001. It is a problem since the EU GSP has changed since that date, some countries have been excluded or included in the US GSP, and the CAFTA agreement has been implemented, and bananas were still excluded from the EBA.
- For some goods facing high tariffs (e.g. sugar), large tariff rate quotas have been open by the EU and the US. Here, it is considered that if the quota is filled, the relevant tariff is the out-of-quota tariff. This may result in very high tariff averages that do not reflect the in-quota market access.

In Table 3.1, we present the aggregate tariff for all agricultural products, faced by each of the ACP-LA countries in their exports to the Quad, both for the bound and applied tariffs. The aggregate tariff is weighted by the vector of exports of each country "i" to the rest of the world, in order to account for the export specialisation of the particular country.<sup>27</sup> That is, the figures reflect the aggregate tariff that matters for the particular ACP/LA country when exporting to the Quad.

**Table 3.1. Aggregate Tariff for Tropical Products (List Defined in Table 1.1) Faced by Country "i", Weighted by the Share of Country "i"'s Total Exports (Worldwide) of Tropical Products**

" i "	Code UN	Bound tariff EU AVE (%)	Applied tariff EU AVE (%)	Bound tariff US AVE (%)	Applied tariff US AVE (%)	Bound tariff Japan AVE (%)	Applied tariff Japan AVE (%)	Bound tariff Canada AVE (%)	Applied tariff Canada AVE (%)
Total ACP79		31.8	25.9	13.7	5.9	49.8	45.4	2.7	0.4
Angola	24	0	0	0.1	0.1	0.3	0	0	0
Antigua and Barbuda	28	7.1	0.9	3	0.8	13.5	8.2	2.6	1.5
Bahamas	44	4.7	0.1	2	0	17.9	17.9	2	0
Barbados	52	88	85.3	31.9	0	154.9	155	8.4	0.9
Botswana	72	0.6	0	1.8	1.2	4.4	0.7	0	0
Belize	84	89.6	71.4	22.3	14.1	111.7	108.9	3.1	0
Solomon Is	90	0.1	0	0	0	0.1	0.1	0.1	0
Burundi	108	0.2	0	0.1	0.1	0.7	0.6	0.2	0
Cameroon	120	27.8	12.6	2.8	0.4	6.8	4.3	0.2	0.1
Cape Verde	132	1.7	0	0.9	0	13.2	12.6	1.5	0
Cen African Rep	140	0.1	0	13.2	2.2	0.5	0	0	0
Chad	148	na	na	na	na	na	na	na	na
Comoros	174	5.8	0	0.1	0.1	0.4	0.4	0.6	0
Congo ROC	178	90.2	87.8	41.1	23.7	151.1	150.8	5.4	0.1
Congo DR	180	4.5	0	15.6	3.2	0.5	0.2	1.6	0
Cook Is	184	22.4	2.9	0.7	0.3	16.3	15.1	3.1	3
Cuba	192	93.5	86.9	32.8	25.4	149.6	149.5	7.1	0.2
Benin	204	1.3	0	11.5	1.7	0.9	0.5	0.4	0
Dominica Is	212	45.5	19.8	2.4	0.1	13.6	9.2	1.8	0
Dominican Republic	214	36	19.1	9.9	4.1	34.4	33.1	4	0.4
Equatorial Guinea	226	0	0	0.1	0	0.2	0.1	0	0
Ethiopia	231	7.2	6.8	3	1.7	24	21.3	0.7	0
Eritrea	232	1.6	0	0.8	0.4	0.4	0.5	1.2	0.1
Fiji	242	153.4	151.9	54.8	37.7	268.4	264.4	8.2	0.5
Djibouti	262	0	0	1.3	0	84.8	65.3	0.9	0
Gabon	266	30.6	0	7.1	1.1	18.1	7.8	11.6	11.3
Gambia	270	2.5	0	15.1	3.5	39.3	9.8	3.5	0
Ghana	288	2.1	0.2	1.3	0.5	5.5	1.6	0.4	0.2
Kiribati	296	na	na	na	na	na	na	na	na
Grenada Is	308	2	0.9	0.2	0	1.6	0.4	1.4	0
Guinea	324	0.6	0	0.8	0.1	0.5	0.3	0.1	0
Guyana	328	161.5	160.9	57.6	39.6	279	278.9	8.2	0
Haiti	332	1.6	0	1.7	0	3	1.3	0.5	0
Cote d'Ivoire	384	9.2	3.7	1.2	0.4	5.6	4.6	0.8	0.6
Jamaica	388	89.3	84.5	30.7	20.3	147.1	146.4	5.1	0
Kenya	404	7.7	1.4	4.6	0.6	8.8	8.3	3.8	2.1
Lesotho	426	na	na	na	na	na	na	na	na
Liberia	430	0.3	0	0	0	0.1	0	0.3	0
Madagascar	450	15	10.1	5	1.2	26.3	23.5	1	0.2
Malawi	454	31.9	21.9	52.1	15	46.7	42.9	5.7	0.1
Mali	466	0.1	0	14.7	2.3	0.4	0	0	0
Mauritania	478	32.8	32.2	11.8	8.1	55.7	55.6	1.9	0
Mauritius	480	175.4	175.2	62.7	43.2	303.2	303.1	8.8	0.2
Mozambique	508	35.9	30.6	37.1	13	57.7	56.7	4.1	0
Namibia	516	3.6	0	3.3	0	23.8	4.7	1.9	0.6
Nauru	520	0	0	0	0	0	0	0	0
Vanuatu	548	3.6	0	0.2	0	57.7	5.6	2.9	0
Niger	562	5.6	0	8.8	0.8	6	5.8	2.9	0
Nigeria	566	0.8	0	0.7	0.2	10.6	0.8	0.2	0.1
Niue	570	na	na	na	na	na	na	na	na
Micronesia Federation	583	23.5	2.9	0.3	0.2	17	15.8	3.2	3.2
Marshall Is	584	0.2	0	6.2	6.2	0.3	0.2	0	0
Palau	585	na	na	na	na	na	na	na	na
Papua New Guin	598	3.5	0.7	0.3	0.2	3.1	1.7	4.1	0.3
Guinea-Bissau	624	0.6	0	4.9	0.6	0.4	0.2	0.3	0
Timor Leste	626	0	0	0	0	0	0	0	0
Rwanda	646	0.3	0.1	0.1	0	0.9	0.7	0.1	0
St Kitts and Nevis	659	178.1	178	63.6	0	305.5	305.5	9.1	0.1
St Lucia Is	662	63.7	29.9	0.9	0	15.3	9.8	0.3	0
St Vincent and Grenadines	670	60.6	28.4	1.2	0	16	9.8	0.5	0
SaoTome and Principe	678	0.2	0	0	0	0.1	0.1	0.2	0
Senegal	686	6.3	0	9.2	0.8	15.9	9.3	3.1	0.2
Seychelles	690	0.9	0	0.8	0	2	6.5	0.1	0
Sierra Leone	694	0.1	0	0.1	0	0.5	0.3	0.1	0
Somalia	706	0.1	0	0.2	0	0	0	0.1	0



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" i "	Code UN	Bound tariff EU AVE (%)	Applied tariff EU AVE (%)	Bound tariff US AVE (%)	Applied tariff US AVE (%)	Bound tariff Japan AVE (%)	Applied tariff Japan AVE (%)	Bound tariff Canada AVE (%)	Applied tariff Canada AVE (%)
South Africa	710	30.4	23.1	15.6	6.2	58.1	43.4	3.5	2.2
Zimbabwe	716	26.5	16.1	43.3	11.6	30.1	29.8	5.6	1.1
Sudan	736	8	7.7	6.5	2.6	87.2	22.6	0.8	0
Suriname	740	49.7	22.2	2.9	1.3	12.3	8.3	1.2	0.9
Swaziland	748	146.6	143.2	51.9	35.2	250.3	250.3	7	0
Togo	768	2.9	0.4	7.2	1.2	2.6	2.2	4.5	1.1
Tonga	776	14.5	3	8.9	5.2	12	4.6	3.4	2.3
Trin & Tobago	780	94.9	88.8	34.4	22.1	158.6	157.3	8.7	0.7
Tuvalu	798	na	na	na	na	na	na	na	na
Uganda	800	5	0.3	13.6	2.6	4.2	3.1	2.4	0.1
Tanzania	834	14.6	10.4	22.1	6.5	33.9	28.6	2.8	0.2
Burkina Faso	854	9.2	9.2	15.9	4.2	19.7	16.1	0.5	0
Samoa	882	13.6	0.1	1.7	1.7	11.1	8.7	3.7	0
Zambia	894	35	30	29.6	10.1	52.3	51.7	4.2	0.2
<b>LATIN AMERICA</b>									
Total LA11		31.9	26.7	8.4	3.5	34.1	27.2	2.6	1.3
Bolivia	68	17.6	14.9	13.8	4.1	50.5	47.3	3.1	2.6
Colombia	170	29	23.9	6.4	3.2	26.4	23.2	4.2	2.1
Costa Rica	188	40.1	32.1	3.1	0.8	17	14	0.9	0.5
Ecuador	218	49.4	42.2	2.7	0.6	15.6	10.8	1.8	0.9
Guatemala	320	44.3	40.6	14.1	7.6	56.5	54.8	2.8	0.9
Nicaragua	558	23.4	20.3	17.4	10	97	47.8	1.9	0.5
Panama	591	60.1	53.2	2.2	0.5	18.2	13	0.5	0.3
Peru	604	8.9	3.4	5.4	0.8	11	9.5	3.8	2.5
El Salvador	222	35	33.2	12.5	8.3	63.5	62.5	3.5	1.3
Honduras	340	23.1	16.8	3.2	0.6	12.8	10.8	1.7	0.6
Venezuela	862	20.4	13	13	2.6	12.3	9.7	4	2.5
Total LA16		28.5	23	10.5	5.5	34.5	28.4	3.2	1.7
Argentina	32	12.5	6.5	19.1	14.6	36.7	25.4	7.2	4.7
Brazil	76	42.6	37.6	28	15.1	73.8	71.4	4.5	1.8
Chile	152	14.3	9.9	5.1	4.6	12.2	10.8	4.5	1.7
Paraguay	600	14.2	12.1	18.7	11.7	37.1	32.7	3.2	2.6
Uruguay	858	21.3	9.2	4.2	2.7	16.6	14.4	2.7	2.2

Source: Authors' calculations using MacMap01HS6, BACI and COMTRADE. Bound and applied tariffs are for 2001, trade for 2004.

Figures in Table 3.1. refer to 2001 tariffs. They do not account for the new GSP+ in the EU and the DR-CAFTA in the US. That is, they overestimate the tariffs faced by LA11 countries in the EU and the one faced by some central American countries in the US. However, they give an image of the actual obstacle to accessing different markets in the sense that they focus on the products that each country is actually able to export and produce.

The EU market appears quite open for ACP countries, except for the countries that specialise in sugar exports. Remember, however,

that some of the countries that appear with the highest aggregate applied tariff because of their large exports of sugar (Fiji, Jamaica, Cuba, Guyana and the Winward Islands, Swaziland, Sudan) benefit from a large duty free quota under the Cotonou agreement. The comparison of column 1 and column 2, shows the significant role of the GSP, Cotonou and EBA agreements, since the bound tariffs are higher than the applied tariff, except for sugar exporters. In general, the applied tariffs on the goods actually exported by the ACP countries are below 5 percent in the EU.

As far as the LA11 exports are concerned, the tariffs applied by the EU appear much higher than those applied on ACP exports, when one focuses on the structure or exports of these countries. Again, the MacMap figures are for 2001 and do not account for the larger access granted on sectors such as fruit and vegetables under the GSP+. The high figures in Table 3.1. mainly reflect the high tariffs faced by bananas (a major export of Ecuador, Columbia, Costa Rica, Honduras, Guatemala) and for sugar (Guatemala, Columbia and to a lesser extent Costa Rica).

In the US, the average tariffs faced by ACP and LA countries also reflect the high protection on sugar, with countries such as Zimbabwe also facing high tariffs for tobacco. (Note that the figures also refer to the out-of quota tariffs and ignore the duty free quota granted to Zimbabwe for example.) The countries hurt by high US tariffs are also those exporting citrus.

In Japan, the comparison of column 5 and column 6 of Table 3.1. shows that the preferences granted on tropical products have little impact. When weighted by their export structure, ACP countries face practically the same applied tariffs and bound tariffs. Exporters of groundnuts and sugar are particularly penalised. Table 3.1. shows that, given their export structure, Canadian tariffs impose few obstacles to ACP and LA11 exports.

In Table 3.2, the average bound and applied tariffs faced by the ACP countries when they are

willing to export to a particular Quad country are presented. The average tariff is constructed at a trade weighted tariff at the HS4 level, where the tariffs are the ones imposed by a particular Quad country, and the weights are the worldwide exports of these products by the ACP. Table 3.3. provides similar information for the LA11.

ACP and LA countries face high EU tariffs for bananas and sugar outside the TRQs. Both ACP and LA11 country groups face high EU tariff barriers on starch products (HS section 1108), margarine, fruit and vegetables, especially tomatoes and tomato products, but also preserved vegetables. However, the figures for tomatoes do not take into account the fact that tariffs are lower during the main production season in the southern hemisphere.

Regarding US tariffs, Table 3.2. and 3.3. show that both the ACP and the LA11 countries suffer from high out-of-quota tariffs for sugar, groundnuts, chocolate and tobacco, given the structure of their exports. Regarding the Japanese tariffs, both groups face high tariffs on leguminous vegetables, sugar and molasses, groundnuts, starch products, fruit and juices, tea, margarine, and vegetable preparations. LA 11 countries suffer more from the high tariffs for citrus than ACP countries, according to the comparison of Table 3.2. and Table 3.3, but this is caused by a larger specialisation in oranges which face larger tariffs than other citrus fruit. Both groups actually face similar tariffs, particularly high for oranges.

**Box 2. Methodology used for Tables 3.1, 3.2 and 3.3.**

The index is the following. Let us call  $g$  the country aggregate, i.e. the group of ACP or LA countries,  $g=\{ACP, LA11\}$ . Let us call  $r$  the importer that we consider here, i.e.  $r=\{UE, US, Japan, Canada\}$  and  $w$  refers to the world. The individual countries composing each of these groups are indexed by  $i$ , i.e. country  $i \in g$ . Let us call  $j$  the product category at the HS4 level for the tropical products defined in Table A1 in the appendix. This category  $j$  at the HS4 level is already a sub-aggregate of basic heading products  $k$ , i.e.  $k \in j$ .  $X_{i,k,w}$  denotes the export value of product  $k$  by country  $i$  to the world  $w$ . The variable  $t_{i,k,r}$  denotes the tariff, in ad valorem equivalent, that country  $r$  imposed to product  $k$  exported by country  $i$ .

In Table 3.1. we present the average tariff imposed by country  $r$  (in column) to country  $i$  (in rows) exports of all products  $j$  belonging to the category of tropical products, weighted in a way that reflect the country  $i$ 's export structure. It is constructed as follows:

$$t_{i,tropical,r} = \frac{\sum_k X_{i,k,w} * t_{i,k,r}}{\sum_k X_{i,k,w}}, \quad k \in tropical$$

We calculate this indicator both for bound tariffs and applied tariffs.

In Table 3.2. and 3.3. we present the average indicator for all products  $k$  belonging to the category of product at the HS4 level  $j$ , for all ACP countries (Table 3.2) and LA countries Table 3.3.).

$$t_{g,j,r} = \frac{\sum_{i \in g} \sum_{k \in j} X_{i,k,w} * t_{i,k,r}}{\sum_{i \in g} \sum_{k \in j} X_{i,k,w}}$$

**Table 3.2. Average Tariff for Each HS4 Product "j", Faced by the ACP Group, Weighted by the ACP Exports (Worldwide) of Tropical Products**

ACP	Bound tariff EU AVE %	Applied tariff EU AVE %	Bound tariff US AVE %	Applied tariff US AVE %	Bound tariff Japan AVE%	Applied tariff Japan AVE %	Bound tariff Canada AVE %	Applied tariff Canada AVE %
HS4 Description								
602 LIVE PLANTS NESOI ( CUTTINGS)	5.7	0	2.2	0.1	0	0	1.7	0.1
603 CUT FLOWERS AND BUDS DYED PREPARED	9.7	0.1	5.7	0.7	0	0	10.6	3.6
604 FOLIAGE BRANCHES GRASSES MOSSES	5.6	0.1	2.3	0	3	0	3.8	1.4
701 POTATOES (OTHER THAN SWEET POTATOES) FRESH OR CHILLED	9.8	1.4	2.4	0	4.2	4.2	1.5	1
702 TOMATOES FRESH OR CHILLED	45.6	1.3	4.1	0	3	3	9.2	3.1
709 VEGETABLES NESOI FRESH OR CHILLED	14.2	3.3	11.2	5.2	4.3	3.9	4.7	2.4
711 VEGETABLES PROVISIONALLY PRESERVED UNSUITABLE IN THAT STATE FOR IMMEDIATE CONSUMPTION	49.1	0.9	7.8	1	7.6	7.6	8	2.1
713 LEGUMINOUS VEGETABLES DRIED SHELLD	0.1	0	2.6	0	225	172.7	2.1	0
714 CASSAVA ARROWROOT ETC. (HIGH STARCH ETC. CONTENT)	13.8	1.1	6.6	1.1	10.3	9.9	4.4	0.6
801 COCONUTS BRAZIL NUTS AND CASHEW NUTS FRESH OR DRIED	0	0	0	0	0.5	0	0	0
802 NUTS NESOI FRESH OR DRIED	1.7	0	1.5	0.1	5.3	4.5	0	0
803 BANANAS AND PLANTAINS FRESH OR DRIED	69.1	32.6	0.5	0	16	10	0	0
804 DATES FIGS PINEAPPLES AVOCADOS GUAVAS MANGOES	2.8	0.1	5.6	0.1	5.5	3.5	0	0
805 CITRUS FRUIT FRESH OR DRIED	15.4	6.2	4.1	0.4	17.6	17.5	0	0
807 MELONS AND PAPAYAS FRESH	1.1	0	6.4	0.1	2.5	2.5	0	0
810 FRUIT NESOI FRESH	3	0.2	1.1	0.1	5.5	2.8	0	0
811 FRUIT AND NUTS FROZEN	18.5	5.2	6.1	1.4	12.2	11	7.8	7
812 FRUIT AND NUTS PROVISIONALLY PRESERVED	8.3	0	3.2	0	15.2	13.9	2.1	0
813 FRUIT DRIED NESOI ; MIXTURES OF NUTS OR DRIED FRUITS	2.8	0.1	2.9	2	8.7	6.3	0	0
814 PEEL OF CITRUS FRUIT OR MELONS	1.6	0	1.3	0	1.5	1.5	0	0
901 COFFEE	0	0	0	0	0	0	0	0
902 TEA WHETHER OR NOT FLAVOURED	0	0	0.1	0	7.4	6.5	0	0
904 PEPPER PIMENTA DRIED CRUSHED OR GROUND	3.1	0.1	1	0.1	1.8	0	1	0
905 VANILLA BEANS	6	0	0	0	0	0	0	0
906 CINNAMON AND CINNAMON-TREE FLOWERS	0	0	0	0	0	0	0.4	0
907 CLOVES (WHOLE FRUIT CLOVES AND STEMS)	8	0	0	0	1.2	0.8	1.6	0
908 NUTMEG MACE AND CARDAMONS	0	0	0.1	0	1.2	0	1.6	0
909 SEEDS OF ANISE BADIAN FENNEL CORIANDER CUMIN	0	0	0	0	3	0	1.6	0
910 GINGER SAFFRON THYME BAY LEAVES CURRY THER SPICES	0.8	0	0.9	0.2	4.9	2.2	1.5	0
1106 FLOUR AND MEAL OF DRIED LEGUMINOUS	13	1.5	5.9	4.1	10.6	10.6	0.1	0.1
1108 STARCHES; INULIN	39.1	27.7	0.7	0	240.4	12.5	7.1	1.2
1202 PEANUTS (GROUND-NUTS) NOT ROASTED	0	0	72.7	45.3	397.5	10	0	0
1203 COPRA	0	0	0	0	0	0	0	0
1207 OIL SEEDS AND OLEAGINOUS FRUITS NESOI	0	0	0.2	0	0	0	0	0
1208 FLOURS AND MEALS OF OIL SEEDS OR OLEAGINOUS FRUITS	4.2	0	1.9	0	4.2	4.2	3.2	0.2
1211 PLANTS AND PARTS OF PLANTS USED IN PERFUMERY PHARMACY	0.6	0	1.8	0.4	4.4	0.7	0	0
1212 LOCUST BEANS SEAWEEDS ETC. SUGAR BEET AND SUGAR CANE	0	0	0	0	441.2	25.1	0	0
1301 LAC; NATURAL GUMS RESINS GUM-RESINS AND BALSAMS	0	0	0.1	0	0	0	0	0
1302 VEGETABLE SAPS AND EXTRACTS; PECTIC SUBSTANCES	0.2	0	1.9	0	3.4	2.3	0	0
1401 VEGETABLE MATERIALS USED PRIMARILY FOR PLAITING	0	0	3.8	0	5.7	4.8	0	0
1402 VEGETABLE MATERIALS USED PRIMARILY AS STUFFING	0	0	0.2	0	0	0	0	0
1403 VEGETABLE MATERIALS USED PRIMARILY IN BROOMS	0	0	1.2	0	0	0	0	0
1404 VEGETABLE PRODUCTS NESOI	0	0	0	0	0.9	0.3	0	0
1502 FATS OF BOVINE SHEEP OR GOATS RAW OR RENDERED	ne	ne	ne	ne	ne	ne	ne	ne
1504 FATS AND OILS AND THEIR FRACTIONS OF FISH	6.3	0	3.1	0	6.3	6.3	3.6	0.5
1505 WOOL GREASE AND FATTY SUBSTANCES DERIVED	0	0	2.4	0	3	1.5	0	0
1507 SOYBEAN OIL AND ITS FRACTIONS NOT CHEMICALLY MODIFIED	6.6	0.7	12.2	0.2	26.3	26.3	4.8	1
1508 PEANUT OIL AND ITS FRACTIONS NOT CHEMICALLY MODIFIED	3.2	0	12.1	0.2	12.8	12.8	4.8	0

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ACP	Bound tariff EU AVE %	Applied tariff EU AVE %	Bound tariff US AVE %	Applied tariff US AVE %	Bound tariff Japan AVE%	Applied tariff Japan AVE %	Bound tariff Canada AVE %	Applied tariff Canada AVE %
HS4 Description								
1511 PALM OIL AND ITS FRACTIONS NOT CHEMICALLY MODIFIED	4.5	0	0	0	3.3	0	8.1	0.7
1512 SUNFLOWER-SEED SAFFLOWER OR COTTONSEED OIL	7.3	3.9	6.3	0	14.6	14.6	9	7.4
1513 COCONUT (COPRA) PALM KERNEL OR BABASSU OIL	7.2	0	0	0	4.3	4.3	6.4	0
1515 FIXED VEGETABLE FATS AND OILS (INCLUDING JOJOBA OIL) A	6	0	1.6	0	2.8	2.5	5.9	3.4
1516 ANIMAL OR VEGETABLE FATS AND OILS HYDROGENATED	8.5	1	10.7	0	3.5	0	11.2	0
1517 MARGARINE; EDIBLE MIXTURES OR PREPARATIONS	23	8.1	17.6	3.8	20.3	20.3	64.9	17.5
1518 ANIMAL OR VEGETABLE FATS OILS OXIDIZED ETC.	5.9	0.6	10.8	0	2.5	0	6.9	2.3
1520 GLYCEROL (GLYCERINE)	0	0	0	0	5	0	0	0
1521 VEGETABLE WAXES	0.8	0	2.4	1.3	7.5	0.6	0	0
1522 DEGRAS; RESIDUES RESULTING FROM THE TREATMENT OF FAT	ne	ne	ne	ne	ne	ne	ne	ne
1701 CANE OR BEET SUGAR AND PURE SUCROSE IN SOLID FORM	182.8	182.8	65.5	37.7	315	315	8.9	0.1
1703 MOLASSES RESULTING FROM THE REFINING OF SUGAR	4.9	2.5	2.7	0.9	99.3	99.3	6.3	1.2
1801 COCOA BEANS WHOLE OR BROKEN RAW OR ROASTED	0	0	0	0	0	0	0	0
1802 COCOA SHELLS HUSKS SKINS AND OTHER COCOA WASTE	0	0	0	0	0	0	0	0
1803 COCOA PASTE WHETHER OR NOT DEFATTED	9.6	0	0	0	6	4.2	0	0
1804 COCOA BUTTER FAT AND OIL	7.7	0	0	0.2	0	0	0	0
1805 COCOA POWDER NOT CONTAINING ADDED SUGAR	8	0	0.4	0	12.9	10.5	6.4	2.9
1806 CHOCOLATE AND FOOD PREPARATIONS CONTAINING COCOA	9.4	2.3	15.9	10.2	45.4	37.8	68.6	50
1903 TAPIOCA AND SUBSTITUTES	23.3	0	0.5	0	9.6	9.6	0	0
2001 VEGETABLES FRUIT NUTS PREPARED OR PRESERVED BY VINEGAR	13.7	2.1	8.3	0.3	11.9	6.2	2.3	0
2004 VEGETABLES PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID FROZEN	15.6	1.2	5.4	0.1	13.7	13	10.2	9
2005 VEGETABLES PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID NOT FROZEN	16.4	0.2	4.2	0.1	11.4	9	6.8	3.1
2006 VEGETABLES FRUIT NUTS FRUIT-PEEL PRESERVED BY SUGAR	19	4.7	8.4	4.5	15.3	12	9.1	3.2
2007 JAMS FRUIT JELLIES MARMALADES FRUIT OR NUT PUREE AND FRUIT OR NUT PASTES BEING COOKED PREPARATIONS	29	9.3	6.1	1.4	22.6	22.6	7.3	5.4
2008 FRUIT NUTS AND OTHER EDIBLE PARTS OF PLANTS OTHERWISE PREPARED OR PRESERVED NESOI	19	4.8	8.1	2.9	23	21.8	2.9	1.7
2009 FRUIT JUICES NT FORTIFIED W VIT OR MINLS (INCL GRAPE MUST) & VEGETABLE JUICES UNFERMENTD & NT CONTAING ADD SPIRIT	24.9	3.8	1.2	0.6	17.9	16.5	3	2.5
2101 EXTRACTS ESSENCES AND CONCENTRATES OF COFFEE TEA OR MATE AND PREPARATIONS	8.3	0.4	4.8	3.2	36.3	26.6	0.6	0
2103 SAUCES AND PREPARATIONS THEREFOR	5.8	0.1	7.9	2.7	11.3	11.1	10.2	1.5
2208 ETHYL ALCOHOL UNDENATURED OF AN ALCOHOLIC STRENGTH BY VOLUME OF UNDER 80% VOL.; SPIRITS LIQUEURS AND OTHER SPIRITUOUS BEVERAGES	3.4	0	1.5	0	16.3	16.4	1.8	0
2305 PEANUT (GROUND-NUT) OILCAKE AND OTHER SOLID RESIDUES RESULTING FROM THE EXTRACTION OF PEANUT (GROUND-NUT) OIL	0	0	2.3	0	0	0	0	0
2306 OILCAKE AND OTHER SOLID RESIDUES RESULTING FROM THE EXTRACTION OF VEGETABLE FATS OR OILS (EXCEPT FROM SOYBEANS OR PEANUTS) NESOI	1.3	0	5	0.9	0	0	0	0
2401 TOBACCO UNMANUFACTURED (WHETHER OR NOT THRESHED OR SIMILARLY PROCESSED); TOBACCO REFUSE	14.7	0.1	64	13.9	0	0	6.8	0.1
2402 CIGARS CHEROOTS CIGARILLOS AND CIGARETTES OF TOBACCO OR OF TOBACCO SUBSTITUTES	29.2	3	5.6	0.4	17.5	13	9.9	2.4
2403 TOBACCO AND TOBACCO SUBSTITUTE MANUFACTURES NESOI; HOMOGENIZED OR RECONSTITUTED TOBACCO; TOBACCO EXTRACTS AND ESSENCES	74.9	5.4	119.4	4.9	16.6	16.6	4	4
3203 COLOURING MATTER OF VEGETABLE OR ANIMAL ORIGIN AND PREPARATIONS BASED THEREON	0.8	0	1	0.6	0	0	3.3	0
3301 ESSENTIAL OILS CONCRETES AND ABSOLUTES; RESINOID; EXTRACTED OLEORESINS; CONCEN OF ESSEN OILS	1.7	0	0.7	0.3	0.7	0.1	0.8	0
5201 COTTON NOT CARDED OR COMBED	0	0	14.9	1.9	0	0	0	0

Source: Authors' calculations using MacMap01HS6, BACI and COMTRADE. Bound and applied tariffs are for 2001, trade for 2004.

**Table 3.3. Average Tariff for Each HS4 Product "j", Faced by the LA11 group, Weighted by the LA11 Exports (Worldwide) of Tropical Products**

LA11 HS4 Description	Bound tariff EU %	Applied tariff EU %	Bound tariff US %	Applied tariff US %	Bound tariff Japan %	Applied tariff Japan %	Bound tariff Canada %	Applied tariff Canada%
602 LIVE PLANTS NESOI ( CUTTINGS )	5.2	0	3	0	0	0	1	0.9
603 CUT FLOWERS AND BUDS DYED BLEACHED IMPREGNATED OR OTHERWISE PREPARED	9.7	0	5.7	1	0	0	10.6	5.4
604 FOLIAGE BRANCHES GRASSES MOSSES	2.7	0	0.2	0	3	0	3.3	2.3
701 POTATOES (OTHER THAN SWEET POTATOES) FRESH OR CHILLED	10.1	0	2.4	0	4.2	4.2	1.6	1.6
702 TOMATOES FRESH OR CHILLED	45.6	19.6	4.1	0.5	3	3	9.2	8.6
709 VEGETABLES NESOI FRESH OR CHILLED	11.1	5.8	12.5	1.9	3.3	3.2	7.4	4.5
711 VEGETABLES PROVISIONALLY PRESERVED	19.8	8	5.9	0	8.6	8.6	2.1	1.3
713 LEGUMINOUS VEGETABLES DRIED SHELLED	0.1	0	2.6	0.1	252	173.2	2.1	0
714 CASSAVA (MANIOC) ARROWROOT SALEP ETC.	51.6	5.8	7.7	3.5	9.8	8.4	2.8	2.8
801 COCONUTS BRAZIL NUTS AND CASHEW NUTS FRESH OR DRIED	0	0	0	0	2.9	0	0	0
802 NUTS NESOI FRESH OR DRIED	1.7	0	6.3	0	2.7	2.5	0	0
803 BANANAS AND PLANTAINS FRESH OR DRIED	69.1	62.6	0.5	0	16	10	0	0
804 DATES FIGS PINEAPPLES AVOCADOS GUAVAS MANGOES	4.5	0	2.8	0.2	9.5	8.8	0	0
805 CITRUS FRUIT FRESH OR DRIED	15.4	4.5	3.8	0.4	13.1	13.1	0	0
807 MELONS AND PAPAYAS FRESH	8.7	0	13.7	0.3	5.9	5.9	0	0
810 FRUIT NESOI FRESH	4.1	0.5	0.9	0	5.6	4.1	0.4	0.3
811 FRUIT AND NUTS FROZEN	18.6	1.8	6.2	0.1	12.1	11.2	7.8	7.8
812 FRUIT AND NUTS PROVISIONALLY PRESERVED	8.3	0	3.2	0	15.2	14.7	2.1	1.8
813 FRUIT DRIED NESOI ; MIXTURES OF NUTS	3.8	0.2	4.8	0.3	8.3	8	0.4	0
814 PEEL OF CITRUS FRUIT OR MELONS	1.6	0	1.3	0	1.5	1.5	0	0
901 COFFEE	0.2	0	0	0	0.2	0.1	0	0
902 TEA WHETHER OR NOT FLAVOURED	0	0	0.3	0	8.4	8.3	0	0
904 PEPPER PIMENTA DRIED CRUSHED OR GROUND	4.4	0	1.5	0	2	0	1.4	0
905 VANILLA BEANS	6	2.1	0	0	0	0	0	0
906 CINNAMON AND CINNAMON-TREE FLOWERS	0	0	0	0	0	0	2.2	0
907 CLOVES (WHOLE FRUIT CLOVES AND STEMS)	8	2.8	0	0	1.2	0	1.6	0
908 NUTMEG MACE AND CARDAMONS	0	0	0	0	1.2	0	1.6	0
909 SEEDS OF ANISE BADIAN FENNEL CORIANDER CUMIN	0	0	0	0	3	0	1.6	0
910 GINGER SAFFRON THYME BAY LEAVES CURRY THER SPICES	3.3	0	1.3	0	2.2	0.5	1.7	0
1106 FLOUR AND MEAL OF DRIED LEGUMINOUS	22.2	19.3	4.8	0.2	11.5	11.5	0	0
1108 STARCHES; INULIN	53.5	53.5	1.7	0	348.2	12.5	2.2	0.1
1202 PEANUTS (GROUND-NUTS) NOT ROASTED OR OTHERWISE COOKED WHETHER OR NOT SHELLED OR BROKEN	0	0	71	43.9	393	10	0	0
1203 COPRA	ne	ne	ne	ne	ne	ne	ne	ne
1207 OIL SEEDS AND OLEAGINOUS FRUITS NESOI	0	0	0	0	0	0	0	0
1208 FLOURS AND MEALS OF OIL SEEDS OR OLEAGINOUS FRUITS OTHER THAN THOSE OF MUSTARD	4.5	0	1.9	0	4.2	4.2	3.2	2.5
1211 PLANTS AND PARTS OF PLANTS USED IN PERFUMERY PHARMACY FRESH OR DRIED	0.6	0	1.8	0	4.4	0.7	0	0
1212 LOCUST BEANS SEAWEEDS ETC. SUGAR BEET AND SUGAR CANE	0	0	0	0	454.9	25.7	0	0
1301 LAC; NATURAL GUMS RESINS GUM-RESINS AND BALSAMS	0	0	0.7	0	0	0	0	0
1302 VEGETABLE SAPS AND EXTRACTS; PECTIC SUBSTANCES PECTINATES AND PECTATES; AGAR-	0.5	0	0.7	0	7.1	4.7	0	0
1401 VEGETABLE MATERIALS USED PRIMARILY FOR PLAITING	0	0	0.5	0	8.1	5	0	0
1402 VEGETABLE MATERIALS USED PRIMARILY AS STUFFING	ne	ne	ne	ne	ne	ne	ne	ne
1403 VEGETABLE MATERIALS USED PRIMARILY IN BROOMS	0	0	1.2	0	0	0	0	0

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LA11	Bound tariff EU %	Applied tariff EU %	Bound tariff US %	Applied tariff US %	Bound tariff Japan %	Applied tariff Japan %	Bound tariff Canada %	Applied tariff Canada%
HS4 Description								
1404 VEGETABLE PRODUCTS NESOI	0	0	0	0	0.6	0.2	0	0
1502 FATS OF BOVINE SHEEP OR GOATS RAW OR RENDERED	1.6	0	1.5	0	0	0	2.6	0
1504 FATS AND OILS AND THEIR FRACTIONS OF FISH	7.2	0	3.6	0	7	7	3.3	0
1505 WOOL GREASE AND FATTY SUBSTANCES DERIVED	0	0	2.4	0	3	1.5	0	0
1507 SOYBEAN OIL AND ITS FRACTIONS NOT CHEMICALLY MODIFIED	5.2	0	17.5	0	28.4	28.4	4.8	4.5
1508 PEANUT (GROUND-NUT) OIL AND ITS FRACTIONS NOT CHEMICALLY MODIFIED	3.2	0	12.1	0	12.8	12.8	4.8	0
1511 PALM OIL AND ITS FRACTIONS WHETHER OR NOT REFINED BUT NOT CHEMICALLY MODIFIED	3.9	0	0	0	3.4	0	7.7	0.9
1512 SUNFLOWER-SEED SAFFLOWER OR COTTONSEED OIL AND THEIR FRACTIONS NOT CHEMICALLY MODIFIED	6.1	0	6.8	0	16.4	16.4	6.9	6.1
1513 COCONUT (COPRA) PALM KERNEL OR BABASSU OIL AND THEIR FRACTIONS NOT CHEMICALLY MODIFIED	6.5	0	0	0	1.5	1.5	6.5	0.1
1515 FIXED VEGETABLE FATS AND OILS (INCLUDING JOJOBA OIL) AND THEIR FRACTIONS CHEMICALLY MODIFIED	4.8	0	0.9	0.3	3.7	3.6	4.7	4.6
1516 ANIMAL OR VEGETABLE FATS AND OILS AND THEIR FRACTIONS PARTLY OR WHOLLY HYDROGENATED	8.7	0	10.6	0.3	3.5	0	11.2	0
1517 MARGARINE; EDIBLE MIXTURES OR PREPARATIONS	25.3	14.1	17	11.3	24	24	66.7	17.5
1518 ANIMAL OR VEGETABLE FATS OILS AND THEIR FRACTIONS BOILED OXIDIZED ETC.	5.9	0	10.8	0	2.5	0	6.9	2.3
1520 GLYCEROL (GLYCERINE)	0	0	0	0	5	0	0	0
1521 VEGETABLE WAXES	0	0	0	0	0.1	0	0	0
1522 DEGRAS; RESIDUES RESULTING FROM THE TREATMENT FATT	61.6	60.2	3.8	0	2.3	2.3	3.2	0
1701 CANE OR BEET SUGAR AND PURE SUCROSE IN SOLID FORM	173.3	173.3	68.5	45.5	322.2	322.2	8.9	2.2
1703 MOLASSES RESULTING FROM THE EXTRACTION OF SUGAR	5	5	2.7	0	101.4	101.4	6.3	2.7
1801 COCOA BEANS WHOLE OR BROKEN RAW OR ROASTED	0	0	0	0	0	0	0	0
1802 COCOA SHELLS HUSKS SKINS AND OTHER COCOA WASTE	0	0	0	0	0	0	0	0
1803 COCOA PASTE WHETHER OR NOT DEFATTED	9.6	0	0.1	0	7.6	5.3	0	0
1804 COCOA BUTTER FAT AND OIL	7.7	0	0	0	0	0	0	0
1805 COCOA POWDER NOT CONTAINING ADDED SUGAR	8	0	0.4	0	12.9	10.5	6.4	3
1806 CHOCOLATE AND FOOD PREPARATIONS CONTAINING COCOA	9.5	1.1	13.7	7.1	34.8	30.1	60.2	42.4
1903 TAPIOCA AND SUBSTITUTES	23.3	16.9	0.5	0.4	9.6	9.6	0	0
2001 VEGETABLES FRUIT NUTS PRESERVED BY VINEGAR	12.2	0.3	7.7	0	11.3	8.9	0	0
2004 VEGETABLES PREPARED OR PRESERVED OTHERWISE	15.4	0.4	5.5	0.6	13.4	12.7	9.8	9.8
2005 VEGETABLES PRESERVED OTHERWISE THAN BY VINEGAR	16.7	0	10.6	0.1	13.9	13.4	10.8	10.4
2006 VEGETABLES FRUIT PRESERVED BY SUGAR	19	4.5	8.4	0	15.3	12	9.1	3.2
2007 JAMS FRUIT JELLIES MARMALADES FRUIT OR NUT	25.6	3.1	9.7	7	25.8	25.8	6.8	6.7
2008 FRUIT NUTS OTHERWISE PREPARED OR PRESERVED NESOI	13.4	0.2	4.2	0.5	14.8	13.6	3.9	1.7
2009 FRUIT JUICES NT FORTIFIED	27.8	6	2.9	0	20.4	19.7	2.7	2.3
2101 EXTRACTS ESSENCES AND CONCENTRATES OF COFFEE TEA	9.2	0	2.8	1.8	26.6	12.7	1.1	0
2103 SAUCES AND PREPARATIONS THEREFOR	5.7	0	8.1	3.1	11.5	11.4	10.2	8.5
2208 ETHYL ALCOHOL UNDENATURED	4	0.6	1.8	0	17	17.3	1.9	0
2305 PEANUT (GROUND-NUT) OILCAKE	na	na	na	na	na	na	na	na
2306 OILCAKE AND OTHER SOLID RESIDUES (EXCEPT FROM SOYBEANS OR PEANUTS) NESOI	0	0	4.8	0	0	0	0	0
2401 TOBACCO UNMANUFACTURED	14.8	0	61.3	13.1	0	0	6.4	0.5
2402 CIGARS CHEROOTS CIGARILLOS	29.6	0	5.9	0	17.8	12.5	10.2	5.8
2403 TOBACCO AND TOBACCO SUBSTITUTE MANUFACTURES NESO	16.9	0	128.9	19.7	0.1	0.1	9.3	4.3
3203 COLOURING MATTER OF VEGETABLE OR ANIMAL ORIGIN	0.8	0	1	0	0	0	3.3	0
3301 ESSENTIAL OILS	4.1	0	1.8	0	1.1	0	1.6	0
5001 SILKWORM COCOONS	ne	ne	ne	ne	ne	ne	ne	ne
5201 COTTON NOT CARDED OR COMBED	0	0	14.9	0.2	0	0	0	0

Source: Authors' calculations using MacMap01HS6, BACI and COMTRADE. Bound and applied tariffs are for 2001, trade for 2004.



## 4. PRODUCTS ON WHICH EITHER THE ACP OR THE LA11 EXPORTS (OR BOTH) FACE HIGH TARIFFS

### 4.1. Actual Exports

Table 4.1. shows the ACP and LA11 exports of tropical products as defined in Table 1.1. Table

4.2. provides the same information expressed in terms of market shares.

**Table 4.1. Export of Tropical Products by ACP and LA Countries, 1000 USD**

	Code UN	Exports to world	Exports to the EU	Exports to the US	Exports to Canada	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
<i>ACP</i>										
Total ACP79		17 370 607	8 742 554	1 515 585	273 219	522 696	78 800	38 988	198 717	27 995
Angola	24	2 269	1 670	0	0	0	0	0	0	0
Antigua and Barbuda	28	2 697	1 097	91	44	8	0	0	121	0
Bahamas	44	279 165	267 426	5 851	591	70	0.0	49	1.4	1 418
Barbados	52	70 164	30 693	10 130	4 396	16	196	182	6	9
Botswana	72	na	na	na	na	na	na	na	na	na
Belize	84	111 534	72 187	31 192	4 799	1 836	0	0	2	0
Solomon Is	90	11 925	5 268	0.0	28	0.0	43	36	0.0	0
Burundi	108	29 705	17 759	214	100	248	0.6	0.0	1 021	0
Cameroon	120	609 421	442 289	15 253	7 776	4 151	0	0	1 204	0
Cape Verde	132	455	211	195	0.0	0	0	0	0	0
Cen African Rep	140	13 332	5 619	203	0.0	0	0	0	30	0
Chad	148	84 321	38 266	6 466	0.0	114	9	0	153	0
Comoros	174	33 360	11 104	15 583	57	330	0	2	145	7
Congo ROC	178	25 283	18 248	2 657	16	0	45	0	16	64
Congo DR	180	17 519	13 128	623	9	0	17	0	83	0
Cook Is	184	2 755	310	297	59	1 316	1	675	0	11
Cuba	192	591 989	236 944	0	4 897	6 691	2 510	649	21 064	710
Benin	204	207 157	16 005	67	1	0	0	0	41	0
Dominica Is	212	19 060	10 644	553	28	179	2	255	81	0
Dominican Republic	214	714 669	247 112	420 350	19 799	2 048	442	0	9 538	603
Equatorial Guinea	226	6 238	5 867	0	351	0	0	0	0	0
Ethiopia	231	318 355	146 043	31 102	3 794	62 981	1 103	306	5 011	2 048
Eritrea	232	2 282	480	90	2	642	0	0	1	1
Fiji	242	153 386	101 514	11 383	301	5 722	8 678	11 434	13	0
Djibouti	262	2 588	666	234	0	0	0	0	0	0
Gabon	266	14 484	127	45	1	0	0	0	0	43
Gambia	270	20 108	10 591	9	1	614	0	0	0	10
Ghana	288	1 236 345	843 415	23 799	6 659	72 315	214	623	31 092	219
Kiribati	296	1 711	666	0	0	0	40	166	0	0
Grenada Is	308	13 781	8 837	1 483	863	204	0	0	1 373	97
Guinea	324	30 640	21 608	1 444	631	0	0	0	532	1
Guyana	328	168 915	112 335	7 150	2 524	81	2	7	147	0
Haiti	332	28 623	12 114	13 755	442	348	0	0	1 404	12
Cote d'Ivoire	384	3 190 876	1 957 562	435 316	70 701	15 733	11 768	0	10 468	481
Jamaica	388	230 532	113 903	42 641	14 049	31 014	939	5 334	2 072	415
Kenya	404	1 304 288	690 667	44 168	7 321	26 718	2 740	968	14 585	4 918
Lesotho	426	na	na	na	na	na	na	na	na	na
Liberia	430	1 913	1 728	108	1	0	0	0	0	44
Madagascar	450	290 530	107 003	116 926	13 493	6 620	98	3	712	436
Malawi	454	443 069	194 284	40 723	807	11 508	3 408	2 284	5 629	194
Mali	466	250 424	54 325	987	10	43	76	0	803	24
Mauritania	478	2 101	1 600	346	0	3	0	0	5	0
Mauritius	480	380 597	360 355	8 479	186	715	408	119	1 267	37
Mozambique	508	161 409	45 725	6 305	139	7 096	0	135	639	0
Namibia	516									
Nauru	520	40	31	0	0	2	0	0	0	0
Vanuatu	548	22 939	15 762	298	0	115	1 151	486	0	0
Niger	562	3 539	2 031	81	62	2	0	0	34	0
Nigeria	566	408 619	291 128	3 712	27 716	13 234	0	0	1 261	12
Niue	570	31	2	0	0	0	0	29	0	0
Micronesia Federation	583	32	0	0	0	30	0	0	0	0
Marshall Is	584	1 487	3	1 451	0	12	19	0	2	0
Palau	585	12	0	0	0	12	0	0	0	0
Papua New Guin	598	401 908	268 865	42 895	1 013	9 580	18 563	4 502	4	147
Guinea-Bissau	624	62 714	802	242	0	0	0	0	0	0
Timor Leste	626	1 952	1 106	0	259	105	359	37	0	0
Rwanda	646	34 713	22 763	4 198	23	2	0	0	62	0
St Kitts and Nevis	659	7 906	7 700	17	0	0	0	0	19	0
St Lucia Is	662	25 248	23 644	416	70	8	0	0	0	2

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	Code UN	Exports to world	Exports to the EU	Exports to the US	Exports to Canada	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
St Lucia Is	662	25 248	23 644	416	70	8	0	0	0	2
St Vincent and Grenadines	670	19 877	13 760	447	87	0	0	0	1	0
Sao Tome and Principe	678	4 878	4 810	0	38	0	0	0	0	0
Senegal	686	120 632	63 761	189	0	815	0	0	2 700	42
Seychelles	690	13 102	1 081	0	22	0	14	0	62	0
Sierra Leone	694	13 886	12 825	74	752	0	0	0	16	0
Somalia	706	4 733	546	68	24	676	10	1	0	0
South Africa	710	2 064 188	820 899	116 187	72 542	152 226	18 782	4 560	27 510	6 629
Zimbabwe	716	877 862	297 553	12 770	601	7 926	4 039	2 088	8 320	1 637
Sudan	736	303 596	128 176	3 308	55	11 535	37	174	182	718
Suriname	740	12 763	12 020	558	3	14	0	0	3	5
Swaziland	748	na	na	na	na	na	na	na	na	na
Togo	768	141 966	49 694	76	408	248	0	0	1 915	15
Tonga	776	14 925	140	665	99	11 542	255	2 122	0	0
Trin & Tobago	780	69 030	29 845	6 940	1 494	1 424	19	71	50	27
Tuvalu	798	0	0	0	0	0	0	0	0	0
Uganda	800	393 447	185 720	11 568	2 010	8 235	1 032	488	12 125	1 318
Tanzania	834	457 521	157 442	8 541	1 021	33 816	668	189	10 820	4 186
Burkina Faso	854	543 017	40 521	204	41	9 293	0	0	354	10
Samoa	882	7 064	1 361	3 099	0	934	792	553	0	0
Zambia	894	257 006	61 175	1 361	5	1 547	318	460	24 019	1 445
<b>LATIN AMERICA</b>										
Total LA8		11 578 013	4 340 486	3 844 063	418 620	345 068	24 696	18 844	123 530	86 418
Bolivia	68	310 017	46 573	30 312	1 431	7 332	1 084	47	686	163
Colombia	170	2 980 385	867 991	1 224 833	128 363	189 656	4 564	1 546	27 736	15 399
Costa Rica	188	2 489 888	1 202 200	869 333	82 268	23 520	2 060	214	40 516	32 775
Ecuador	218	2 513 815	1 023 328	621 310	59 226	59 896	2 438	15 380	31 673	3 829
Guatemala	320	1 373 995	179 558	627 678	87 109	39 886	1 733	511	8 044	5 662
Nicaragua	558	316 975	86 333	110 808	21 197	4 685	2 456	11	2 177	499
Panama	591	487 330	384 556	38 650	1 129	2 532	69	549	3 836	3 104
Peru	604	1 105 609	549 948	321 140	37 895	17 559	10 292	586	8 862	24 988
Total LA11		12 804 804	4 728 142	4 322 338	459 642	374 559	26 527	18 928	132 434	88 994
El Salvador	222	257 449	67 299	89 462	13 740	7 433	83	77	1 569	95
Honduras	340	779 005	239 869	358 276	26 770	13 699	1 743	7	6 031	2 474
Venezuela	862	190 337	80 489	30 537	512	8 360	5	0	1 303	7
Total LA16		30 080 961	9 159 638	6 280 769	737 542	889 247	117 356	42 863	245 399	127 002
Argentina	32	4 730 243	833 454	321 673	34 675	27 900	23 575	2 659	12 106	3 063
Brazil	76	10 879 129	3 217 065	1 252 747	205 268	391 003	56 084	18 615	90 804	25 897
Chile	152	1 134 961	285 272	352 468	35 471	77 674	11 104	2 637	6 696	8 754
Paraguay	600	407 637	33 045	29 862	1 063	17 279	0	10	2 755	37
Uruguay	858	124 187	62 660	1 681	1 423	833	67	14	604	257

Note: Tropical products are those defined in section 1, see the WTO document JOB129. Source calculations using BACI and COMTRADE.

**Table 4.2. Export of Tropical Products by ACP and LA countries, 1000 USD and Percentage Total Exports**

% exports to world	Code UN	Exports to world	Exports to the EU	Exports to the US	Exports to Canada	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
<i>ACP</i>										
Total ACP79		17 370 607	50%	9%	2%	3%	0%	0%	1%	0%
Angola	24	2 269	74%	0%	0%	0%	0%	0%	0%	0%
Antigua and Barbuda	28	2 697	41%	3%	2%	0%	0%	0%	4%	0%
Bahamas	44	279 165	96%	2%	0%	0%	0%	0%	0%	1%
Barbados	52	70 164	44%	14%	6%	0%	0%	0%	0%	0%
Botswana	72	na	na	na	na	na	na	na	na	na
Belize	84	111 534	65%	28%	4%	2%	0%	0%	0%	0%
Solomon Is	90	11 925	44%	0%	0%	0%	0%	0%	0%	0%
Burundi	108	29 705	60%	1%	0%	1%	0%	0%	3%	0%
Cameroon	120	609 421	73%	3%	1%	1%	0%	0%	0%	0%
Cape Verde	132	455	46%	43%	0%	0%	0%	0%	0%	0%
Cen African Rep	140	13 332	42%	2%	0%	0%	0%	0%	0%	0%
Chad	148	84 321	45%	8%	0%	0%	0%	0%	0%	0%
Comoros	174	33 360	33%	47%	0%	1%	0%	0%	0%	0%
Congo ROC	178	25 283	72%	11%	0%	0%	0%	0%	0%	0%
Congo DR	180	17 519	75%	4%	0%	0%	0%	0%	0%	0%
Cook Is	184	2 755	11%	11%	2%	48%	0%	24%	0%	0%
Cuba	192	591 989	40%	0%	1%	1%	0%	0%	4%	0%
Benin	204	207 157	8%	0%	0%	0%	0%	0%	0%	0%
Dominica Is	212	19 060	56%	3%	0%	1%	0%	1%	0%	0%
Dominican Republic	214	714 669	35%	59%	3%	0%	0%	0%	1%	0%
Equatorial Guinea	226	6 238	94%	0%	6%	0%	0%	0%	0%	0%
Ethiopia	231	318 355	46%	10%	1%	20%	0%	0%	2%	1%
Eritrea	232	2 282	21%	4%	0%	28%	0%	0%	0%	0%
Fiji	242	153 386	66%	7%	0%	4%	6%	7%	0%	0%
Djibouti	262	2 588	26%	9%	0%	0%	0%	0%	0%	0%
Gabon	266	14 484	1%	0%	0%	0%	0%	0%	0%	0%
Gambia	270	20 108	53%	0%	0%	3%	0%	0%	0%	0%
Ghana	288	1 236 345	68%	2%	1%	6%	0%	0%	3%	0%
Kiribati	296	1 711	39%	0%	0%	0%	2%	10%	0%	0%
Grenada Is	308	13 781	64%	11%	6%	1%	0%	0%	10%	1%
Guinea	324	30 640	71%	5%	2%	0%	0%	0%	2%	0%
Guyana	328	168 915	67%	4%	1%	0%	0%	0%	0%	0%
Haiti	332	28 623	42%	48%	2%	1%	0%	0%	5%	0%
Cote d'Ivoire	384	3 190 876	61%	14%	2%	0%	0%	0%	0%	0%
Jamaica	388	230 532	49%	18%	6%	13%	0%	2%	1%	0%
Kenya	404	1 304 288	53%	3%	1%	2%	0%	0%	1%	0%
Lesotho	426	na	na	na	na	na	na	na	na	na
Liberia	430	1 913	90%	6%	0%	0%	0%	0%	0%	2%
Madagascar	450	290 530	37%	40%	5%	2%	0%	0%	0%	0%
Malawi	454	443 069	44%	9%	0%	3%	1%	1%	0%	0%
Mali	466	250 424	22%	0%	0%	0%	0%	0%	0%	0%
Mauritania	478	2 101	76%	16%	0%	0%	0%	0%	0%	0%
Mauritius	480	380 597	95%	2%	0%	0%	0%	0%	0%	0%
Mozambique	508	161 409	28%	4%	0%	4%	0%	0%	0%	0%
Namibia	516	na	na	na	na	na	na	na	na	na
Nauru	520	40	77%	0%	0%	5%	0%	0%	0%	0%
Vanuatu	548	22 939	69%	1%	0%	1%	5%	2%	0%	0%
Niger	562	3 539	57%	2%	2%	0%	0%	0%	1%	0%
Nigeria	566	408 619	71%	1%	7%	3%	0%	0%	0%	0%
Niue	570	31	6%	0%	0%	0%	0%	94%	0%	0%
Micronesia Federation	583	32	0%	0%	0%	95%	0%	0%	0%	0%
Marshall Is	584	1 487	0%	98%	0%	1%	1%	0%	0%	0%
Palau	585	12	0%	0%	0%	100%	0%	0%	0%	0%
Papua New Guin	598	401 908	67%	11%	0%	2%	5%	1%	0%	0%
Guinea-Bissau	624	62 714	1%	0%	0%	0%	0%	0%	0%	0%
Timor Leste	626	1 952	57%	0%	13%	5%	18%	2%	0%	0%
Rwanda	646	34 713	66%	12%	0%	0%	0%	0%	0%	0%
St Kitts and Nevis	659	7 906	97%	0%	0%	0%	0%	0%	0%	0%
St Lucia Is	662	25 248	94%	2%	0%	0%	0%	0%	0%	0%
St Vincent and Grenadines	670	19 877	69%	2%	0%	0%	0%	0%	0%	0%
Sao Tome and Principe	678	4 878	99%	0%	1%	0%	0%	0%	0%	0%
Senegal	686	120 632	53%	0%	0%	1%	0%	0%	2%	0%
Seychelles	690	13 102	8%	0%	0%	0%	0%	0%	0%	0%
Sierra Leone	694	13 886	92%	1%	5%	0%	0%	0%	0%	0%
Somalia	706	4 733	12%	1%	1%	14%	0%	0%	0%	0%
South Africa	710	2 064 188	40%	6%	4%	7%	1%	0%	1%	0%
Zimbabwe	716	877 862	34%	1%	0%	1%	0%	0%	1%	0%
Sudan	736	303 596	42%	1%	0%	4%	0%	0%	0%	0%
Suriname	740	12 763	94%	4%	0%	0%	0%	0%	0%	0%
Swaziland	748	na	na	na	na	na	na	na	na	na
Togo	768	141 966	35%	0%	0%	0%	0%	0%	1%	0%
Tonga	776	14 925	1%	4%	1%	77%	2%	14%	0%	0%

% exports to world	Code UN	Exports to world	Exports to the EU	Exports to the US	Exports to Canada	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
Trin & Tobago	780	69 030	43%	10%	2%	2%	0%	0%	0%	0%
Tuvalu	798	0	0%	0%	0%	0%	0%	0%	0%	0%
Uganda	800	393 447	47%	3%	1%	2%	0%	0%	3%	0%
Tanzania	834	457 521	34%	2%	0%	7%	0%	0%	2%	1%
Burkina Faso	854	543 017	7%	0%	0%	2%	0%	0%	0%	0%
Samoa	882	7 064	19%	44%	0%	13%	11%	8%	0%	0%
Zambia	894	257 006	24%	1%	0%	1%	0%	0%	9%	1%
<b>LATIN AMERICA</b>										
Total LA8		11 578 013	37%	33%	4%	3%	0%	0%	1%	1%
Bolivia	68	310 017	15%	10%	0%	2%	0%	0%	0%	0%
Colombia	170	2 980 385	29%	41%	4%	6%	0%	0%	1%	1%
Costa Rica	188	2 489 888	48%	35%	3%	1%	0%	0%	2%	1%
Ecuador	218	2 513 815	41%	25%	2%	2%	0%	1%	1%	0%
Guatemala	320	1 373 995	13%	46%	6%	3%	0%	0%	1%	0%
Nicaragua	558	316 975	27%	35%	7%	1%	1%	0%	1%	0%
Panama	591	487 330	79%	8%	0%	1%	0%	0%	1%	1%
Peru	604	1 105 609	50%	29%	3%	2%	1%	0%	1%	2%
Total LA11		12 804 804	37%	34%	4%	3%	0%	0%	1%	1%
El Salvador	222	257 449	26%	35%	5%	3%	0%	0%	1%	0%
Honduras	340	779 005	31%	46%	3%	2%	0%	0%	1%	0%
Venezuela	862	190 337	42%	16%	0%	4%	0%	0%	1%	0%
Total LA16		30 080 961	30%	21%	2%	3%	0%	0%	1%	0%
Argentina	32	4 730 243	18%	7%	1%	1%	0%	0%	0%	0%
Brazil	76	10 879 129	30%	12%	2%	4%	1%	0%	1%	0%
Chile	152	1 134 961	25%	31%	3%	7%	1%	0%	1%	1%
Paraguay	600	407 637	8%	7%	0%	4%	0%	0%	1%	0%
Uruguay	858	124 187	50%	1%	1%	1%	0%	0%	0%	0%

*Note: Tropical products are those defined in section 1, see the WTO document JOB129. Source calculations using BACI and COMTRADE.*

The EU market is the outlet for half of the total ACP exports of tropical products, including intra-ACP trade. EU imports of tropical products from the ACP are six times larger than the US ones. The gap is even wider if one considers the exports of African countries alone, given that the US imports significant quantities from the Caribbean area, in particular from the Dominican Republic. Cote d'Ivoire, Madagascar and South Africa are the only sub-Saharan African countries shipping significant quantities of tropical products to the US, even though the AGOA provides generous tariff preferences. Japan and Switzerland are the other significant markets for ACP countries, but in the case of Japan, imports of tropical products originate mainly from South Africa.

LA11 countries also export more tropical products to the EU than to the US, but the difference is much smaller than in the case of ACP countries. EU imports are 2.7 times larger than the US ones, 3 times larger than the Japanese ones. The EU is a particularly large market for Panama and Costa Rica, while the US is a larger market for Guatemala and Columbia.

Given the market shares presented in Table 4.2., it is understandable that the ACP countries are particularly attentive not to jeopardise their preferential access to the EU, their main outlet. It is perhaps less by fear of competition from LA11 countries, which already have a significant access to the EU market, than fear of competition from third countries which have a more limited access, since none of the Mercosur countries or Chile is eligible to the GSP+. Preferential exports of the LA11 in the EU and US markets are also significant.

On the Japanese market, the LA as well as the ACP would gain extra access with a full liberalisation. Japan accounts for 4 percent of the exports of the LA11 and 3 percent of the ACP, even though it is a significant outlet for South Africa. It might become a larger market for the ACP and LA11 as a whole, should MFN tariffs go down. Japan might become a larger outlet for LA countries, in particular, even though the proximity of potential suppliers from Asia should be taken into account.

Canada is a minor outlet for both ACP and LA11. The two groups have a large access for this market as far as tropical products are concerned. Other

markets represent very limited outlets, with the exception of the Swiss market for particular countries (Table 4.2.).

## 4.2. Identifying Products With Common and Opposite Interests

Building on the results from Section 3., we focus on products that face a high tariff in at least one of the Quad countries and that also represent significant volumes of exports for at least one of the LA11 or ACP countries. We take a closer look to the tariffs imposed by the EU, US, Canada or Japan at the HS8 or HS9 level so as to identify products for which either the LA11 or the ACP, or both, face significant tariffs.

*In the EU market.* Table 4.3. shows the average tariff (non weighted) at the HS4 level faced by the ACP and the LA11 when they export tropical products to the EU for the year 2007. The figures now include the new GSP which was not the

case in the tables in section 3. When a product is not eligible to a particular agreement, the most favourable tariff available, i.e. either the regular GSP or MFN tariff, is reported in each of the columns in Table 4.3.

Often, the GSP+ tariffs, provided in the fifth column of Table 4.3, are the lowest ones to which LA11 countries have access. The Cotonou tariff (6th column) is in general the most favourable tariff that ACP countries can use, except those that have the status of LDC. The latter can export duty free under the EBA, with the temporary exception of rice and sugar.

**Table 4.3. Applied and MFN Tariffs Faced by Developing Countries Under Trade Regimes in the EU**

HS4 code	Description	Nb tariff lines	Average MFN tariff AVE %	Average GSP tariff AVE %	Average GSP plus tariff AVE %	Average Cotonou tariff AVE %	EBA tariff AVE (%)
602	LIVE PLANTS NESOI	18	6.3	3.3	0	0	0
603	CUT FLOWERS AND BUDS	25	9.7	5.1	0	0	0
604	FOLIAGE BRANCHES	9	3.1	1.0	0	0	0
701	POTATOES (OTHER THAN SWEET)	6	9.4	5.7	0	0	0
702	TOMATOES FRESH OR CHILLED	1	42.0	42.0	42.0	28.0	0
709	VEGETABLES NESOI FRESH OR CHILLED	23	9.1	5.9	2.1	3.8	0
711	VEGETABLES PROVISIONALLY PRESERVED	11	9.6	6.1	2.4	2.0	0
713	LEGUMINOUS VEGETABLES DRIED SHELLED	11	0.6	0	0	0	0
714	CASSAVA ARROWROOT etc.	8	29.3	28.2	27.5	24.1	0
801	COCONUTS BRAZIL NUTS AND CASHEW NUTS	6	0	0	0	0	0
802	NUTS NESOI	14	2.9	0.3	0	1.3	0
803	BANANAS AND PLANTAINS	3	49.7	47.4	39.0	0	0
804	DATES FIGS PINEAPPLES AVOCADOS etc.	9	5.0	1.5	0	0	0
805	CITRUS FRUIT	19	20.6	19.8	18.8	9.8	0
807	MELONS	3	5.9	3.5	0	0	0
810	FRUIT NESOI FRESH	21	7.8	4.6	0	4.1	0
811	FRUIT AND NUTS	20	16.0	13.1	1.2	1.2	0
812	FRUIT AND NUTS PROVISIONALLY PRESERVED	9	8.3	4.9	0	0	0
813	FRUIT DRIED NESOI	16	5.2	2.2	0	0	0
814	PEEL OF CITRUS FRUIT OR MELONS	1	1.6	0	0	0	0
901	COFFEE	6	6.1	3.1	0	0	0
902	TEA	4	0.8	0	0	0	0
904	PEPPER	5	3.7	1.2	0	0	0
905	VANILLA BEANS	1	6.0	2.1	0	0	0
906	CINNAMON	2	0	0	0	0	0
907	CLOVES	1	8.0	2.8	0	0	0
908	NUTMEG	3	0	0	0	0	0
909	SEEDS OF ANISE	5	0	0	0	0	0
910	GINGER AND OTHER SPICES	14	4.0	1.2	0	0	0
1106	FLOUR AND MEAL OF DRIED LEGUMINOUS	5	19.9	17.8	14.6	8.7	0
1108	STARCHES INULIN	7	38.7	38.2	36.0	22.5	0
1202	PEANUTS	3	0	0	0	0	0
1203	COPRA	1	0	0	0	0	0
1207	OIL SEEDS	17	0	0	0	0	0
1208	FLOURS AND MEALS OF OIL SEEDS	2	2.3	0	0	0	0
1211	PLANTS AND PARTS OF PLANTS	6	0.5	0	0	0	0
1212	LOCUST BEANS SUGAR BEET AND CANE	9	28.8	28.0	27.6	22.9	0
1301	LAC AND GUMS	4	0	0	0	0	0
1302	SAPS, RESINS, BALSAMS	14	2.8	1.5	0	0	0
1401	VEGETABLE MATERIALS	3	0	0	0	0	0
1402	VEGETABLE MATERIALS	1	0	0	0	0	0
1403	VEGETABLE MATERIALS	1	0	0	0	0	0
1404	VEGETABLE PRODUCTS	3	0	0	0	0	0
1502	FATS OF ANIMALS	2	1.6	0	0	0	0
1504	FATS OIL OF FISH	6	0.6	0	0	0	0
1505	WOOL GREASE	2	1.6	0	0	0	0
1507	SOYBEAN OIL	4	6.1	2.7	0	0	0
1508	PEANUT OIL	4	5.3	2.7	0	0	0
1511	PALM OIL	6	6.8	2.2	0	0	0
1512	SUNFLOWER-COTTONSEED OIL	9	6.1	2.7	0	0	0
1513	COCONUT COPRA PALM OIL	16	9.2	4.7	0	0	0
1515	VEG FATS AND OILS	25	5.5	2.7	0	0	0
1516	FATS AND OILS HYDROGENED	7	9.4	6.0	0	0	0
1517	MARGARINE AND OTHERS	6	19.5	15.7	9.3	9.3	0
1518	FATS AND OILS MIXED	6	5.6	2.4	0	0	0
1520	GLYCEROL AND GLYCERIN	1	0	0	0	0	0
1521	WAXES	4	0.6	0	0	0	0
1522	DEGRAS, RESIDUES RENDERING	5	29.0	27.6	27.6	27.6	0
1701	CANE OR BEET SUGAR	7	153.5	153.5	153.5	153.5	off quota 1530
1703	MOLASSES	2	4.4	4.4	4.4	4.4	0
1801	COCOA BEANS	1	0	0	0	0	0
1802	COCOA SHELLS	1	0	0	0	0	0
1803	COCOA PASTE	2	9.6	6.1	0	0	0
1804	COCOA BUTTER	1	7.7	4.2	0	0	0
1805	COCOA POWDER	1	8.0	2.8	0	0	0
1806	CHOCOLATE	21	27.9	24.0	19.1	6.6	0
1903	TAPIOCA	1	25.1	21.6	18.7	0	0
2001	VEGETABLES FRUIT NUTS	12	12.4	8.7	1.1	1.1	0
2004	VEGETABLES OTHER	8	17.7	14.0	3.7	2.6	0

HS4 code	Description	Nb tariff lines	Average MFN tariff AVE %	Average GSP tariff AVE %	Average GSP plus tariff AVE %	Average Cotonou tariff AVE %	EBA tariff AVE (%)
2005	VEGETABLES OTHER T	18	16.4	12.5	1.5	2.8	0
2006	VEGETABLES FRUIT NUTS	6	18.7	14.0	5.1	5.1	0
2007	JAMS FRUIT	17	28.1	23.8	6.2	1.6	0
2008	FRUIT NUTS A	137	18.9	14.2	0.3	0.1	0
2009	FRUIT JUICES	101	31.9	27.6	12.1	4.5	0
2101	EXTRACTS COFFEE TEA	11	9.9	5.2	1.0	0.8	0
2103	SAUCES AND PREPARATIONS	7	4.9	2.9	0	0	0
2208	ETHYL ALCOHOL	54	3.4	2.7	1.1	0	0
2305	PEANUT OILCAKE	1	0	0	0	0	0
2306	OILCAKE NESOI	11	0	0	0	0	0
2401	TOBACCO	21	17.3	8.6	0	0	0
2402	CIGARS CIGARETTES	4	37.8	24.1	0	0	0
2403	TOBACCO NESOI	5	44.9	31.4	0	0	0
3301	ESSENTIAL OILS	31	2.9	0	0	0	0
5001	SILKWORM COCOONS	1	0	0	0	0	0
5201	COTTON NOT CARDED	2	0	0	0	0	0

Source: IDB and Taric, tariffs for 2006 for Cotonou and GSP+.

Table 4.3 shows the products for which both the ACP and LA11 face significant tariffs and Table 4.3.1. provides extra details at the 8-digit level. The main products where both ACP and LA11 face high tariffs are the following:

- Tomatoes (even though the tariffs actually vary a lot during the year)
- Citrus, citrus preparations and citrus juice
- Cassava and tubers for feedstuff, starch products, including starch from sago and tubers, cassava, wheat, potato,

rice, and vegetable (including potato) flour

- All products including sugar and dairy, including cocoa products (if they contain sugar) and fruit preparations
- Margarine and edible mixtures of oils
- Industrial fats from rendering and soapstocks
- Some pineapple juice and juices made from tropical fruits (see details in Table 4.3.1)
- Sweet corn



Table 4.3.1. Products Facing a High Applied Tariff in the EU for both ACP and LA11

HS8	HS4 description	HS6 description	NC8	MFN duty	AVE MFN (%)	Cotonou AVE (%)	GSP+ AVE (%)
7020000	TOMATOES	TOMATOES FRESH OR CHILLED	Tomatoes, fresh or chilled	See Annex 2	42.0	28.0	42.0
7091000	VEGETABLES NESOI FRESH OR CHILLED	GLOBE ARTICHOKE FRESH OR CHILLED	- Globe artichokes	See Annex 2	14.0	14.0	14.0
7099070	Id	VEGETABLES NESOI FRESH OR CHILLED	- - Courgettes	See Annex 2	27.6	13.0	13.0
7141010	CASSAVA ETC.	CASSAVA (MANIOC)	- - Pellets of flour and meal	9.5 €/100 kg/net	30.3	27.4	30.3
7141091	Id	Id	- - - Of a kind used for human consumption, in immediate packings of a net content not exceeding 28 kg, either fresh and whole or without skin and frozen, whether or not sliced	9.5 €/100 kg/net	50.1	46.4	50.1
7141099	Id	Id	- - - Other	9.5 €/100 kg/net	118.9	110.2	118.9
8051010	CITRUS FRUIT FRESH OR DRIED	ORANGES FRESH	- - - Sanguines and semi-sanguines	See Annex 2	31.8	20.6	31.8
8051030	Id	Id	- - - - Navelines, Navelines, Navelines, Salustianas, Vernas, Valencia lates, Maltese, Shamoutis, Ovalis, Trovita and Hamlins	See Annex 2	31.5	20.4	31.5
8051050	Id	Id	- - - - Other	See Annex 2	31.7	20.5	31.7
8052010	Id	MANDARINS CLEMENTINES	- - Clementines	See Annex 2	31.1	13.0	31.1
8052030	Id	Id	- - Monreales and satsumas	See Annex 2	31.5	13.2	31.5
8052050	Id	Id	- - Mandarins and wilkings	See Annex 2	31.9	13.4	31.9
8052070	Id	Id	- - Tangerines	See Annex 2	32.3	13.5	32.3
8052090	Id	Id	- - Other	See Annex 2	31.4	11.8	31.4
8055010	Id	LEMONS AND LIMES FRESH OR DRIED	- - Lemons (Citrus limon, Citrus limonum)	See Annex 2	46.4	46.4	46.4
11062090	FLOUR AND MEAL	FLOUR AND MEAL OF SAGO ROOTS OR TUBERS OF HEADING 0714	- - Other	166 €/t	47.3	43.3	47.3
11081100	STARCHES; INULIN	STARCH WHEAT	- - Wheat starch	224 €/t	57.3	50.9	57.3
11081200	Id	STARCH CORN (MAIZE)	- - Maize (corn) starch	166 €/t	30.8	26.2	30.8
11081300	Id	STARCH POTATO	- - Potato starch	166 €/t	22.9	19.5	22.9
11081400	Id	STARCH CASSAVA (MANIOC)	- - Manioc (cassava) starch	166 €/t	75.3	26.3	75.3
11081910	Id	STARCHES NESOI	- - - Rice starch	216 €/t	41.6	34.3	41.6
12129120	SUGAR BEET AND SUGAR CANE	SUGAR BEET FRESH OR DRIED WHETHER OR NOT GROUND	- - - Dried, whether or not ground	23 €/100 kg/net	179.1	147.9	179.1
12129180	Id	SUGAR BEET FRESH OR DRIED WHETHER OR NOT GROUND	- - - Other	6.7 €/100 kg/net	52.2	43.6	52.2
12129920	Id	VEGETABLE PRODUCTS PRIMARILY FOR HUMAN CONSUMPTION NESOI	- - - Sugar cane	4.6 €/100 kg/net	17.5	14.4	17.5
15171010	MARGARINE	MARGARINE EXCLUDING LIQUID	- - Containing, by weight, more than 10 % but not more than 15 % of milkfats	8.3 + 28.4 €/100 kg/net	29.9	21.6	21.6
15179010	Id	EDIBLE MIXTURES AND PREPARATIONS OF ANIMAL OR VEG	- - Containing, by weight, more than 10 % but not more than 15 % of milkfats	8.3 + 28.4 €/100 kg/net	42.6	34.3	34.3
15220031	FATTY SUBSTANCES	DEGRAS RESIDUES RENDERING	- - - Soapstocks	29.9 €/100 kg/net	53.1	53.1	53.1
15220039	Id	DEGRAS RESIDUES RENDERING	- - - Other	47.8 €/100 kg/net	84.9	84.9	84.9
17011110	CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE IN SOLID FORM	CANE SUGAR RAW IN SOLID FORM NOT CONTAINING ADDED FLAVOURING OR COLOURING MATTER	- - - For refining	33.9 €/100 kg/net	130.3	130.3	130.3
17011190	Id	Id	- - - Other	41.9 €/100 kg/net	161.1	161.1	161.1
17011210	Id	BEET SUGAR RAW IN SOLID FORM NOT CONTAINING ADDED FLAVOURING OR COLOURING MATTER	- - - For refining	33.9 €/100 kg/net	114.9	114.9	114.9
17011290	Id	Id	- - - Other	41.9 €/100 kg/net	113.1	113.1	113.1
17019100	Id	CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE REFINED IN SOLID FORM CONTAINING ADDED FLAVOURING OR COLOURING MATTER	- - Containing added flavouring or colouring matter	41.9 €/100 kg/net	218.1	218.1	218.1
17019910	Id	CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE REFINED IN SOLID FORM NOT CONTAINING ADDED FLAVOURING OR COLOURING MATTER	- - - White sugar	41.9 €/100 kg/net	168.7	168.7	168.7
17019990	Id	Id	- - - Other	41.9 €/100 kg/net	168.7	168.7	168.7

HS8	HS4 description	HS6 description	NC8	MFN duty	AVE MFN (%)	Cotonou AVE (%)	GSP+ AVE (%)
18061020	CHOCOLATE AND OTHER FOOD PREPARATIONS CONTAINING COCOA	COCOA POWDER CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER	- - Containing 5 % or more but less than 65 % by weight of sucrose (including invert sugar expressed as sucrose) or isoglucose expressed as sucrose	8 + 25.2 €/100 kg/net	27.7	19.7	19.7
18061030	id	id	- - Containing 65 % or more but less than 80 % by weight of sucrose (including invert sugar expressed as sucrose) or isoglucose expressed as sucrose	8 + 31.4 €/100 kg/net	26.2	18.2	18.2
18061090	id	id	- - Containing 80 % or more by weight of sucrose (including invert sugar expressed as sucrose) or isoglucose expressed as sucrose	8 + 41.9 €/100 kg/net	66.4	58.4	58.4
18069060	id	COCOA PREPARATIONS NOT IN BULK FORM NESOI	- - Spreads containing cocoa	8.3 + EA MAX 18.7 + AD S/Z	23.4	15.1	15.1
18069070	id	id	- - Preparations containing cocoa for making beverages	8.3 + EA MAX 18.7 + AD S/Z	21.7	13.4	13.4
18069090	id	id	- - Other	8.3 + EA MAX 18.7 + AD S/Z	21.3	13.0	13.0
20041091	VEGETABLES PREPARED OR PRESERVED	POTATOES INCLUDING FRENCH FRIES PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID FROZEN	- - - In the form of flour, meal or flakes	7.6 + EA	28.8	21.2	21.2
20052010	id	id	- - In the form of flour, meal or flakes	8.8 + EA	26.0	17.2	17.2
20058000	id	SWEET PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID NOT FROZEN	- Sweetcorn (Zea mays var. saccharata)	5.1 + 9.4 €/100 kg/net	15.1	10.0	10.0
20060031	id	VEGETABLES FRUIT NUTS PRESERVED BY SUGAR (DRAINED GLACE OR CRYSTALLIZED)	- - - Cherries	20 + 23.9 €/100 kg/net	32.0	12.0	12.0
20060038	id	id	- - - Other	20 + 23.9 €/100 kg/net	28.4	12.0	12.0
20079110	JAMS FRUIT JELLIES	CITRUS FRUIT JAMS JELLIES MARMALADES AND COOKED PUREES OR PASTES NESOI	- - - With a sugar content exceeding 30 % by weight	20 + 23 €/100 kg/net	36.2	12.0	12.0
20079130	id	id	- - - With a sugar content exceeding 13 % but not exceeding 30 % by weight	20 + 4.2 €/100 kg/net	23.3	12.0	12.0
20091111	FRUIT JUICES	ORANGE JUICE FROZEN WHETHER OR NOT SWEETENED	- - - - Of a value not exceeding € 30 per 100 kg net weight	33.6 + 20.6 €/100 kg/net	49.5	15.9	15.9
20091191	id	id	- - - - Of a value not exceeding € 30 per 100 kg net weight and with an added sugar content exceeding 30 % by weight	15.2 + 20.6 €/100 kg/net	32.5	17.3	17.3
20091911	id	ORANGE JUICE OTHER THAN FROZEN NOT FORTIFIED WITH VITAMINS OR MINERALS OF A BRIX VALUE EXCEEDING 20	- - - - Of a value not exceeding € 30 per 100 kg net weight	33.6 + 20.6 €/100 kg/net	54.4	20.8	20.8
20091991	id	id	- - - - Of a value not exceeding € 30 per 100 kg net weight and with an added sugar content exceeding 30 % by weight	15.2 + 20.6 €/100 kg/net	85.2	70.0	70.0
20093911	id	CITRUS JUICE OF ANY SINGLE CITRUS FRUIT (OTHER THAN ORANGE OR GRAPEFRUIT) OF A BRIX VALUE EXCEEDING 20 UNFERMENTED	- - - - Of a value not exceeding € 30 per 100 kg net weight	33.6 + 20.6 €/100 kg/net	45.2	15.9	15.9
20093991	id	id	- - - - - With an added sugar content exceeding 30 % by weight	14.4 + 20.6 €/100 kg/net	29.5	15.1	15.1
20094911	id	PINEAPPLE JUICE OF A BRIX VALUE EXCEEDING 20 NOT FORTIFIED WITH VITAMINS OR MINERALS UNFERMENTED	- - - - Of a value not exceeding € 30 per 100 kg net weight	33.6 + 20.6 €/100 kg/net	49.3	15.1	15.1
20097911	id	APPLE JUICE OF A BRIX VALUE EXCEEDING 20 UNFERMENTED	- - - - Of a value not exceeding € 22 per 100 kg net weight	30 + 18.4 €/100 kg/net	43.0	13.0	13.0
20097991	id	id	- - - - With an added sugar content exceeding 30 % by weight	18 + 19.3 €/100 kg/net	30.0	12.0	12.0
20098011	id	JUICE OF ANY OTHER SINGLE FRUIT OR VEGETABLE UNFERMENTED AND NOT CONTAINING ADDED SPIRIT WHETHER OR NOT SWEETENED NESOI	- - - - Of a value not exceeding € 22 per 100 kg net weight	33.6 + 20.6 €/100 kg/net	50.5	16.9	16.9

HS8	HS4 description	HS6 description	NC8	MFN duty €/100 kg/net	AVE MFN (%)	Cotonou AVE (%)	GSP+ AVE (%)
20098033	id	id	----- Juices of mangoes, mangosteens, papaws (papayas), tamarinds, cashew apples, lychees, jackfruit, sapodillo plums, carambola and pitahaya	21 + 12.9 €/100 kg/net	60.9	39.9	39.9
20098035	id	id	----- Other	33.6 + 20.6 €/100 kg/net	49.9	39.9	39.9
20098061	id	id	----- With an added sugar content exceeding 30 % by weight	19.2 + 20.6 €/100 kg/net	32.6	13.4	13.4
20098084	id	id	----- Juices of mangoes, mangosteens, papaws (papayas), tamarinds, cashew apples, lychees, jackfruit, sapodillo plums, carambola and pitahaya	10.5 + 12.9 €/100 kg/net	36.6	26.1	26.1
20098086	id	id	----- Other	16.8 + 20.6 €/100 kg/net	29.4	12.6	12.6
20099011	id	MIXTURES OF JUICES FRUIT AND/OR VEGETABLE UNFERMENTED AND NOT CONTAINING ADDED SPIRIT	---- Of a value not exceeding € 22 per 100 kg net weight	33.6 + 20.6 €/100 kg/net	77.0	43.4	43.4
20099021	id	id	---- Of a value not exceeding € 30 per 100 kg net weight	33.6 + 20.6 €/100 kg/net	45.4	11.8	11.8
20099031	id	id	---- Of a value not exceeding € 18 per 100 kg net weight and with an added sugar content exceeding 30 % by weight	20 + 20.6 €/100 kg/net	57.4	37.4	37.4
20099071	id	id	----- With an added sugar content exceeding 30 % by weight	15.2 + 20.6 €/100 kg/net	26.0	10.8	10.8
20099094	id	id	----- Other	16.8 + 20.6 €/100 kg/net	27.6	10.8	10.8

Source: Taric 2006, ad valorem calculations using IDB and COMTRADE.

There are also a few products for which the EU grants preferential access to only one of the two groups. In such cases, the tariffs faced by the ACP exports and the LA11 exports actually differ. Table 4.3.2. shows the products for which the EU applies a significant tariff to the ACP exports but not to the LA11 exports at the 8-digit level. These are mainly:

- Bananas
- Some fresh green vegetables, asparagus
- Some berries
- Kiwifruit
- Some potato preparations

The products to which the EU applies a significant tariff for LA11 exports but not for ACP exports are mainly:

- Some fruit juice, including grape juice and some pineapple juice
- Rum and tafia
- Some preparations of cassava (tapioca) and some flour of tubers and roots
- Some preparations of chocolate including sugar
- Even though it remains high in both cases, the EU applies a different tariff to ACP and LA11 exports of cassava starch, tomatoes, citrus and sweet potatoes

**Table 4.3.2. Products for which the EU Grants Significantly Different Tariff Concessions to the ACP and to the LA11**

Products for which the EU grants larger tariff concessions to the ACP than to the LA11							
HS8 code	HS2 description	HS4 description	HS6 description	NC8 description	Best tariff ACP	Best tariff LA11	
7020000	EDIBLE VEGETABLES	TOMATOES FRESH OR CHILLED	TOMATOES FRESH OR CHILLED	Tomatoes, fresh or chilled	28.0	42.0	
7099039	Id	VEGETABLES NESOI FRESH OR CHILLED	VEGETABLES NESOI FRESH OR CHILLED	--- Other than for use for the production of oil	0.0	16.3	
7149011	Id	Id	ROOTS & TUBERS W/HIGH STARCH OR INULIN CONTENT NESOI FRESH CHILLED FROZEN OR DRIED WHETHER OR NOT SLICED OR IN FORM OF PELLET SAGO PITH	--- Of a kind used for human consumption, in immediate packings of a net content not exceeding 28 kg,	0.0	11.1	
8030019	EDIBLE FRUIT AND NUTS	BANANAS AND PLANTAINS FRESH OR DRIED	BANANAS AND PLANTAINS FRESH OR DRIED	-- Other than plantains	Quota 0.0	117.1	
8051010	Id	CITRUS FRUIT FRESH OR DRIED	ORANGES FRESH	--- Sanguines and semi-sanguines	20.6	31.8	
8051030	Id	Id	Id	---- Navels, Navelines, Navelates, Salustianas, Vernas, Valencia lates, Maltese, Shamoutis, Ovalis, Trovita and Hamlins	20.4	31.5	
8051050	Id	Id	Id	---- Other	20.5	31.7	
8051080	Id	Id	Id	-- Other	3.2	14.7	
8052010	Id	Id	MANDARINS (INCLUDING TANGERINES AND SATSUMAS) CLEMENTINES WILKINGS AND SIMILAR CITRUS HYBRIDS FRESH OR DRIED	-- Clementines	13.0	31.1	
8052030	Id	Id	Id	-- Monreales and satsumas	13.2	31.5	
8052050	Id	Id	Id	-- Mandarins and wilkings	13.4	31.9	
8052070	Id	Id	Id	-- Tangerines	13.5	32.3	
8052090	Id	Id	Id	-- Other	11.8	31.4	
8112090	Id	FRUIT AND NUTS (UNCOOKED OR COOKED BY STEAM OR BOILING WATER) WHETHER NOT SWEETENED FROZEN	RASPBERRIES BLACKBERRIES MULBERRIES LOGANBERRIES CURRANTS AND GOOSEBERRIES (NO KIWI FRUIT) UNCOOKED OR COOKED BY STEAM OR BOILING WATER FROZEN	--- Other	1.4	14.4	
11062010	MILLING INDUSTRY PRODUCTS	FLOUR AND MEAL OF DRIED LEGUMINOUS, FRUITS AND NUTS	FLOUR AND MEAL OF SAGO ROOTS OR TUBERS OF HEADING 0714	-- Denatured	0.0	25.5	
11081100	Id	STARCHES; INULIN	STARCH WHEAT	-- Wheat starch	50.9	57.3	
11081400	Id	Id	STARCH CASSAVA (MANIOC)	-- Manioc (cassava) starch	26.3	75.3	
11081910	Id	Id	STARCHES NESOI	--- Rice starch	34.3	41.6	
11081990	Id	Id	Id	--- Other	0.0	24.0	
12129120	OIL SEEDS; MISCELLANEOUS GRAINS ETC.	LOCUST BEANS SEaweeds ETC. I	SUGAR BEET FRESH OR DRIED WHETHER OR NOT GROUND	--- Dried, whether or not ground	147.9	179.1	
12129180	Id	Id	Id	--- Other	43.6	52.2	
18062010	COCOA AND COCOA PREPARATIONS	CHOCOLATE AND OTHER FOOD PREPARATIONS CONTAINING COCOA	CHOCOLATE AND OTHER FOOD PREPARATIONS CONTAINING COCOA NESOI IN BARS BLOCKS SLABS OR OTHER BULK FORM IN CONTAINERS ETC. OF A CONTENT EXCEEDING 2 KG	-- Containing 31 % or more by weight of cocoa butter or containing a combined weight of 31 % or more of cocoa butter and milkfat	0.0	18.7	
18062030	Id	Id	Id	-- Containing a combined weight of 25 % or more, but less than 31 % of cocoa butter and milkfat	0.0	18.7	
18062050	Id	Id	Id	--- Containing 18 % or more by weight of cocoa butter	0.0	18.7	
18062070	Id	Id	Id	--- Chocolate milk crumb	0.0	43.0	
18062080	Id	Id	Id	--- Chocolate flavour coating	0.0	33.7	
18062095	Id	Id	Id	--- Other	0.0	27.0	
18063100	Id	Id	CHOCOLATE AND OTHER COCOA PREPARATIONS IN BLOCKS SLABS OR BARS WEIGHING 2 KG OR LESS FILLED	-- Filled	0.0	15.2	
18063210	Id	Id	Id	--- With added cereal, fruit or nuts	0.0	15.9	
18063290	Id	Id	Id	--- Other	0.0	14.2	

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Products for which the EU grants larger tariff concessions to the ACP than to the LA11						
HS8 code	HS2 description	HS4 description	HS6 description	NC8 description	Best tariff ACP	Best tariff LA11
18069011	id	id	COCOA PREPARATIONS NOT IN BULK FORM NESOI	---- Containing alcohol	0.0	6.3
18069019	id	id	Id	---- Other	0.0	8.8
18069031	id	id	Id	---- Filled	0.0	14.5
18069039	id	id	Id	---- Not filled	0.0	11.1
18069050	id	id	Id	-- Sugar confectionery and substitutes therefor made from sugar substitution products, containing cocoa	0.0	17.6
19030000	PREPARATIONS OF CEREALS FLOUR STARCH	TAPIOCA AND SUBSTITUTES	TAPIOCA AND SUBSTITUTES	Tapioca and substitutes therefor prepared from starch, in the form of flakes, grains, pearls, siftings or similar forms	0.0	18.7
20049010	PREPARATIONS OF VEGETABLES FRUIT	VEGETABLES PREPARED OR PRESERVED	VEGETABLES NESOI PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR FROZEN	-- Sweetcorn (Zea mays var. saccharata)	0.0	8.3
20079920	id	JAMS FRUIT JELLIES MARMALADES COOKED	JAMS FRUIT JELLIES MARMALADES AND COOKED PUREES OTHER THAN CITRUS FRUIT	---- Chestnut purée and paste	0.0	8.5
20079931	id	id	Id	----- Of cherries	0.0	12.3
20079933	id	id	Id	----- Of strawberries	0.0	10.5
20079935	id	id	Id	----- Of raspberries	0.0	10.4
20079939	id	id	Id	----- Other	0.0	14.4
20079957	id	id	Id	---- Other	0.0	18.6
20092911	id	FRUIT JUICES NT FORTIFIED W VIT OR MINLS (INCL GRAPE MUST) &	GRAPEFRUIT JUICE OF A BRIX VALUE EXCEEDING 20 NOT FORTIFIED WITH VITAMINS OR MINERALS UNFERMENTED	---- Of a value not exceeding € 30 per 100 kg net weight	0.0	11.6
20092991	id	id	Id	---- Of a value not exceeding € 30 per 100 kg net weight and with an added sugar content exceeding 30 % by weight	0.0	21.6
20094991	id	id	PINEAPPLE JUICE OF A BRIX VALUE EXCEEDING 20 NOT FORTIFIED WITH VITAMINS OR MINERALS UNFERMENTED	----- With an added sugar content exceeding 30 % by weight	0.0	15.4
20096110	id	id	GRAPE JUICE (INCLUDING GRAPE MUST) OF A BRIX VALUE NOT EXCEEDING 30 NOT FORTIFIED WITH VITAMINS OR MINERALS UNFERMENTED	--- Of a value exceeding € 18 per 100 kg net weight	0.0	103.8
20096190	id	id	Id	--- Of a value not exceeding € 18 per 100 kg net weight	0.0	146.2
20096911	id	id	Id	---- Of a value not exceeding € 22 per 100 kg net weight	0.0	159.2
20096919	id	id	Id	---- Other	0.0	8.2
20096951	id	id	Id	----- Concentrated	0.0	161.2
20096959	id	id	Id	----- Other	0.0	50.6
20096971	id	id	Id	----- Concentrated	0.0	22.1
20096979	id	id	Id	----- Other	0.0	25.0
20096990	id	id	Id	----- Other	0.0	25.0
20098032	id	id	JUICE OF ANY OTHER SINGLE FRUIT OR VEGETABLE UNFERMENTED AND NOT CONTAINING ADDED SPIRIT WHETHER OR NOT SWEETENED NESOI	---- Juices of passion fruit and guavas	0.0	5.8
22084011	BEVERAGES SPIRITS AND VINEGAR	ETHYL ALCOHOL UNDENATURED SPIRITS LIQUEURS AND OTHER SPIRITUOUS BEVERAGES	RUM AND TAFIA	--- Rum with a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectolitre of pure alcohol (with a 10 % tolerance)	0.0	8.3
22084039	id	Id	Id	---- Other	0.0	14.6
22084051	id	id	Id	--- Rum with a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectolitre of pure alcohol (with a 10 % tolerance)	0.0	10.8
22084099	id	id	Id	---- Other	0.0	24.6

Products for which the EU grants larger tariff concessions to the LA11 than to the ACP						
HS8 code	HS2 description	HS4 description	HS6 description	NC8 description	Best tariff for ACP	Best tariff for LA11
7092000	EDIBLE VEGETABLES	VEGETABLES NESOI FRESH OR CHILLED	ASPARAGUS FRESH OR CHILLED	- Asparagus	6.1	0.0
7095200	id	id	TRUFFLES FRESH OR CHILLED	-- Truffles	5.4	0.0
7097000	id	id	SPINACH NEW ZEALAND SPINACH AND ORACHE SPINACH (GARDEN SPINACH) FRESH OR CHILLED	- Spinach, New Zealand spinach and orache spinach (garden spinach)	8.7	0.0
7099010	id	id	VEGETABLES NESOI FRESH OR CHILLED	-- Salad vegetables, other than lettuce ( <i>Lactuca sativa</i> ) and chicory ( <i>Cichorium spp.</i> )	8.7	0.0
7099020	id	id	VEGETABLES NESOI FRESH OR CHILLED	-- Chard (or white beet) and cardoons	8.7	0.0
7099050	id	id	id	-- Fennel	6.7	0.0
8102010	EDIBLE FRUIT AND NUTS	FRUIT NESOI FRESH	RASPBERRIES BLACKBERRIES MULBERRIES AND LOGANBERRIES FRESH	-- Raspberries	7.3	0.0
8102090	id	id	id	-- Other	8.0	0.0
8103010	id	id	CURRANTS BLACK WHITE OR RED AND GOOSEBERRIES (OTHER THAN KIWI FRUIT) FRESH	-- Blackcurrants	7.3	0.0
8103030	id	id	id	-- Redcurrants	7.3	0.0
8103090	id	id	id	-- Other	8.0	0.0
8104090	id	id	CRANBERRIES BLUEBERRIES AND OTHER FRUITS OF THE GENUS VACCINIUM FRESH	-- Other	8.0	0.0
8105000	id	id	KIWI FRUIT (CHINESE GOOSEBERRIES (ACTINIDIA CHINENSIS PLANCH)) FRESH	- Kiwifruit	8.5	0.0
8105000	id	id	id	- Kiwifruit Period of validity from 01/01/2004 to 14/05/2004	8.5	0.0
8105000	id	id	id	- Kiwifruit Period of validity from 15/05/2004 to 15/11/2004	8.5	0.0
8105000	id	id	id	- Kiwifruit Period of validity from 16/11/2004 to 31/12/2004	8.5	0.0
20052020	PREPARATIONS OF VEGETABLES FRUIT	VEGETABLES OTHER THAN TOMATOES PREPARED	POTATOES NESOI PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID NOT FROZEN	-- Thin slices, fried or baked, whether or not salted or flavoured, in airtight packings, suitable for immediate consumption	11.8	0.0
20052080	id	id	id	--- Other	11.8	0.0

Source: TARIC, calculations of ad valorem equivalent using COMTRADE and IDB; selection on a preferential tariff that differs from more than 5% between ACP and LA11.

Overall, the list of core products for which the LA11 and ACP have common interests in obtaining a larger market access include tomatoes, citrus, some cassava products, margarine and some fruit juice. The list of products on which the two groups' negotiating interests differ includes bananas, rum and tafia, and some preparations including sugar.

More generally, leaving bananas aside, there are few products for which the ACP and the LA11 face different tariffs. The GSP+ has made the preferences granted to the LA11 rather similar to those granted to the ACP. For the few products where the preferences differ, the gap in the applied tariffs faced by the two groups is often limited to a few percentage points, which provide small relative margins, when compared to exchange rate fluctuations. The main difference of treatment is perhaps between the

ACP which are considered as LDCs and the ACP and LA11 which are not.

*In the US market.* Table 4.4. shows the average tariff (non weighted) at the HS4 level faced by the ACP and the LA11 when they export tropical products to the US. The most favourable tariff that the ACP face is either the AGOA (and for some African countries, the GSP for LDCs) and the CBERA and CBTPA tariffs. Most of the African countries that are not eligible to the AGOA are eligible to the LDC treatment under the LDC GSP.<sup>28</sup> Overall, by taking the maximum tariff between the one provided by the AGOA and the CBERA, we obtain an upper bound of the preferential tariffs faced by most of the ACP. The exceptions are a few ACP countries, such as Cote d'Ivoire, Cook Is, Eritrea, Fiji, some Polynesian micro islands, Papua New Guinea, Suriname, Tonga, Zimbabwe which benefit only from the

regular GSP. Sudan and East Timor face the MFN regime, and Cuba faces a ban or punitive tariffs which exceed the MFN ones.

With the exception of Venezuela and Panama, the LA11 benefit from either the ATPDEA or the

CAFTA. That is, by taking the tariffs under the ATPDEA and the CAFTA, we have a good image of the best available tariffs faced by the LA11. Exceptions include Panama and Venezuela which can only benefit from the regular GSP (see Table 2.1.).

**Table 4.4. Applied and MFN Tariffs Faced by Developing Countries Under Various Regimes in the US**

HS4 code	Description	Nb tariff lines	Average MFN tariff AVE %	Average GSP tariff AVE %	Average LDC tariff AVE %	Average AGOA tariff AVE %	Average ATPDEA tariff AVE (%)	Average CBP+CBPTA tariff AVE (%)	Average CAFTA tariff AVE (%)
602	LIVE PLANTS NESOI	10	1.9	0.1	0	0	0	0	0
603	CUT FLOWERS AND BUDS	5	5.4	1.4	1.4	0	0	0	0
604	FOLIAGE BRANCHES	4	1.8	0	0	0	0	0	0
701	POTATOES (OTHER THAN SWEET)	3	2.0	1.4	0	0	0	0	0
702	TOMATOES FRESH OR CHILLED	3	3.1	2.2	2.2	0	0	0	0
709	VEGETABLES NESOI FRESH OR CHILLED	22	13.4	10.3	1.9	0	0	0	0
711	VEGETABLES PROVISIONALLY PRESERVED	12	6.8	3.5	0.2	0.2	0.2	0.2	0
713	LEGUMINOUS VEGETABLES DRIED SHELLED	25	1.6	0	0	0	0	0	0
714	CASSAVA ARROWROOT etc.	15	7.9	3.3	0	0	0	0	0
801	COCONUTS BRAZIL NUTS AND CASHEW NUTS	6	0	0	0	0	0	0	0
802	NUTS NESOI	16	2.3	1.8	0	0	0	0	0
803	BANANAS AND PLANTAINS	3	0.5	0	0	0	0	0	0
804	DATES FIGS PINEAPPLES AVOCADOS etc.	14	6.2	4.6	0	0	0	0	0
805	CITRUS FRUIT	9	5.8	5.4	4.7	0	0	0	0
807	MELONS	9	12.8	6.4	0	0	0	0	0
810	FRUIT NESOI FRESH	10	0.5	0	0	0	0	0	0
811	FRUIT AND NUTS	14	6.5	2.6	0	1.0	0	0	0
812	FRUIT AND NUTS PROVISIONALLY PRESERVED	7	3.8	3.8	0	0	0	0	0
813	FRUIT DRIED NESOI	12	4.5	3.7	0	0	0	0	0
814	PEEL OF CITRUS FRUIT OR MELONS	3	0.8	0.3	0	0	0	0	0
901	COFFEE	6	0	0	0	0	0	0	0
902	TEA	6	2.1	0	0	0	0	0	0
904	PEPPER	8	1.0	0.3	0	0	0	0	0
905	VANILLA BEANS	1	0	0	0	0	0	0	0
906	CINNAMON	2	0	0	0	0	0	0	0
907	CLOVES	1	0	0	0	0	0	0	0
908	NUTMEG	4	1.1	0	0	0	0	0	0
909	SEEDS OF ANISE	5	0	0	0	0	0	0	0
910	GINGER AND OTHER SPICES	13	1.2	0.2	0	0	0	0	0
1106	FLOUR AND MEAL OF DRIED LEGUMINOUS	5	5.8	0	0	0	0	0	0
1108	STARCHES INULIN	6	1.3	0.2	0	0	0	0	0
1202	PEANUTS	6	56.2	52.7	49.3	49.3	49.3	49.3	49.3
1203	COPRA	1	0	0	0	0	0	0	0
1207	OIL SEEDS	8	0.4	0.4	0	0	0	0	0
1208	FLOURS AND MEALS OF OIL SEEDS	2	1.7	1.7	0	0	0	0	0
1211	PLANTS AND PARTS OF PLANTS	8	0.7	0	0	0	0	0	0
1212	LOCUST BEANS SUGAR BEET AND CANE	7	0.6	0.3	0	0	0	0	0
1301	LAC AND GUMS	4	0.3	0	0	0.3	0	0	0
1302	SAPS, RESINS, BALSAMS	11	1.5	1.0	0	0.4	0	0	0
1401	VEGETABLE MATERIALS	5	1.9	0.9	0	0	0	0	0
1402	VEGETABLE MATERIALS	2	1.0	1.0	0	0	0	0	0
1403	VEGETABLE MATERIALS	3	1.1	0.3	0	0	0	0	0
1404	VEGETABLE PRODUCTS	3	0	0	0	0	0	0	0
1502	FATS OF ANIMALS	1	1.7	1.7	0	0	0	0	0
1504	FATS OIL OF FISH	6	1.9	0.4	0	1.5	0	0	0
1505	WOOL GREASE	2	2.2	0	0	0	0	0	0
1507	SOYBEAN OIL	3	12.7	12.7	0	0	0	0	0
1508	PEANUT OIL	2	6.9	6.9	0	0	0	0	0
1511	PALM OIL	2	0	0	0	0	0	0	0
1512	SUNFLOWER-COTTONSEED OIL	4	5.7	5.7	0	0	0	0	0
1513	COCONUT COPRA PALM OIL	4	0	0	0	0	0	0	0
1515	VEG FATS AND OILS	10	2.6	2.1	0	0	0	0	0
1516	FATS AND OILS HYDROGENED	3	15.2	12.9	0	2.3	0	0	0
1517	MARGARIN AND OTHERS	7	12.2	8.5	5.2	8.9	5.2	5.2	5.2
1518	FATS AND OILS MIXED	2	11.5	11.5	4.0	4.0	0	0	0
1520	GLYCEROL AND GLYCERIN	1	0	0	0	0	0	0	0



HS4 code	Description	Nb tariff lines	Average MFN tariff AVE %	Average GSP tariff AVE %	Average LDC tariff AVE %	Average AGOA tariff AVE %	Average ATPDEA tariff AVE (%)	Average CBERA+CBPTA tariff AVE (%)	Average CAFTA tariff AVE (%)
1521	WAXES	3	1.6	0	0	1.6	0	0	0
1522	DEGRAS, RESIDUES RENDERING	1	3.8	3.8	0	0	0	0	0
1701	CANE OR BEET SUGAR	20	41.0	34.3	34.3	34.3	34.3	34.3	34.3
1703	MOLASSES	4	0.5	0	0	0	0	0	0
1801	COCOA BEANS	1	0	0	0	0	0	0	0
1802	COCOA SHELLS	1	0	0	0	0	0	0	0
1803	COCOA PASTE	2	0.1	0	0	0	0	0	0
1804	COCOA BUTTER	1	0	0	0	0	0	0	0
1805	COCOA POWDER	1	0.4	0	0	0	0	0	0
1806	CHOCOLATE	72	13.5	11.3	10.6	10.6	10.6	10.6	10.6
1903	TAPIOCA	2	0.8	0.8	0	0	0	0	0
2001	VEGETABLES FRUIT NUTS	14	7.1	1.6	0	0	0	0	0
2004	VEGETABLES OTHER	5	6.1	3.8	0	0	0	0	0
2005	VEGETABLES OTHER T	34	4.5	2.1	0.2	0.2	0.2	0.2	0.2
2006	VEGETABLES FRUIT NUTS	7	8.3	4.5	0	0	0	0	0
2007	JAMS FRUIT	20	5.8	3.5	0	0	0	0	0
2008	FRUIT NUTS A	68	12.0	9.9	5.8	6.7	5.8	5.8	5.7
2009	FRUIT JUICES	29	14.3	13.1	9.5	0	0	0	0
2101	EXTRACTS COFFEE TEA	20	13.2	10.3	10.2	10.2	10.2	10.2	10.2
2103	SAUCES AND PREPARATIONS	12	6.4	2.9	1.9	1.9	1.9	1.9	1.9
2208	ETHYL ALCOHOL	35	1.9	1.8	0	0.1	1.8	0	0
2305	PEANUT OILCAKE	1	2.4	0	0	0	0	0	0
2306	OILCAKE NESOI	9	2.2	0.6	0	0	0	0	0
2401	TOBACCO	37	66.3	65.6	37.8	37.8	37.8	37.8	35.3
2402	CIGARS CIGARETTES	7	6.7	4.1	0	0	0	0	0
2403	TOBACCO NESOI	12	91.0	90.2	87.5	87.5	87.5	87.5	81.7
3203	COLOURING MATTER	3	1.0	0	0	1.0	0	0	0
3301	ESSENTIAL OILS	18	1.1	0.2	0	0	0	0	0
5001	SILKWORM COCOONS	1	0	0	0	0	0	0	0
5201	COTTON NOT CARDED	12	6.9	6.9	6.9	6.9	6.2	6.2	5.8

Source: Authors' calculations, using USITC 2006 tariff data, HTS 2007 for preferences, and COMTRADE and IDB for ad valorem equivalents.

Figures in Table 4.4. show that the preferences granted to the ACP on the one side and to the LA11 on the other side are strikingly similar. The products on which the US imposes a high tariff are peanuts, tobacco and sugar, together with the processed products which include milk and sugar. These are the products for which both the ACP and the LA11 exports face high tariffs. The ACP are not provided a particular market

access that the LA11 countries do not have (Panama and Venezuela being exceptions). Table 4.4.1. details the products for which the US applies a significant tariff to either the ACP or the LA exports at the 8-digit level (excluding tariffs under quota). This more detailed table confirms that the treatment of both groups of countries in terms of market access is very similar.

Table 4.4.1. Tariffs Faced by ACP and LA11 Under Various US Regimes (Products with an Applied Tariff Higher than 5%)

	HS2	HS4	HS6	MFN tariff	Tariff MFN AVE %	Tariff GSP AVE %	Tariff LDC AVE %	Tariff AGOA %	Tariffs ATPDEA %	Tariff CBERA %	Tariff CAFTA %
8119080	EDIBLE FRUIT AND	FRUIT AND NUTS	FRUIT NESOI AND NUTS FROZEN	14.5	14.5	14.5	0	14.5	0	0	0
12021080	OIL SEEDS AND OLEAGINOUS GRAINS SEEDS	PEANUTS (GROUND-NUTS)	PEANUTS (GROUND-NUTS) NOT ROASTED OR OTHERWISE COOKED IN SHELL	163.8	163	163	163	163	163	163	163
12022080	id	id	PEANUTS (GROUND-NUTS) NOT ROASTED OR COOKED SHELL	131.8	131.8	131.8	131.8	131.8	131.8	131.8	131.8
15161000	ANIMAL OR VEGETABLE FATS AND OILS	ANIMAL OR VEGETABLE FATS AND OILS	ANIMAL FATS AND FRACTIONS HYDROGENATED	7 cents/kg	6.9	0	0	6.9	0	0	0
15179010	id	MARGARINE EDIBLE MIXTURES FATS AND OILS	EDIBLE MIXTURES	18	18	0	0	18	0	0	0
15179020	id	id	id	8	8	0	0	8	0	0	0
15179060	id	id	id	34.2 cents/kg	36.3	36.3	36.3	36.3	36.3	36.3	36.3
15180040	id	ANIMAL OR VEGETABLE FATS OILS OXIDIZED ETC.	ANIMAL AND VEGETABLE FATS OILS AND FRACTIONS	8	8	8	8	8	0	0	0
17011150	SUGARS AND SUGAR CONFECTIONERY	CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE SOLID	CANE SUGAR RAW IN SOLID FORM NOT CONTAINING ADDED FLAVOURING OR COLOURING MATTER	33.87 cents/kg	124	124	124	124	124	124	124
17011250	id	id	BEET SUGAR RAW IN SOLID FORM NOT CONTAINING ADDED FLAVOURING OR COLOURING MATTER	35.74 cents/kg	104	104	104	104	104	104	104
17019130	id	id	CANE OR BEET SUGAR REFINED IN SOLID FORM CONTAINING ADDED FLAVOURING OR COLOURING MATTER	35.74 cents/kg	104	104	104	104	104	104	104
17019148	id	id	id	33.9 cents/kg + 5.1%	89	89	89	89	89	89	89
17019158	id	id	id	33.9 cents/kg + 5.1%	77	77	77	77	77	77	77
18061015	COCOA AND COCOA PREPARATIONS	CHOCOLATE AND OTHER FOOD PREPARATIONS CONTAINING COCOA	COCOA POWDER CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER	21.7 cents/kg	12.9	12.9	12.9	12.9	12.9	12.9	12.9
18061028	id	id	id	33.6 cents/kg	21	21	21	21	21	21	21
18061038	id	id	id	33.6 cents/kg	25.3	25.3	25.3	25.3	25.3	25.3	25.3
18061055	id	id	id	33.6 cents/kg	104.4	104.4	104.4	104.4	104.4	104.4	104.4
18061075	id	id	id	33.6 cents/kg	5.1	5.1	5.1	5.1	5.1	5.1	5.1
18062026	id	id	CHOCOLATE AND OTHER FOOD PREPARATIONS CONTAINING COCOA, OF A CONTENT EXCEEDING 2 KG	37.2 cents/kg + 4.3%	22.8	22.8	22.8	22.8	22.8	22.8	22.8
18062028	id	id	id	52.8 cents/kg + 4.3%	42.8	42.8	42.8	42.8	42.8	42.8	42.8
18062036	id	id	id	37.2 cents/kg + 4.3%	18.1	18.1	18.1	18.1	18.1	18.1	18.1
18062038	id	id	id	52.8 cents/kg + 4.3%	28	28	28	28	28	28	28
18062073	id	id	id	30.5 cents/kg + 8.5%	27.5	27.5	27.5	27.5	27.5	27.5	27.5
18062077	id	id	id	30.5 cents/kg + 8.5%	23.4	23.4	23.4	23.4	23.4	23.4	23.4
18062082	id	id	id	37.2 cents/kg + 8.5%	21.1	21.1	21.1	21.1	21.1	21.1	21.1
18062083	id	id	id	52.8 cents/kg + 8.5%	38.4	38.4	38.4	38.4	38.4	38.4	38.4
18062087	id	id	id	37.2 cents/kg + 8.5%	16.5	16.5	16.5	16.5	16.5	16.5	16.5
18062089	id	id	id	52.8 cents/kg + 8.5%	27.9	27.9	27.9	27.9	27.9	27.9	27.9
18062094	id	id	id	37.2 cents/kg + 8.5%	17.4	17.4	17.4	17.4	17.4	17.4	17.4
18062098	id	id	id	37.2 cents/kg + 8.5%	30.9	30.9	30.9	30.9	30.9	30.9	30.9
18063206	id	id	CHOCOLATE AND OTHER COCOA PREPARATIONS IN BLOCKS SLABS OR BARS WEIGHING 2 KG OR LESS NOT FILLED	37.2 cents/kg + 4.3%	14.9	14.9	14.9	14.9	14.9	14.9	14.9
18063208	id	id	id	52.8 cents/kg + 4.3%	19.3	19.3	19.3	19.3	19.3	19.3	19.3
18063216	id	id	id	37.2 cents/kg + 4.3%	14.7	14.7	14.7	14.7	14.7	14.7	14.7
18063218	id	id	id	52.8 cents/kg + 4.3%	9.5	9.5	9.5	9.5	9.5	9.5	9.5
18063270	id	id	id	37.2 cents/kg + 6%	18.4	18.4	18.4	18.4	18.4	18.4	18.4
18063280	id	id	id	52.8 cents/kg + 6%	23.6	23.6	23.6	23.6	23.6	23.6	23.6
18069008	id	id	COCOA PREPARATIONS NOT IN BULK FORM NESOI	37.2 cents/kg + 6%	19.6	19.6	19.6	19.6	19.6	19.6	19.6
18069010	id	id	id	52.8 cents/kg + 6%	12.1	12.1	12.1	12.1	12.1	12.1	12.1
18069018	id	id	id	37.2 cents/kg + 6%	10.8	10.8	10.8	10.8	10.8	10.8	10.8
18069020	id	id	id	52.8 cents/kg + 6%	12.5	12.5	12.5	12.5	12.5	12.5	12.5
18069028	id	id	id	37.2 cents/kg + 6%	19.3	19.3	19.3	19.3	19.3	19.3	19.3
18069030	id	id	id	52.8 cents/kg + 6%	12.1	12.1	12.1	12.1	12.1	12.1	12.1
18069039	id	id	id	37.2 cents/kg + 6%	14.9	14.9	14.9	14.9	14.9	14.9	14.9
18069049	id	id	id	37.2 cents/kg + 6%	13.7	13.7	13.7	13.7	13.7	13.7	13.7
18069059	id	id	id	37.2 cents/kg + 6%	18.6	18.6	18.6	18.6	18.6	18.6	18.6
20081115	PREPARATIONS	FRUIT	PEANUT BUTTER	131.8	131.8	131.8	131.8	131.8	131.8	131.8	123
20081135	id	id	id	131.8	131.8	131.8	131.8	131.8	131.8	131.8	131.8
20081160	id	id	id	131.8	131.8	131.8	131.8	131.8	131.8	131.8	131.8
20085040	id	id	APRICOTS PREPARED OR PRESERVED	29.8	29.8	0	0	29.8	0	0	0
20087020	id	id	PEACHES PREPARED OR PRESERVED	17	17	0	0	17	0	0	0
20089290	id	id	FRUIT MIXTURES PREPARED OR PRESERVED	14.9	14.9	0	0	14.9	0	0	0
21039078	MISCELLANEOUS EDIBLE PREPARATIONS	SAUCES AND PREPARATIONS	MIXED CONDIMENTS AND MIXED SEASONINGS	30.5 cents/kg + 6.4%	23.1	23.1	23.1	23.1	23.1	23.1	23.1
22084020	BEVERAGES SPIRITS AND VINEGAR	ETHYL ALCOHOL, SPIRITS LIQUEURS	RUM AND TAFIA	23.7 cents/pf. liter	9.2	9.2	0	0	9.2	0	0

	HS2	HS4	HS6	MFN tariff	Tariff MFN AVE %	Tariff GSP AVE %	Tariff LDC AVE %	Tariff AGOA %	Tariffs ATPDEA %	Tariff CBERA %	Tariff CAFTA %
22084060	id	id	id	23.7 cents/pf. liter	52.3	52.3	0	0	52.3	0	0
24011065	TOBACCO AND SUBSTITUTES	TOBACCO UNMANUFACTURED)	TOBACCO NOTSTEMMED/STRIPPED	350	350	350	350	350	350	350	326.6
24012035	id	id	TOBACCO PARTLY OR WHOLLY STEMMED/STRIPPED	350	350	350	350	350	350	350	326.6
24012087	id	id	id	350	350	350	350	350	350	350	326.6
24013070	id	id	TOBACCO REFUSE (WASTE)	350	350	350	350	350	350	350	326.6
24031090	id	TOBACCO AND TOBACCO SUBSTITUTE MANUFACTURES NESOI	SMOKING TOBACCO WHETHER OR NOT CONTAINING TOBACCO SUBSTITUTES IN ANY PROPORTION	350	350	350	350	350	350	350	326.6
24039147	id	id	HOMOGENIZED OR RECONSTITUTED TOBACCO	350	350	350	350	350	350	350	326.6
24039990	id	id	MANUFACTURED TOBACCO AND ITS SUBSTITUTES NESOI	350	350	350	350	350	350	350	326.6
52010018	COTTON	COTTON	TOBACCO EXTRACTS AND ESSENCES	31.4 cents/kg	22.5	22.5	22.5	22.5	22.5	22.5	21
52010028	id	id	COTTON NOT CARDED OR COMBED	31.4 cents/kg	19.6	19.6	19.6	19.6	19.6	19.6	18.3
52010038	id	id	id	31.4 cents/kg	12.1	12.1	12.1	12.1	12.1	12.1	11.3
52010080	id	id	id	31.4 cents/kg	20.3	20.3	20.3	20.3	20.3	20.3	18.9

Source: USITC 2006. Authors' calculation of ad valorem equivalent using COMTRADE and IDB.

Overall, with the exceptions of some countries that are denied preferential status under the AGOA (Côte d'Ivoire, Zimbabwe, Sudan) or the CBERA-CAFTA (Panama, Venezuela, Cuba), the ACP and LA11 countries face practically identical preferences. The list of products for which both groups face high tariffs in the US market is peanuts, tobacco and sugar.

*In the Japanese and Canadian markets.* Table 4.5. shows the tariffs actually faced by ACP and LA11 countries when they export tropical products to Japan.<sup>29</sup> Japan does not discriminate between the two groups when granting preferences.

Those ACP countries that are part of the LDCs only benefit from limited tariff cuts, except in a few categories of rather marginal products (saps, resins). Both the ACP and the LA11 exports face high tariffs in the fruit, vegetable, citrus and groundnuts sectors, and for all preparations including sugar. The right hand side column provides the maximum tariff in each category as an illustration that the tariffs at the 9-digit level might be very high for particular products. Note however that these tariffs often result from the conversion of specific tariffs into ad valorem equivalents, with all the difficulties that are pointed out in Box 1.

**Table 4.5. Applied and MFN tariffs Faced by Developing Countries Under Various Regimes in Japan**

HS4 code	Description	Nb tariff lines	Average MFN tariff AVE %	Average GSP tariff AVE %	Average LDC tariff AVE %		Maximum GSP tariff AVE %
602	LIVE PLANTS NESOI	7.0	0.0	0.0	0.0		0.0
603	CUT FLOWERS AND BUDS	7.0	0.0	0.0	0.0		0.0
604	FOLIAGE BRANCHES	3.0	3.0	0.0	0.0		0.0
701	POTATOES (OTHER THAN SWEET)	2.0	3.7	2.2	2.2		4.3
702	TOMATOES FRESH OR CHILLED	1.0	3.0	3.0	3.0		3.0
709	VEGETABLES NESOI FRESH OR CHILLED	15.0	3.5	3.0	2.1		6.0
711	VEGETABLES PROVISIONALLY PRESERVED	12.0	8.5	8.0	7.0		12.0
713	LEGUMINOUS VEGETABLES DRIED SHELLD	29.0	37.6	36.8	35.9		515.0
714	CASSAVA ARROWROOT etc.	12.0	8.4	8.4	8.4		15.0
801	COCONUTS BRAZIL NUTS AND CASHEW NUTS	6.0	2.0	0.0	0.0		0.0
802	NUTS NESOI	14.0	4.9	3.2	3.0		12.0
803	BANANAS AND PLANTAINS	4.0	17.6	11.3	0.0		15.0
804	DATES FIGS PINEAPPLES AVOCADOS etc	10.0	5.1	3.0	1.7		17.0
805	CITRUS FRUIT	11.0	13.1	12.4	12.4		32.0
807	MELONS	3.0	4.7	4.0	4.0		6.0
810	FRUIT NESOI FRESH	8.0	5.8	4.1	2.3		6.4
811	FRUIT AND NUTS	16.0	11.5	8.8	5.8		23.8
812	FRUIT AND NUTS PROVISIONALLY PRESERVED	15.0	15.8	15.4	15.0		32.0
813	FRUIT DRIED NESOI	10.0	8.2	5.8	0.9		9.0
814	PEEL OF CITRUS FRUIT OR MELONS	1.0	1.5	0.0	0.0		0.0
901	COFFEE	6.0	6.0	3.3	0.0		10.0
902	TEA	8.0	10.4	10.3	8.5		17.0
904	PEPPER	7.0	1.7	0.0	0.0		0.0
905	VANILLA BEANS	1.0	0.0	0.0	0.0		0.0
906	CINNAMON	2.0	0.0	0.0	0.0		0.0
907	CLOVES	3.0	1.2	0.0	0.0		0.0
908	NUTMEG	9.0	1.2	0.0	0.0		0.0
909	SEEDS OF ANISE	15.0	3.0	0.0	0.0		0.0
910	GINGER AND OTHER SPICES	19.0	2.3	0.7	0.5		9.0
1106	FLOUR AND MEAL OF DRIED LEGUMINOUS	7.0	11.4	11.4	11.4		21.3
1108	STARCHES INULIN	19.0	103.5	91.7	91.7		583.3
1202	PEANUTS	6.0	194.9	194.9	194.9		592.8
1203	COPRA	1.0	0.0	0.0	0.0		0.0
1207	OIL SEEDS	9.0	0.0	0.0	0.0		0.0
1208	FLOURS AND MEALS OF OIL SEEDS	2.0	4.2	0.0	0.0		0.0
1211	PLANTS AND PARTS OF PLANTS	11.0	2.8	0.9	0.5		4.3
1212	LOCUST BEANS SUGAR BEET AND CANE	17.0	60.5	59.5	58.8		924.8
1301	LAC AND GUMS	5.0	3.4	3.4	3.4		17.0
1302	SAPS, RESINS, BALSAMS	16.0	60.4	60.2	0.0		924.8
1401	VEGETABLE MATERIALS	5.0	4.6	2.7	1.7		8.5
1402	VEGETABLE MATERIALS	1.0	0.0	0.0	0.0		0.0
1403	VEGETABLE MATERIALS	1.0	0.0	0.0	0.0		0.0
1404	VEGETABLE PRODUCTS	9.0	3.0	0.3	0.0		3.0
1502	FATS OF ANIMALS	3.0	0.0	0.0	0.0		0.0
1505	WOOL GREASE	2.0	2.1	1.5	0.0		3.0
1507	SOYBEAN OIL	3.0	16.2	16.2	16.2		20.8
1508	PEANUT OIL	3.0	4.8	4.8	4.8		5.6
1511	PALM OIL	3.0	3.2	0.0	0.0		0.0
1512	SUNFLOWER-COTTONSEED OIL	10.0	7.0	7.0	7.0		12.6
1513	COCONUT COPRA PALM OIL	7.0	3.1	0.0	0.0		0.0
1515	VEG FATS AND OILS	17.0	4.5	4.2	4.2		8.1
1516	FATS AND OILS HYDROGENED	3.0	3.7	0.0	0.0		0.0
1517	MARGARIN AND OTHERS	6.0	12.9	12.9	12.4		29.8
1518	FATS AND OILS MIXED	1.0	2.5	0.0	0.0		0.0
1520	GLYCEROL AND GLYCERIN	2.0	5.0	0.0	0.0		0.0
1521	WAXES	5.0	4.5	1.3	0.0		6.4
1522	DEGRAS, RESIDUES RENDERING	2.0	2.3	2.3	0.0		4.5
1701	CANE OR BEET SUGAR	8.0	135.3	128.4	128.4		311.4
1703	MOLASSES	8.0	40.2	22.2	21.4		126.7
1801	COCOA BEANS	1.0	0.0	0.0	0.0		0.0
1802	COCOA SHELLS	1.0	0.0	0.0	0.0		0.0
1803	COCOA PASTE	2.0	7.5	5.3	0.0		7.0
1804	COCOA BUTTER	1.0	0.0	0.0	0.0		0.0
1805	COCOA POWDER	1.0	12.9	10.5	0.0		10.5
1806	CHOCOLATE	24.0	31.9	29.4	27.4		187.1
1903	TAPIOCA	1.0	9.6	9.6	9.6		9.6
2001	VEGETABLES FRUIT NUTS	12.0	11.3	8.7	2.9		16.8
2004	VEGETABLES OTHER	12.0	13.3	12.8	12.0		23.8
2005	VEGETABLES OTHER T	35.0	13.5	12.2	8.0		23.8

HS4 code	Description	Nb tariff lines	Average MFN tariff AVE %	Average GSP tariff AVE %	Average LDC tariff AVE %	Maximum GSP tariff AVE %
2006	VEGETABLES FRUIT NUTS	3.0	16.2	10.2	0.0	12.6
2007	JAMS FRUIT	14.0	20.1	20.1	20.1	34.0
2008	FRUIT NUTS A	93.0	16.0	12.4	9.0	46.8
2009	FRUIT JUICES	72.0	23.4	23.4	22.6	35.0
2101	EXTRACTS COFFEE TEA	25.0	47.7	45.5	42.4	206.0
2103	SAUCES AND PREPARATIONS	11.0	10.9	9.9	7.4	21.3
2208	ETHYL ALCOHOL	21.0	19.8	11.9	9.0	77.8
2305	PEANUT OILCAKE	1.0	0.0	0.0	0.0	0.0
2306	OILCAKE NESOI	9.0	0.0	0.0	0.0	0.0
2401	TOBACCO	3.0	0.0	0.0	0.0	0.0
2402	CIGARS CIGARETTES	3.0	12.6	6.5	6.5	16.0
2403	TOBACCO NESOI	5.0	7.3	7.3	7.3	29.8
3301	ESSENTIAL OILS	19.0	1.8	0.3	0.0	5.4
5001	SILKWORM COCOONS	2.0	157.6	135.0	135.0	270.1
5201	COTTON NOT CARDED	1.0	0.0	0.0	0.0	0.0

Source: Authors' calculations, using IDB 2005 tariff data and COMTRADE and IDB for ad valorem equivalents.

Table 4.6. shows the tariffs actually faced by ACP and LA11 countries when they export tropical products to Canada.<sup>30</sup> Both ACP and LA11 countries face mainly the GSP tariffs, even though some ACP are granted LDC status and the Commonwealth status. The Canadian market is largely open to the exports of both groups, except for products that contain milk (chocolate preparations) or that compete with dairy products (margarine). Both groups face

high tariffs in the fruit and vegetable sector, including in their processed form, and for some tobacco products. However, Table 4.6.1. suggests that even for these commodities, tariffs do not reach very high levels. Indeed, the high tariffs for chocolate are those for a particular category including dairy products, and some fruit and vegetables only face a high tariff during one part of the year.

Table 4.6. *Applied and MFN tariffs Faced By Developing Countries Under Various Regimes in Canada*

Code HS4	Description	Nb tariff lines	Average MFN tariff AVE %	Average GSP tariff AVE %	Average LDC tariff AVE %	Average Commonwealth tariff AVE %	Average Canada Costa Rica tariff AVE (%)
602	LIVE PLANTS NESOI	7	1.7	1.6	0.0	0.0	0.0
603	CUT FLOWERS AND BUDS	8	8.4	4.7	0.6	0.0	0.0
604	FOLIAGE BRANCHES	5	2.8	2.0	0.0	0.0	0.0
701	POTATOES (OTHER THAN SWEET)	2	1.3	1.3	0.0	0.0	0.0
702	TOMATOES FRESH OR CHILLED	6	1.5	1.5	0.0	0.0	0.0
709	VEGETABLES NESOI FRESH OR CHILLED	24	26.0	11.2	0.0	0.0	0.0
711	VEGETABLES PROVISIONALLY PRESERVED	7	4.9	4.4	0.0	0.0	0.0
713	LEGUMINOUS VEGETABLES DRIED SHELLED	16	1.0	0.3	0.3	0.0	0.0
714	CASSAVA ARROWROOT etc.	4	2.4	2.4	0.0	0.0	0.0
801	COCONUTS BRAZIL NUTS AND CASHEW NUTS	6	0.0	0.0	0.0	0.0	0.0
802	NUTS NESOI	9	0.0	0.0	0.0	0.0	0.0
803	BANANAS AND PLANTAINS	1	0.0	0.0	0.0	0.0	0.0
804	DATES FIGS PINEAPPLES AVOCADOS etc.	5	0.0	0.0	0.0	0.0	0.0
805	CITRUS FRUIT	5	0.0	0.0	0.0	0.0	0.0
807	MELONS	3	0.0	0.0	0.0	0.0	0.0
810	FRUIT NESOI FRESH	12	0.2	0.2	0.0	0.0	0.0
811	FRUIT AND NUTS	6	8.8	8.8	0.0	0.0	0.0
812	FRUIT AND NUTS PROVISIONALLY PRESERVED	5	6.0	5.0	0.0	0.0	0.0
813	FRUIT DRIED NESOI	5	1.2	1.2	0.0	0.0	0.0
814	PEEL OF CITRUS FRUIT OR MELONS	1	0.0	0.0	0.0	0.0	0.0
901	COFFEE	5	0.0	0.0	0.0	0.0	0.0
902	TEA	6	0.0	0.0	0.0	0.0	0.0
904	PEPPER	4	1.5	1.3	1.3	0.0	0.0
905	VANILLA BEANS	1	0.0	0.0	0.0	0.0	0.0
906	CINNAMON	2	1.5	0.0	0.0	0.0	0.0
907	CLOVES	2	1.5	0.0	0.0	0.0	0.0
908	NUTMEG	6	1.5	0.0	0.0	0.0	0.0
909	SEEDS OF ANISE	10	1.5	0.0	0.0	0.0	0.0
910	GINGER AND OTHER SPICES	11	1.1	0.0	0.0	0.0	0.0
1106	FLOUR AND MEAL OF DRIED LEGUMINOUS	4	1.5	0.0	0.0	0.0	0.0
1108	STARCHES INULIN	9	8.2	7.1	0.6	4.8	0.0
1202	PEANUTS	2	0.0	0.0	0.0	0.0	0.0
1203	COPRA	1	0.0	0.0	0.0	0.0	0.0
1207	OIL SEEDS	8	0.0	0.0	0.0	0.0	0.0
1208	FLOURS AND MEALS OF OIL SEEDS	4	3.0	1.3	0.0	0.0	0.0
1211	PLANTS AND PARTS OF PLANTS	8	0.0	0.0	0.0	0.0	0.0
1212	LOCUST BEANS SUGAR BEET AND CANE	6	1.1	0.8	0.8	0.0	0.0
1301	LAC AND GUMS	3	0.0	0.0	0.0	0.0	0.0
1302	SAPS, RESINS, BALSAMS	9	0.0	0.0	0.0	0.0	0.0
1401	VEGETABLE MATERIALS	3	0.0	0.0	0.0	0.0	0.0
1402	VEGETABLE MATERIALS	1	0.0	0.0	0.0	0.0	0.0
1403	VEGETABLE MATERIALS	1	0.0	0.0	0.0	0.0	0.0
1404	VEGETABLE PRODUCTS	3	0.0	0.0	0.0	0.0	0.0
1502	FATS OF ANIMALS	1	2.5	0.0	0.0	0.0	0.0
1505	WOOL GREASE	1	0.0	0.0	0.0	0.0	0.0
1507	SOYBEAN OIL	3	4.7	4.7	0.0	0.0	0.0
1508	PEANUT OIL	2	7.0	0.0	0.0	0.0	0.0
1511	PALM OIL	4	4.3	1.3	1.3	0.0	0.0
1512	SUNFLOWER-COTTONSEED OIL	5	7.8	7.0	2.0	0.0	0.0
1513	COCONUT COPRA PALM OIL	5	6.8	1.0	1.0	0.0	0.0
1515	VEG FATS AND OILS	11	5.5	5.5	0.0	0.0	0.0
1516	FATS AND OILS HYDROGENED	4	5.5	0.0	0.0	0.0	0.0
1517	MARGARINE AND OTHERS	7	52.3	49.6	0.0	0.0	0.0
1518	FATS AND OILS MIXED	2	6.3	2.3	0.0	0.0	0.0
1520	GLYCEROL AND GLYCERIN	1	0.0	0.0	0.0	0.0	0.0
1521	WAXES	2	0.0	0.0	0.0	0.0	0.0
1522	DEGRAS, RESIDUES RENDERING	1	0.0	0.0	0.0	0.0	0.0
1701	CANE OR BEET SUGAR	10	5.9	5.1	1.0	0.0	1.8
1703	MOLASSES	4	6.3	3.1	0.0	0.0	0.0
1801	COCOA BEANS	1	0.0	0.0	0.0	0.0	0.0
1802	COCOA SHELLS	1	0.0	0.0	0.0	0.0	0.0
1803	COCOA PASTE	2	0.0	0.0	0.0	0.0	0.0
1804	COCOA BUTTER	1	0.0	0.0	0.0	0.0	0.0
1805	COCOA POWDER	1	6.0	5.0	0.0	0.0	0.0
1806	CHOCOLATE	11	28.3	27.1	24.1	24.1	24.1
1903	TAPIOCA	1	0.0	0.0	0.0	0.0	0.0
2001	VEGETABLES FRUIT NUTS	3	5.3	5.3	0.0	0.0	0.0
2004	VEGETABLES OTHER	7	10.8	10.8	0.0	0.0	0.0
2005	VEGETABLES OTHER T	14	7.2	6.9	0.0	0.0	0.0
2006	VEGETABLES FRUIT NUTS	3	5.2	4.8	1.7	0.0	0.0

Code HS4	Description	Nb tariff lines	Average MFN tariff AVE %	Average GSP tariff AVE %	Average LDC tariff AVE %	Average Commonwealth tariff AVE %	Average Canada Costa Rica tariff AVE (%)
2007	JAMS FRUIT	5	7.2	7.2	0.0	0.0	0.0
2008	FRUIT NUTS A	25	5.0	4.3	0.0	0.0	0.0
2009	FRUIT JUICES	27	3.5	3.5	0.0	0.0	0.0
2101	EXTRACTS COFFEE TEA	5	0.0	0.0	0.0	0.0	0.0
2103	SAUCES AND PREPARATIONS	8	9.4	7.7	0.0	0.0	0.0
2208	ETHYL ALCOHOL	16	1.1	0.2	0.0	0.0	0.0
2305	PEANUT OILCAKE	1	0.0	0.0	0.0	0.0	0.0
2306	OILCAKE NESOI	9	0.0	0.0	0.0	0.0	0.0
2401	TOBACCO	6	5.1	1.7	1.7	0.0	0.0
2402	CIGARS CIGARETTES	3	9.0	5.8	1.7	0.0	0.0
2403	TOBACCO NESOI	7	8.0	6.6	0.7	0.0	0.0
3301	ESSENTIAL OILS	15	0.6	0.0	0.0	0.0	0.0
5001	SILKWORM COCOONS	1	0.0	0.0	0.0	0.0	0.0
5201	COTTON NOT CARDED	1	0.0	0.0	0.0	0.0	0.0

Source: Authors' calculations, using IDB 2005 tariff data and COMTRADE and IDB for ad valorem equivalents.



**Table 4.6.1. Tariffs Faced by ACP and LA11 Under Various Canadian Regimes (Products with an Applied Tariff Higher than 5%)**

HS8	HS4 description	HS6 description		AVE duty	Specific duty	MFN AVE %	Tariff GSP AVE %	Tariff LDC AVE %	Tariff Cbean Cwelfth %
6031010	CUT FLOWERS	CUT FLOWERS	Roses	10.5		10.5	10.5	0	0
6031020	id	id	Carnations and chrysanthemums	8.0		8	8	0	0
6039020	id	CUT FLOWERS DRIED DYED OR PREPARED	Other gypsophila	8.0		8	8	0	0
7094011	VEGETABLES	CELERY OTHER THAN CELERIAC FRESH OR CHILLED	Imported during such period		3.75¢/kg but not less than 12.5% plus 4%	45.2	10	0	0
7094012	id	id	Imported during such period		3.75¢/kg but not less than 12.5%	45.2	10	0	0
7095110	id	MUSHROOMS AGARICUS FRESH OR CHILLED	For processing		8.43¢/kg but not less than 8.5%	45.2	10	0	0
7095190	id	id	Other		8.43¢/kg but not less than 8.5%	67.6	67.6	0	0
7095990	id	MUSHROOMS OTHER AGARICUS FRESH OR CHILLED	id		8.43¢/kg but not less than 8.5%	67.6	67.6	0	0
7096010	id	PEPPERS PIMENTA	Imported during such period		3.75¢/kg but not less than 8.5%	67.6	67.6	0	0
7099032	id	VEGETABLES NESOI FRESH OR CHILLED	Sweet corn-on-the-cob, imported during		2.81¢/kg but not less than 12.5%	42	10	0	0
7114090	VEGETABLES PROVISIONALLY PRESERVED	UNSUITABLE IN THAT STATE FOR IMMEDIATE CONSUMPTION	Other	10.5		10.5	10.5	0	0
7115100	id	AGARICUS	Mushrooms of the genus Agaricus	8.0		8	10	0	0
7149010	CASSAVA (MANIOC) ARROWROOT ETC	ROOTS & TUBERS W/HIGH STARCH OR INULIN CONTENT	Frozen, other than water chestnuts	9.5		9.5	9.5	0	0
8111010	FRUIT AND NUTS FROZEN	STRAWBERRIES	For processing		5.62¢/kg but not less than 8.5%	12	12	0	0
8111090	id	id	Other	12.5		12.5	12.5	0	0
8119010	id	FRUIT FROZEN	Cherries		9.37¢/kg but not less than 12.5%	12	12	0	0
8119020	id	id	Peaches	10.5		10.5	10.5	0	0
8129020	FRUIT AND NUTS PROVISIONALLY PRESERVED	FRUIT NESOI AND NUTS NOT FOR IMMEDIATE CONSUMPTION	Strawberries		9.37¢/kg but not less than 14.5%	12	12.5	0	0
8129090	id	id	Other	6.0		6	12.5	0	0
11081120	STARCHES; INULIN	STARCH WHEAT	Over access commitment		\$237.90/tonne	41.5	41.5	0	41.5
11081300	id	STARCH POTATO	Potato starch	10.5		10.5	10.5	0	0
15079090	SOYBEAN OIL	SOYBEAN OIL AND ITS FRACTIONS REFINED BUT NOT CHEMICALLY MODIFIED	Other	9.5		9.5	9.5	0	0
15121910	OIL AND THEIR FRACTIONS	SUNFLOWER-SEED OR SAFFLOWER OIL NOT CHEMICALLY MODIFIED	Sunflower-seed oil and fractions thereof	9.5		9.5	9.5	0	0
15121920	id	id	Safflower oil and fractions thereof	11.0		11	11	0	0
15122100	id	COTTONSEED OIL AND ITS FRACTIONS CRUDE NOT CHEMICALLY MODIFIED	Crude oil, whether or not gossypol has	4.5		4.5	10	10	0
15151900	FIXED VEGETABLE FATS AND OILS	LINSEED OIL AND ITS FRACTIONS REFINED BUT NOT CHEMICALLY MODIFIED	Other	8.0		8	8	0	0
15152900	id	CASTOR OIL	id	9.5		9.5	9.5	0	0
15155090	id	SESAME OIL	id	11.0		11	11	0	0
15159099	id	JOJOBA OIL	Other	11.0		11	11	0	0
15171020	MARGARINE	MARGARINE EXCLUDING LIQUID	Over access commitment		82.28¢/kg	56	56	0	0
15179022	id	id	Substitutes for butter:		218¢ but not less than \$2.47/kg	273	273	0	0
15179099	id	id	other	11.0		11	11	0	0
17011120	CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE IN SOLID FORM	CANE SUGAR RAW IN SOLID FORM NOT CONTAINING ADDED FLAVOURING OR COLOURING MATTER	Not exceeding 96° of polarization		\$22.05/tonne	4.1	10	10	0
17011290	id	BEET SUGAR RAW IN SOLID FORM NOT CONTAINING ADDED FLAVOURING OR COLOURING MATTER	Other		\$24.69/tonne	14	14	0	0
17019100	id	CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE REFINED IN SOLID FORM CONTAINING ADDED FLAVOURING OR COLOURING MATTER	Containing added flavouring or colourin		\$30.86/tonne	13	13	0	0
17019900	id	CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE REFINED IN SOLID FORM NOT CONTAINING ADDED FLAVOURING OR COLOURING MATTER	Other		\$30.86/tonne	14	14	0	0

HS8	HS4 description	HS6 description	AVE duty	Specific duty	MFN AVE %	Tariff GSP AVE %	Tariff LDC AVE %	Tariff Cbean Cweth %
17039010	MOLASSES RESULTING FROM THE EXTRACTION OR REFINING OF SUGAR	MOLASSES RESULTING FROM THE EXTRACTION OR REFINING OF SUGAR NESOI	Powder with admixture	12.5		12.5	12.5	0
18062022	CHOCOLATE AND OTHER FOOD PREPARATIONS CONTAINING COCOA	CHOCOLATE AND OTHER FOOD PREPARATIONS CONTAINING COCOA NESOI IN BARS BLOCKS SLABS OR OTHER BULK FORM IN CONTAINERS ETC. OF A CONTENT EXCEEDING 2 KG	Chocolate ice cream mix or ice milk mix	265% but not less than \$1.15/kg	265	265	265	265
20011000	VEGETABLES FRUIT NUTS PRESERVED BY VINEGAR OR ACETIC ACID	CUCUMBERS	Cucumbers and gherkins	8.0		8	8	0
20019010	id	VEGETABLES FRUIT NUTS AND OTHER EDIBLE PARTS OF PLANTS NESOI PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID	Onions	8.0		8	8	0
20049011	VEGETABLES PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR	VEGETABLES NESOI PREPARED	Baby carrots and Brussels sprouts	14.5		14.5	14.5	0
20049012	id	id	Baby carrots	14.5		14.5	14.5	0
20049020	id	id	Asparagus	14.0		14	14	0
20049030	id	id	Broccoli and cauliflowers	17.0		17	17	0
20049099	id	id	Other:	9.5		9.5	9.5	0
20051000	VEGETABLE PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR NOT FROZEN EXC PRDCTS OF 2006	HOMOGENIZED VEGETABLES PREPARED AS INFANT (OR DIETETIC) FOOD	Homogenized vegetables	8.0		8	8	0
20054000	id	PEAS	Peas	8.0		8	8	0
20055190	id	BEANS	Other	8.0		8	8	0
20055900	id	BEANS	id	8.0		8	8	0
20056000	id	ASPARAGUS	Asparagus	14.0		14	14	0
20058000	id	SWEET CORN	Sweet corn	10.5		10.5	10.5	0
20059011	id	VEGETABLES	Baby carrots in cans or glass jars	14.5		14.5	14.5	0
20059019	id	id	Carrots: Other	8.0		8	8	0
20059090	id	id	Other	8.0		8	8	0
20060010	VEGETABLES FRUIT PRESERVED BY SUGAR	VEGETABLES FRUIT NUTS PRESERVED BY SUGAR (DRAINED GLAZE OR CRYSTALLIZED)	Fruit; Fruit-peel	9.5		9.5	9.5	0
20079100	JAMS FRUIT JELLIES MARMALADES	CITRUS FRUIT JAMS JELLIES MARMALADES	Citrus fruit	8.5		8.5	8.5	0
20079910	id	JAMS FRUIT JELLIES MARMALADES ETC	Strawberry jam	12.5		12.5	12.5	0
20079990	id	id	Other	8.5		8.5	8.5	0
20084020	FRUIT NUTS OTHERWISE PREPARED	PEARS PREPARED OR PRESERVED	Chips	9.5		9.5	9.5	0
20084090	id	id	Other	9.5		9.5	9.5	0
20085090	id	APRICOTS PREPARED OR PRESERVED	Apricots	9.5		9.5	9.5	0
20086090	id	CHERRIES PREPARED OR PRESERVED	cherries	12.5		12.5	12.5	0
20087090	id	PEACHES INCLUDING NECTARINES OTHERWISE PREPARED OR PRESERVED	peaches	8.0		8	8	0
20088000	id	STRAWBERRIES PREPARED OR PRESERVED	Strawberries	8.5		8.5	8.5	0
20095000	FRUIT JUICES NT FORTIFIED	TOMATO JUICE (DRY WEIGHT CONTENT LESS THAN 7%)	Tomato juice	12.5		12.5	12.5	0
20096190	id	GRAPE JUICE OF A BRIX VALUE NOT EXCEEDING 30 NOT FORTIFIED WITH VITAMINS OR MINERALS UNFERMENTED	Other	9.5		9.5	9.5	0
20096990	id	GRAPE JUICE EXCEEDING 30 NOT FORTIFIED WITH VITAMINS OR MINERALS UNFERMENTED	id	9.5		9.5	9.5	0
20097110	id	APPLE JUICE OF A BRIX VALUE NOT EXCEEDING 20 NOT FORTIFIED	Reconstituted	9.35€/litre but not less than 8.5%	14.9	14.9	14.9	0
20097910	id	APPLE JUICE OF A BRIX VALUE EXCEEDING 20 NOT FORTIFIED	Concentrated	9.35€/litre but not less than 8.5%	14.9	14.9	14.9	0
20098020	id	JUICE OF ANY OTHER SINGLE FRUIT OR VEGETABLE UNFERMENTED AND NOT CONTAINING ADDED SPIRIT	Of a vegetable	9.5		9.5	9.5	0
20099040	id	MIXTURES OF JUICES FRUIT AND/OR VEGETABLE UNFERMENTED AND NOT CONTAINING ADDED SPIRIT	Of vegetable juices	9.5		9.5	9.5	0
21031000	SAUCES AND PREPARATIONS	SOY SAUCE	Soya sauce	9.5		9.5	9.5	0
21032010	id	TOMATO KETCHUP AND OTHER TOMATO SAUCES	Tomato ketchup	12.5		12.5	12.5	0
21032090	id	id	Other	12.5		12.5	12.5	0

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HS8	HS4 description	HS6 description		AVE duty	Specific duty	MFN AVE %	Tariff GSP AVE %	Tariff LDC AVE %	Tariff Cbean Cwelth %
21033020	id	MUSTARD FLOUR AND MEAL	Prepared mustard	9.5		9.5	9.5	0	0
21039020	id	SAUCES AND PREPARATIONS	Mixed condiments and mixed seasonings	8.0		8	8	0	0
21039090	id	id	Other	9.5		9.5	9.5	0	0
24022000	CIGARS AND CIGARETTES	CIGARETTES CONTAINING TOBACCO	Cigarettes containing tobacco	12.5		12.5	12.5	0	0
24039190	TOBACCO	HOMOGENIZED OR RECONSTITUTED TOBACCO	Other	13.0		13	13	0	0
24039920	id	MANUFACTURED TOBACCO AND ITS SUBSTITUTES	Manufactured tobacco substitutes not co	9.5		9.5	9.5	0	0
24039990	id	id	Other	9.5		9.5	9.5	0	0

## 5. COMPARING THE MARKET ACCESS GRANTED TO THE ACP AND THE LA11

### 5.1. ACP and LA Countries' Positions Regarding Trade Liberalisation

A detailed examination of the actual tariffs shows that ACP and LA11 countries face rather similar applied tariffs in the EU, US and Canadian markets. Both groups face high tariffs on sugar and preparations including sugar (EU, US, Japan), bananas (EU), tobacco (US), groundnuts (US, Japan), cassava (EU), citrus (EU, US, Japan), tomatoes (EU) and some fruit and vegetables.

The sectors for which the EU and US grant an uneven treatment to the ACP and the LA11 are bananas, rum, sugar in the EU (in the case of sugar the tariffs are high for both groups but some ACP countries benefit from large quotas), and to products of minor importance (asparagus and arrow root in the EU market, some processed products including sugar).

Given that actual market access appears more similar than it is often thought between the two groups, it may seem surprising that their positions differ within the WTO, as far as trade liberalisation of tropical products is concerned. Indeed, as explained in Section 1., some LA11 countries demand the fullest trade liberalisation on tropical products, while ACP countries have expressed concerns that such a multilateral trade liberalisation would erode their preferences. The ACP presented a list of products, including many tropical products, which they indicated they would prefer to see developed countries treat as «sensitive» according to the provisions of the 2004 Framework Agreement, so as to maintain

their preferential access to an otherwise protected market.<sup>31</sup>

The position of the LA11 countries can be explained by the fact that they would rather enjoy a multilateral liberalisation than a set of preferences. Indeed, some LA11 countries consider that preferential regimes are only a second best solution, compared to free trade on a multilateral basis. They also raise the issue of the lack of a long term horizon in US preferences whose periodical renewal is subject to uncertainty that deters would-be investors. They also point out that some products of significant interest to them are excluded from the EU and US preferential scheme, and they see multilateral liberalisation as bringing a more even and reliable environment. Finally, they point out that multilateral liberalisation would open the Japanese market which remains protected in spite of the GSP.

While this position is understandable, the thorough examination of actual market access of the LA11 and ACP countries with regard to tropical products in the EU, US, Canada and Japan suggests that they could define a list of tropical products to be subject to fullest liberalisation that might take into account the concerns of the ACP countries, at least for particular products for which the LA11 countries already have a duty free access in the EU, US and Canadian markets (see Tables 4.3, 4.4 and 4.6.)

### 5.2. The Products for which the LA Demand for Trade Liberalisation Raises Concerns for the ACP

Table 5.1. provides a list of where market access differs for the ACP and the LA11, suggesting that

they do not have the same interest in demanding immediate liberalisation under the WTO.

Table 5.1. Tropical Products that the LA11 should Include in their List for Fullest Liberalisation

Code HS4	HS4 description	Tariff faced in EU AVE %	Tariff faced in US AVE %	Tariff faced in Japan AVE %	Tariff faced in Canada AVE %	Exports of LA 11 countries (inc intra) Million USD	ACP sensitive
702	TOMATOES FRESH OR CHILLED	42	0	3	2	17.1	no
709	VEGETABLES NESOI FRESH OR CHILLED	2	0	3	11	241.9	yes
711	VEGETABLES PROVISIONALLY PRESERVED (BY SULFUR DIOXIDE GAS IN BRINE ETC.) BUT UNSUITABLE IN THAT STATE FOR IMMEDIATE CONSUMPTION	2	0	8	4	12.6	no
713	LEGUMINOUS VEGETABLES DRIED SHELLD	0	0	37	0	81.1	no
714	CASSAVA (MANIOC) ARROWROOT SALEP JERUSALEM ARTICHOKE SWEET POTATOES AND SIMILAR ROOTS ETC. FRESH OR DRIED	27	0	8	2	87.5	yes
803	BANANAS AND PLANTAINS FRESH OR DRIED	39	0	11	0	6 473.6	yes
805	CITRUS FRUIT FRESH OR DRIED	19	0	12	0	70.4	no
811	FRUIT AND NUTS (UNCOOKED OR COOKED BY STEAM OR BOILING WATER) WHETHER NOT SWEETENED FROZEN	1	0	9	9	54.3	no
1108	STARCHES; INULIN	36	0	92	7	10.9	no
1202	PEANUTS (GROUND-NUTS) NOT ROASTED OR OTHERWISE COOKED WHETHER OR NOT SHELLD OR BROKEN	0	49	195	0	55.2	no
1212	LOCUST BEANS SEAWEEDES ETC. SUGAR BEET AND SUGAR CANE; FRUIT STONES AND KERNELS AND OTHER VEGETABLE PRODUCTS USED FOR HUMAN CONSUMPTION NESOI	28	0	60	1	6.7	no
1302	VEGETABLE SAPS AND EXTRACTS; PECTIC SUBSTANCES PECTINATES AND PECTATES; AGAR-AGAR AND OTHER MUCILAGES AND THICKENERS DERIVED FROM VEGETABLE PRODUCTS	0	0	60	0	24.5	no
1507	SOYBEAN OIL AND ITS FRACTIONS WHETHER OR NOT REFINED BUT NOT CHEMICALLY MODIFIED	0	0	16	5	136.0	no
1512	SUNFLOWER-SEED SAFFLOWER OR COTTONSEED OIL AND THEIR FRACTIONS WHETHER OR NOT REFINED BUT NOT CHEMICALLY MODIFIED	0	0	7	7	23.0	no
1517	MARGARINE; EDIBLE MIXTURES OR PREPARATIONS OF ANIMAL OR VEGETABLE FATS OR OILS OR OF FRACTIONS OF DIFFERENT SPECIFIED FATS AND OILS	9	5	13	50	39.1	no
1701	CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE IN SOLID FORM	154	34	128	5	720.0	yes
1703	MOLASSES RESULTING FROM THE EXTRACTION OR REFINING OF SUGAR	4	0	22	3	56.8	yes
1805	COCOA POWDER NOT CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER	0	0	11	5	12.9	no
1806	CHOCOLATE AND OTHER FOOD PREPARATIONS CONTAINING COCOA	19	11	29	27	71.2	no
2001	VEGETABLES FRUIT NUTS AND OTHER EDIBLE PARTS OF PLANTS PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID	1	0	9	5	23.5	no
2005	VEGETABLES OTHER THAN TOMATOES MUSHROOMS AND TRUFFLES PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID NOT FROZEN	2	0	12	7	289.1	yes
2007	JAMS FRUIT JELLIES MARMALADES FRUIT OR NUT PUREE AND FRUIT OR NUT PASTES BEING COOKED PREPARATIONS WHETHER OR NOT CONTAINING ADDED SWEETENING	6	0	20	7	76.4	no
2008	FRUIT NUTS AND OTHER EDIBLE PARTS OF PLANTS OTHERWISE PREPARED OR PRESERVED WHETHER OR NOT CONTAINING ADDED SWEETENING OR SPIRIT NESOI	0	6	12	4	212.2	yes
2009	FRUIT JUICES NT FORTIFIED W VIT OR MINLS (INCL GRAPE MUST) & VEGETABLE JUICES UNFERMENTD & NT CONTAINING ADD SPIRIT	12	0	23	3	275.2	yes
2101	EXTRACTS ESSENCES AND CONCENTRATES OF COFFEE TEA OR MATE AND PREPARATIONS THEREOF; ROASTED CHICORY ETC. AND ITS EXTRACTS ESSENCES AND CONCENTRATES	1	10	45	0	270.9	yes
2103	SAUCES AND PREPARATIONS THEREFOR; MIXED CONDIMENTS AND MIXED SEASONINGS; MUSTARD FLOUR AND MEAL AND PREPARED MUSTARD	0	2	10	8	82.8	yes
2208	ETHYL ALCOHOL UNDENATURED OF AN ALCOHOLIC STRENGTH BY VOLUME OF UNDER 80% VOL.; SPIRITS LIQUEURS AND OTHER SPIRITUOUS BEVERAGES	1	2	12	0	104.4	yes
2401	TOBACCO UNMANUFACTURED (WHETHER OR NOT THRESHED OR SIMILARLY PROCESSED); TOBACCO REFUSE	0	38	0	2	144.3	yes
2403	TOBACCO AND TOBACCO SUBSTITUTE MANUFACTURES NESOI; HOMOGENIZED OR RECONSTITUTED TOBACCO; TOBACCO EXTRACTS AND ESSENCES	0	88	7	7	22.9	no

Source: USITC for US tariffs, TARIC for EU tariffs, IDB for Canadian and Japanese tariffs, ad valorem equivalent calculated using COMTRADE and IDB unit values, BACI for exports. Total exports include intra LA11 trade flows.

For some of these products, LA11 countries do not appear to have any significant export capacity (products like silk, tea, rendering fats, etc.). Going more into detail in the product classification, we can identify the actual tariff lines on which the trade barriers faced by ACP and LA11 exports differ.

- *Bananas* are definitely a product for which the EU market is more open to the ACP than to the LA. It is the most serious case where the market access

granted to the two groups differs.

- *Sugar.* EBA and some ACP countries enjoy duty free access under tariff rate quotas for sugar. These quotas are particularly large in the case of Mauritius and Fiji. Clearly, the LA11 countries have a much lesser access to the EU market. This makes sugar, which is both on the LA11 list and the ACP list, a potential case for serious divergence of interest.

### Box 3. *Why ACP and LA11 interests are not in contradiction in the sugar sector*

Sugar is often presented as a typical case where the interests of the ACP and those of Latin America differ. It is certainly true as far as Brazil is concerned, given that the significant import quotas granted to Mauritius, Fiji and other ACP countries divert some potential Brazilian exports to the EU. However, it is much less the case if we focus on the LA11.

With the emergence of a large biofuel market, ethanol has become just another way to use sugar cane, and one should no longer consider market access for sugar independently from that for ethanol. Ethanol and sugar prices are extremely correlated. Both the ACP and the LA11 have full access to the EU market. Indeed, ethanol from sugar cane can be classified under item HS220710 or HS220720, which are eligible to duty free under the GSP+ as well as the Cotonou and EBA regimes (source TARIC 2007).

Given the development of the considerable market for ethanol in the EU, following the Directive on mandatory incorporation of 5.75 percent of renewable fuel in fuel used in the transport sector, the LA11 might find there a very large outlet for their exports of sugar cane products. The value of the preference is potentially quite large, since the bulk of EU consumption is undenatured ethanol, which can be mixed with gasoline. This product faces a MFN duty of 19.2 euros per hl, to be compared to a world price between 40 and 60 euros/hl.<sup>32</sup> That is, the preference is such that it may provide a significant competitive advantage to the LA11 exports, compared, for example, to Brazilian or Australian exports. So far, LA11 countries do not seem to have made extensive use of the opportunity of accessing the EU market for ethanol under the GSP+ with the exception of Guatemala which exported some 250 000 hl in 2005. This might change in the future.

In addition, it seems that some countries have already found a way to use the preferential tariff for ethanol to export sugar to the EU, even though the quantities at stake and the compliance of the scheme with the EU customs rules remain uncertain.<sup>33</sup>

Finally, it is unclear how the LA11 countries would actually benefit from a multilateral trade liberalisation in the sugar market. Indeed, estimates of production costs suggest that on a truly liberalised market, only a few ACP countries, in the Southern part of Africa, could perhaps compete with the costs of production of Brazil and Australia (see the costs of production in ODI-LSE 2005)

- *Vegetables.* As far as fresh vegetables (item 0709) are concerned, Canada is the market where LA11 exports still face significant tariffs. The ACP have listed vegetables as a concern for preference erosion. However most vegetables can enter duty free for more than half of the year, e.g. for 28 weeks. Canadian imports actually come mainly from Peru, El Salvador, Costa Rica, Honduras and Guatemala. Even though there are also imports from Dominican Republic and Jamaica (the latter enjoys duty free access under the Commonwealth regime), the LA11 countries are a larger supplier than the ACP group as a whole.
- *Oranges and mandarins.* In the EU market, the tariff preferences granted to the ACP are larger than the ones granted to the LA11 during some particular months. However, for these products, ACP countries have limited interests with the exception of South Africa, and the erosion of preferences is not a significant issue (citrus are not on the ACP list of products for which preference erosion is a matter of concern).
- *Cassava and starch products* (item 0714) is another category for which the LA11 seem to face a significant tariff in the EU. The main exporters of this product category to the EU are Costa Rica, Ghana, Jamaica and South Africa.

However, it is noteworthy that the ACP have declared starch tubers as products for which preference erosion would be a matter of concern even though they do not enjoy significant preferences. The MFN tariff is 9.5 euros per 100 kilos, while the Cotonou tariff is 8.6 euros per 100 kilos (for pellets, 8.8 euros for other cassava products). Regarding sweet potato products, both the ACP and the LA11 have duty free access under, respectively, the Cotonou and the GSP+. That is, the only advantage given to the ACP seems to be for arrow roots. This does not appear

to be an issue of considerable importance given that the EU now imports little arrow root, due to the CAP reform that has driven down the price of local grains (preferential import quotas from China are no longer filled). Costa Rica's exports amount to 25 million dollars worldwide, but only 3 million dollars to the EU, where it is the second supplier after Ghana.

- *Prepared vegetables and fruit* (items 2005 and 2008) together with jams, marmalades and fruit juice are also products where there is a large convergence of interest between the ACP and the LA11. Both groups face relatively high but similar tariffs in Japan. In the EU, they face mainly tariffs on products that contain sugar, even though the ACP has more tariff exemptions than the LA11. In this area, the EU is mainly taxing the sugar content of the juices and preparations.

With the exception of South Africa, which has its own bilateral agreement with the EU, ACP countries have no interest in exporting grape or grape juice, the item that faces highest tariffs (another exception could be Namibia which exports some grapes and faces high tariffs in the EU). On citrus juice, the GSP+ provides the same concessions as the Cotonou agreement. The ACP and LA11 have the same interest in liberalising trade of citrus juice in the EU and of various juices and preparations in Japan.

- *Tobacco.* The structure of US tariffs for tobacco is particularly complex. However US tariffs seem prohibitive for some particular categories of tobacco. Neither the AGOA nor the GSP provide any significant tariff cut for those particular lines subject to a «megatariff». The CAFTA only provides a small tariff reduction. Note that a few countries benefit from a tariff rate quota (Malawi and Zimbabwe for the ACP and Guatemala for the LA11).



- *Alcohol and rum.* Regarding ethyl alcohol (item 2208), both groups face significant tariffs in Japan. In the EU, rum faces a significant tariff. In this area, there

is some divergence of interest since categories of rum benefit from a zero tariff under the Cotonou regime, while they are excluded under the GSP+.

### 5.3. Core Products for a Joint ACP-LA11 Initiative at the WTO?

Ambassador Falconer suggested defining a list of core products on which the ACP and LA countries could agree so as to propose jointly fuller trade liberalisation under the WTO. The list can be defined as the products for which either both the ACP and the LA face some significant applied tariffs, or those for which one of the groups faces significant tariffs while the other group has little export capacity in spite of facing lower tariffs. Overall, the list would include:

- *Cassava.* Both groups face tariff barriers in the EU, with the exception of the LDCs. The main beneficiaries could be Costa Rica, by far the main exporter (45 million dollars worldwide), followed by Ghana and Jamaica (3 and 2 million dollars, item HS071410). If one adds cassava starch (HS110810), which also faces high tariffs in the EU, Ecuador and Cameroon are also minor exporters (more than 1 million dollars).
- *Tobacco.* Both groups face very high tariffs for some products in the US, with the exception of those benefiting from a quota.
- *Groundnuts.* Both groups face high tariffs in the US and Japan. Nicaragua exports roughly 60 million dollars of groundnuts (HS120210 and 120220). Groundnuts are also a significant export for South Africa, Ghana, Malawi

and Tanzania. Note that peanut oil is on the ACP list of products for which preference erosion is a matter of concern, while groundnuts are not. Senegal is a large exporter of peanut oil (HS1508).

- *Citrus* (HS0805). Both groups face high tariffs in the EU and Japan, grapefruit being less protected in the EU, and lemons being less protected than other citrus in Japan. South Africa is the largest exporter of citrus among the ACP and LA11 countries, with 950 million dollars of exports. It is followed by Zimbabwe, Honduras, Swaziland and Peru, with 25 to 35 million dollars.
- *Margarine* (HS161710) faces a very high tariff in Canada, as well as high protection in the EU and Japan. The issue here is more related to the protection granted to dairy products in these countries, margarine being a substitute to butter. Note that this is a product of limited importance for the ACP and the LA11, South Africa, Kenya and El Salvador being the main exporters, for roughly 6 million dollars each. It is not on the list of products for which the ACP group has expressed concerns regarding preference erosion.

**Box 4. *The Conflicting Interests***

Overall, the examination of the list of tropical products on which the LA countries demand fullest liberalisation and the list of products for which the ACP countries have expressed concerns regarding a possible erosion of their preferences suggests :

- **Significant divergence in the bananas sector**, due to much lower tariffs for the ACP in the EU and duty free access for the LDCs.
- **Some divergence in the sugar sector**, due to the quotas under the EBA and the ACP protocol and the duty free access for LDCs starting in 2009. As we explain in Box 3, however, the issue of whether or not ACP and LA11 interests diverge is questionable, given the new prospects for the ethanol market.
- **Some divergence in peanut oil**. It is noteworthy that groundnuts are not on the list of products for which ACP countries fear the consequences of preference erosion, while peanut oil is part of this list. Senegal is a significant exporter of peanut oil which faces a relatively low preferential tariff in the EU and US. Senegal fears competition from countries such as Argentina and India. However, the preferential margins only range between 3 to 6 percentage points in Quad markets.
- **Minor divergence in interest regarding rum** and other ethyl alcohol, in the EU market. Here, ACP countries have duty free access under the Cotonou agreement, while LA11 countries face the MFN tariff, i.e. 0.6 euros per percent alcohol in vol/hl, plus an additional duty of 3.2 euros/hl (code 22084011). It is unclear how much tariff this corresponds to, the calculation using the IDB unit values leading to a 8 percent tariff, which seems limited compared to the currency fluctuations in the Latin American area.
- **Minor divergence regarding particular starch products (arrow root)** exported by the LA11, which are more protected than arrow root exported by the ACP in the EU, facing a tariff of 95 euros per ton (code 071490). This may provide an advantage to Ghana, Jamaica and Dominican Republic over Costa Rica, Nicaragua and Columbia in exporting these products to the EU, but as we explained previously, this is now a small market.
- **Minor divergence in preparations of cocoa and fruit preparations that include sugar**. For both categories of products, ACP exports face lower tariffs than LA11 exports. In particular, chocolate enters duty free in the EU market, while LA11 exports face a tariff as soon as they include sugar. However, this refers mainly to the different treatment granted to sugar products.

Bananas stand out as a major conflict of interest between the LA11 countries and the ACP countries. Sugar is also a case where both interests do not coincide, even though we believe the issue is more ambiguous than it seems. For other products, the divergences are limited to a few cases (arrow root, rum, vegetables).

## 6. THE EFFECT OF EROSION OF PREFERENCES

### 6.1. Questions About the Benefits of Preferential Trade

Some LA countries, while aware of the preferential access granted under the various EU and US agreements, place more value on multilateral reduction in tariffs. They consider that the benefits of a safer, more predictable access to all WTO countries, and the guarantees provided by the WTO framework, are more valuable than the preferential access they might lose in the process. ACP countries, on the other hand, seem more concerned about losing their preferential access. They believe that the loss of quota rents and preferential margins will raise some difficulties for both their public finance and their capacity to export, given that they will face competition from lower cost exporters such as Australia and Brazil in the sugar market, for example.

Preference erosion can be defined as the decrease in the margin between a preferential tariff and the MFN tariff normally applied which would occur as a consequence of multilateral tariff liberalisation. It has been documented that a cut of MFN tariffs would significantly erode the preferences enjoyed by a number of developing countries (Bouët, Fontagné and Jean 2006). There are, however, large controversies regarding the amount of the loss.

Behind these controversies, there is a much more general debate on whether or not trade preferences actually benefit preference receiving countries. Some authors see the preferences as being a virtuous instrument of development, helping countries to get inserted in international trade, rather than relying on foreign assistance that has proven ineffective for years. They quote the case of Mauritius, which has managed to build a more diversified economy from the rent of preferential trade in sugar, as a success story. Some evidence supports the claim that preferences do work. Nilsson (2002) suggests that, after two decades of preferential treatment under Lomé, ACP exports to the EU stand about 50 percent above levels they would otherwise have reached. Several

other statistical and econometric studies support the assumption that the preferences granted to developing countries have had significant positive effects on growth (Pomfret 1997; Romalis 2003), or at least on exports (Cline 2004). In the food sector, Bureau and Gallezot (2005) show that preferential trade accounts for a considerable share of ACP countries exports to the EU and the US. It is unclear whether these exports would have taken place without preferences.

Other authors see preferences mainly as a source of trade diversion between developing countries. They point out the perversity of the preferences which have locked countries into the production of goods with little comparative advantage (Anderson 2004). They claim that preferential regimes confer benefits to marketers, with no guarantee that higher prices reach developing country producers (IPC 2003). In addition, they might encourage corruption through the creation of rents (e.g. allocation of export licences). More generally, critics say that preferences have had no significant effect on LDC growth and that they provide incentives to delay much needed reforms. Some authors even claim that those countries which do not benefit from preferences end up exporting more and being eventually better off (Ozden and Reihardt, 2003).

Overall, there is no evidence that fully supports any of these points of views. It is not established that the benefits of the preferences match their costs, or match the benefits that could be brought by alternative policies. However, the authors criticising the preferences have largely failed to convince that the situation would have been better without the preferences. In several cases, they have relied on questionable data and evidence.<sup>34</sup> The fact is that, overall, the ACP countries benefiting from preferences are rightly sceptical at being told that there would be no serious loss if their preferential margin was eroded because of multilateral trade liberalisation.

## 6.2. Assessing the Value of Preferences

It is difficult to assess the value of the preferences even if one knows the preferential margin and the actual exports. Indeed, there is a considerable uncertainty on who retains the benefits of the preferences, i.e. the preferential rent, between importers and exporters. In addition, the value of preferences should be measured against a counterfactual scenario where the preferences have been removed. This involves using a large scale model so as to infer the new price situation. A number of studies have been conducted with a computable general equilibrium model (see Pohl Nielsen 2003, Gallezot and Bureau, 2006 and Lippolt and Kowalski, 2005 for surveys). However, existing studies are hardly compelling, given the inadequate level of aggregation and the poor data on African countries in the only dataset available, used by all large scale models (the GTAP dataset put together by an international community of modelers collaborating within the Global Trade Analysis Project hosted by Purdue University).

The few studies that go back to the HS6 level in order to model the preferences lead to the conclusion that there are significant terms of trade losses for the ACP group due to the erosion of preferences (e.g. Bouet, Bureau, Decreux and Jean, 2005; Bouët, Fontagné and Jean 2006). Stevens and Kennan (2004) also provide a well documented estimate of the role and the utilisation of preferences in the ACP countries. However, no study has singled out the LA11 group, and none has included the new set of preferences provided through the CAFTA and the GSP+.

Here, we use a crude indicator of the value of the preferences, i.e. the preferential margin (MFN tariff minus the applied tariff, i.e. the most favourable preferential tariff for this particular product) that we multiply to the present exports of the ACP and LA group to each of the Quad countries. This is likely to give an upper bound to the value of preferences, because of the binding overhang: bound tariffs often exceed the actual gap between domestic price and world price of a particular commodity. However, statistics on world prices and domestic process at a detailed

level (e.g. 8-digit) are not available and the use of unit values is often misleading because of the small import flows. Even though this is a crude approximation, inferring the value of preferences from tariffs and actual trade is a second best. Using this indicator, the value of preferences granted to the ACP and LA11 countries are given in the first row of Table 6.1. (the figures refer to the tropical products defined in Table 1.1. only).

*The value of the preferences for ACP and LA11 in the EU market.* The product of the preferential margin and the actual exports of the ACP suggests that the value of the preferential regime granted to ACP exports of tropical products to the EU amounts to 2.4 billion dollars. These figures are based on 2007 MFN and preferential tariffs and 2004 trade at the 8 digit level. It is difficult to compare this estimate to other figures, since some studies attempt to distinguish between the beneficiaries of the quota rents (Laird 2003), others focus on sub-Saharan Africa (Candau and Jean 2005), while others deal with a larger set of goods, including textiles (Stevens and Kennan, 2004). However, our estimate is clearly an upper bound for the reasons explained earlier, and also because sugar accounts for a large share of the ACP preferences, and that we have not included the effects of the recent sugar reform in the EU, which involves a 36 percent price cut. Based on our estimates, sugar accounts for 60 percent of the value of ACP preferences. Tobacco is also a significant source of preferences for LDCs, while bananas are a major component for other ACP countries.

Regarding the preferences granted to the LA11, the recent implementation of the GSP+, which has extended the coverage of previous arrangements may lead to further exports in the future, so the figure is less likely to be overestimated. In addition, the value of preferences granted to LA11 is spread over a relatively large set of goods (horticulture, vegetables, pineapple) and do not depend on a particular product subject to a policy reform, like the ACP preferences and sugar.

The figures in Table 6.1. suggest that the fullest liberalisation of trade in tropical products on a MFN basis, as demanded by the LA11 paper, would reduce the value of their preferences on the EU market by some 123 million dollars, *ceteris paribus*.

Table 6.1. also provides estimates of the fall in the value of preferences following a cut in MFN tariffs under the Doha negotiations. Here, we consider three possible scenarios for the tariff cut, the proposals made by the G20 group, the

EU, and the US prior to the 2005 Hong Kong ministerial meeting. We classified each tropical product with the corresponding cuts for each of the products applied.<sup>35</sup> If we assume that a MFN liberalisation will take place under the Doha Round, on the basis of the G20 proposal, which seems to be the most likely option today (April 2007), the value of preferences on the EU market would decrease to 522 million dollars for the ACP and 62 million dollars for the LA11. This raises the question of the future of the preferences if there is a Doha agreement on agriculture.

**Table 6.1.** *Estimation of the Value Of Preferences Granted by the EU to the ACP and LA11 on Tropical Products (Including Sugar Quotas for ACP)*

Estimate of the value of EU preferences (Million USD)	ACP non LDC	ACP LDCs	LA11	Loss in value of ACP preferences	Loss in value of LA11 preferences
Value of present EU preference	2 196	240	123		
Value after the US WTO proposal	313	49	41	-2075 (US proposal)	-83 (US proposal)
Value after the G20 WTO proposal	522	79	62	-1 835 (G20 proposal)	-61 (G20 proposal)
Value after the EU WTO proposal	781	112	76	-1 543 (UE proposal)	-47 (UE proposal)

Source: Calculations using tariffs applied on ACP and LA11 exports of tropical products to the EU source TARIC and imports source BACI.

The value of ACP and LA11 preferences on the US market. Table 6.2. provides an estimate of the value of the preferences granted by the US to the LA11 and ACP exports of tropical products, and the changes resulting from three scenarios of multilateral trade liberalisation. It shows that the value of US preferences is only a fraction of the EU one. This comes from several effects. First, MFN tariffs are in general much lower in the US than in the EU. Second, the few commodities facing a very high MFN tariffs (peanuts, sugar, tobacco) are not eligible to the

GSP, CBERA, ATPDEA or AGOA. Third, the volume of exports of ACP countries is much smaller than the volume of exports to the EU. Clearly, the losses incurred by the ACP countries would be more limited than on the EU market, if the fullest liberalisation for tropical products demanded by the LA11 was implemented. However, the loss would be significant for the LA11 themselves and for the Caribbean members of the ACP. The value of the preferences granted to the LA11 is 155 million dollars according to our estimate.

**Table 6.2.** *Estimation of the Value Of Preferences Granted by the US to the ACP and LA11 on Tropical Products*

Estimate of the value of US preferences (Million USD)	ACP	LA11	Loss in value of ACP preferences	Loss in value of LA11 preferences
Value of present US preference	46	155		
Value after the US WTO proposal	12	54	-34 (US proposal)	-101 (US proposal)
Value after the G20 WTO proposal	16	73	-29 (G20 proposal)	-82 (G20 proposal)
Value after the EU WTO proposal	20	91	-25 (UE proposal)	-64 (UE proposal)

Source: calculations using US tariffs on ACP and LA11 countries for tropical products, source USITC, and the value of exports to the US, source BACI.

### 6.3. Would the Erosion of Preferences Result in Large Economic Losses?

The figures presented in Table 6.1. and 6.2 do not reflect the actual loss that would be incurred by these countries in case of trade liberalisation. There is considerable uncertainty regarding who captures the benefits of the preferential rents. In practice, the import/export sector is not competitive and some of the rents are likely to be captured by importing firms. We have little empirical information on this issue. In the case of the ACP, a large share of the rent goes to sugar. In this sector, because of the allocation of quotas to particular countries, the ACP have some significant market power when they negotiate with a particular trader. Indeed, the trader cannot play an ACP country versus the other since the licences to import preferential sugar in the EU are country specific. As a result, it seems that some of the quota rents remain in

the exporting country (FAO, 2004). In the case of bananas, though, it has been claimed that the preferential rent was more largely kept by trading companies, even though there is also a large degree of uncertainty regarding the extent of the phenomenon (Anania, 2006).

In addition, the figures presented in Table 6.1. and 6.2. give an image of the losses incurred by the ACP and LA11, but ignore the potential gains. That is, these countries would lose some quota rents, and preferential access, but they would gain extra access in case of fullest liberalisation that is not accounted for in the above figures. They would also gain the security of having lower tariffs entrenched in WTO schedules, rather than depending on the goodwill of the US Congress or the EU authorities.



## 7. TARIFF ESCALATION

### 7.1. Progression is Not Escalation

Tariff escalation is a particular form of protectionism that consists in protecting the value added component, i.e. the industrial transformation, of processed products. Tariff escalation induces foreign exporters to ship raw materials that will be processed in the importing country, rather than shipping more elaborated products. Tariff escalation has often been described as a major obstacle on the road towards expanded export earnings and increased employment in developing countries.

There are several difficulties in measuring tariff escalation, which have often lead to erroneous claims. First, tariff escalation is often measured on the basis of bound tariffs. Bound tariffs show that the EU, Japan and the US use tariff escalation so as to protect some processing sectors. For example, the EU protects processed cocoa or coffee while it does not protect the cocoa beans, and the US protects orange juice much more than oranges. However, when one takes into account the applied tariffs, the story is no longer the same. Bureau, Bernard, Gozlan and Gallezot (2004) concluded that, when accounting for the various preferential schemes, tariff escalation was basically not an issue for sub Saharan Africa in the EU and the US.

A frequent mistake is to conclude that there is tariff escalation because the tariffs on a processed product are higher than the tariff on the raw commodity. This is not always the case. In order to identify tariff escalation, i.e. the protection of the value added component, it is necessary to carry out some more complex measures of effective protection. We provide some more detailed explanations in the Appendix. There are a few obvious cases where the examination of tariffs makes it possible to identify tariff escalation. One of such cases is where there is only one commodity entering in the processed product (e.g. cocoa powder without sugar or dairy added) and there is a zero tariff on the raw commodity (cocoa beans) and a strictly positive one on the processed product (the powder, see Table 7.1). But in most cases, the examination of tariffs does not make it possible to conclude without measuring more precisely the effective protection. If a processed product is subject to a higher tariff than the raw commodity, this might simply be explained by the fact that the former includes some highly protected components like sugar or dairy. In such cases the value added might not be protected (see Box 5). The precise assessment requires knowing the share of the various raw materials that enter in the composition of the processed product and to calculate an Effective Protection Rate or EPR (see the Appendix).



**Box 5. *The Case of Chocolate in the EU***

The example of chocolate is often used to show how important tariff escalation is in the EU (Linland 1997, Alpha et al 2005). Generally, authors compare the low tariffs on the raw product (cocoa) and high tariffs on the processed product (chocolate) to demonstrate to what point the tariff structure of the EU keeps the developing countries as simple providers of raw materials. The situation, however, is more complex.

The fact that primary products such as cocoa beans and cocoa shells face a zero MFN tariff, while paste and butter (which do not include sugar) face a tariff between 7 and 10 percent is an indication of the existence of protection of the processing industry on the MFN tariffs (see Table 8.1.). There exists some protection of the value added value at the first processing stages. Raw beans enter tariff free and cocoa butter, powder and paste do not. This strengthens incentives to import raw materials for processing in the EU.

However, the progression of customs duties between butter, cocoa paste and chocolate does not mean that added value is protected. Chocolate contains sugar and often milk which are subject to high duties. There will only be some effective protection, i.e. protection of the processing sector, if duties on chocolate are more than proportional to duties on the raw materials. Otherwise, the protection on chocolate only compensates the manufacturer for his sugar and milk purchases over world prices. Exact calculations show that there is actually no or minimal effective protection. For example, using data on the input/output coefficients in chocolate or chocolate spread, the calculation of the EPR shows that the tariffs on processed products correspond more or less to duties on ingredients (sugar, dairy products, nuts). There is no or little protection of the processing industry, and therefore no compelling evidence of tariff escalation beyond the cocoa powder transformation.

In addition, only a handful of countries face the MFN tariff in the EU. Most exporters face at worst GSP tariffs. Processed products face higher GSP tariffs, including under the GSP+, but there too, estimations of ERPs suggest that there is no tariff escalation, given the presence of sugar and dairy inputs. In the case of ACP countries that face Cotonou tariffs, there is even evidence of tariff de-escalation for certain chocolate products, since some processed products that include a significant percentage of sugar are duty free.

**Table 7.1. Tariff Escalation and Cocoa Industry Protection in the EU**

	MFN tariff %	GSP tariff %	GSP+ tariff %	Cotonou u tariff %	EBA tariff %
Cocoa beans, raw or roasted	0	0	0	0	0
Cocoa paste, not defatted	9.6	6.1	0	0	0
Cocoa paste, wholly or partly defatted	9.6	6.1	0	0	0
Cocoa butter, fat and oil	7.7	4.2	0	0	0
Cocoa powder, not containing added sugar	8	2.8	0	0	0
Cocoa powder, containing less than 5 % of sucrose	8	2.8	0	0	0
Cocoa powder containing 5 % or more but less than 65 % of sucrose	27.7	22.5	19.7	19.7	0
Cocoa powder containing 65 % or more but less than 80 % of sucrose	26.2	22.7	18.2	18.2	0
Cocoa powder containing 80 % or more of sucrose	66.4	62.9	58.4	58.4	0
Cocoa powder containing 31 % or more of cocoa butter or milkfat	28.4	23.5	18.7	0	0
Chocolate milk crumb	58.4	53.9	43	0	0
Chocolate flavour coating	42	38.5	33.7	0	0
Chocolate filled	23.5	20	15.2	0	0
Chocolate filled with added cereal, fruit or nuts	24.2	20.7	15.9	0	0
Cocoa preparation containing alcohol	14.6	11.1	6.3	0	0
Cocoa preparation filled	22.8	19.3	14.5	0	0
Cocoa preparation not filled	19.4	15.9	11.1	0	0
Sugar confectionery containing cocoa	25.9	22.4	17.6	0	0
Spreads containing cocoa	23.4	19.9	15.1	15.1	0
Preparations containing cocoa for making beverages	21.7	18.2	13.4	13.4	0
Other	21.3	17.8	13	13	0

## 7.2. The Identification of Tariff Escalation

Based on the method described in the Appendix, we identified the following cases as potential candidates for tariff escalation.

*Cotton in the US and Japan.* The main area where there seems to be a significant degree of tariff escalation is cotton. Cotton products include many goods at various stages of processing. Only the primary products belong to the category covered by the Uruguay Round Agreement on Agriculture. The rest belong to the textiles category (chapters 52 or 63 of the HS). The complexity of the tariff structure between the different types of textiles makes it difficult to

assess whether or not there is any protection of the value added. However, tariff escalation seems to be an issue in the US and Japan.

In the US, cotton, not carded and combed, faces a zero MFN tariff. This contrasts with processed cotton (yarns, thread and woven products). Typically, tariffs increase with the degree of processing, thread being subject to a 4 percent duty, yarns to a 12 percent duty and woven fabrics to a 15.5 percent duty. LA11 and ACP countries do not face preferential treatment for such garments, with the exception of CAFTA countries for some semi-processed products

and some AGOA countries. That is, there is some evidence of tariff escalation in the case of US cotton, for most of the ACP and the LA11 countries.

In Japan, the tariff structure of cotton and apparels is extremely complex and includes hundreds of tariff lines at the 9-digit level. Raw cotton, not carded and not combed, face a zero tariff. Most cotton yarn and further processed products face a tariff that ranges between 2.2 and 8.5 percent. Yarns, threads and woven products are more protected than raw cotton. There is nevertheless little evidence of tariff increases with the degree of processing after the first degree of transformation.

*Groundnut and sesame in Japan.* Sesame seeds and oil are not eligible to Japan's GSP. While seeds can be exported tariff free, all processed products are subject to a positive tariff. This indicates some tariff escalation. Groundnuts, not roasted and cooked, for oil extraction, face a zero tariff. This contrasts with a 5 percent tariff on groundnut oil, suggesting that Japan favours extraction within Japanese borders. Groundnuts not for oil extraction face prohibitive tariffs in Japan. Peanut butter faces a 10 percent tariff, prepared peanuts face a 21 percent tariff. There is therefore a strong suspicion of a protection of the processing sector.

*Coffee in Japan.* Coffee beans, not roasted, face a zero tariff in Japan. This contrasts with the 12 percent tariff faced by processed products, such as roasted coffee or decaffeinated coffee. Instant coffee faces a 9 percent tariff. Preparations including coffee face much higher tariffs, up to 112 percent. They may include sugar and other protected materials. EPR calculation shows that the data on tariffs is only compatible with a zero EPR if the input coefficient of sugar exceeded 78 percent, which is unlikely.

*Cocoa in Japan.* Unprocessed cocoa products face a zero tariff in Japan, but there are significant positive tariffs on processed products. There is actually a continuous progression in the level of tariff, starting with a zero tariff on cocoa beans

and shells, a 5 percent tariff on cocoa paste, a 10 percent tariff on defatted cocoa paste and a 13 percent tariff on cocoa powder. Chocolate and elaborated cocoa products face tariffs that are very high most of the time. The tariff can reach 282 percent for some chocolate, 140 percent for some mixes and pastries. It is dubious that such high tariffs result only from the incorporation of highly processed commodities such as sugar and dairy in these elaborated products, and there is strong suspicion of growing tariff escalation all along the processing chain.

*Citrus in Japan.* Tariffs for citrus vary according to the date of imports, and the complexity of the structure make it hard to establish a conclusive picture, but a crude estimate of EPR suggests that there is a limited degree of tariff escalation for orange juice, but a larger degree for grapefruit juice.

*Vegetables in Japan.* Fresh beans are subject to a 3 percent tariff. Prepared beans are subject to tariffs ranging from 9 percent to 13 percent. This suggests that there is also some tariff escalation for this type of vegetable.

In some other cases, there is suspicion of tariff escalation, but the calculation of the EPR is not particularly conclusive.

*Cocoa in the US.* At the lowest level of transformation, cocoa products can be exported duty free to the US. Indeed, for the basic commodities, the MFN tariff is zero, and for cocoa powder, the GSP of the CBERA allow eligible countries to export duty free. However, at later stages of transformation, most processed products exported by African countries are not eligible to any non reciprocal agreements. Because these processed products contain sugar and dairy, it is difficult to conclude whether or not there is tariff escalation. Based on the technical coefficients provided by the FAO in the transformation process of cocoa, we find an effective rate of protection of 1.18. This suggests that there is actually some protection of the value added in the chocolate industry, but the evidence of tariff escalation is not compelling.

*Pineapple in Japan and the EU.* Fresh pineapples face a 17 percent ad valorem tariff in Japan. Prepared pineapples face a higher tariff, and pineapple juice faces a 23 percent tariff. It is difficult to assess if this tariff progression is caused by the incorporation of sugar, or if there is a protection of the processing sector. The EPR calculations are uncertain. Overall, there is suspicion, but no clear evidence of protection of the value added in Japan.

In the EU, pineapple juice faces a higher tariff than pineapple. Even under the GSP+, the tariff on pineapple juice can reach 16%. This is seen by exporting countries as tariff escalation, since the raw fruit is much less protected. Given that sugar faces a 170% ad valorem equivalent protection, there would actually be some tariff escalation if there was less than 10% of sugar (in value) in the pineapple juice. This is not the case, since most of the juices that face a significant tariff in the EU are those with added sugar (often 30%) and with a high Brix value<sup>36</sup>. So, there is no tariff escalation *per se*, and probably even some tariff desescalation. The EU could argue that if there was a low tariff on these products, importers would stuff sugar in pineapple juice so as to extract it after passing the border, as a tariff jumping strategy. However, for the producer of pineapple juice, the fact that concentrated juice (which often results in the high Brix value) faces a higher tariff is clearly an obstacle to exporting processed products. Because the high sugar content may come only from concentration (and not from added sugar), and that the EU taxes

the sugar content, the case is debatable.

*Citrus in the EU.* The tariff structure is complex for citrus fruits. Indeed, the tariff depends on the period of the year. For fresh oranges, mandarins and tangerines, the tariff is a function of an import price. Even though the tariff regime was reformed after the Uruguay Round, the tariff still *de facto* acts as a variable levy. Nevertheless, there is evidence that on a MFN basis there is a significant degree of tariff escalation on fruit juices, even though the fact is that some juice may contain sugar. The situation is less clear when one takes into account the preferences. The complexity of the tariff structure and the uncertainty on the sugar content make it difficult to conclude, but citrus juices are a sector where there is a suspicion of tariff escalation in the EU, as far as the ACP and the LA11 are concerned. Overall, with the exception of cotton in Japan and in the US, where there is undisputable evidence of tariff escalation, the preferences granted by the Quad countries are such that, in many cases, the ACP and the LA11 countries do not face serious tariff escalation. The only cases, in addition to cotton, where tariff escalation seems to be an issue are in Japan (coffee, cocoa, groundnuts, vegetables and citrus), which is a small market for ACP and LA11 countries. In all other cases, there is no compelling evidence that the value added is protected even though tariffs increase with the degree of processing. That is, tariff escalation is a less important issue for the ACP and LA11 countries than it is an issue for countries that face MFN tariffs.

## 8. RULES OF ORIGIN AND OTHER REQUIREMENTS

### 8.1. Rules of Origin in the Various Agreements

By definition, rules of origin only matter in the framework of preferential trade. They are irrelevant in a MFN context. Restrictive rules of origin are often criticized as obstacles to the utilisation of the preferential schemes made available for developing countries. Developed countries which impose such rules of origins claim that they are necessary so as to avoid the simple transshipment of goods with little local processed value, that would not result in any significant economic benefit for preference receiving countries.

Restrictive rules of origin raise particular problems for small countries which cannot find the raw material within their own borders. A typical illustration is the textile industry in small countries that do not produce cotton, where experience has shown that easing the rules of origins could significantly increase exports (cases of Lesotho,

Vietnam, Nepal). For small countries, cumulation (i.e. the possibility of counting materials from another preference eligible country as originating from the preference receiving country) is an issue of considerable importance. On this issue, the ACP and LA11 countries might have some common interests in requesting larger cumulation (see Box 6).

In addition to rules of origin, some other administrative requirements can impose a fixed cost to exporters. In order to benefit from a preferential regime, one must often fill out complex forms, provide justification of how the goods were transported, sometimes quality or traceability certification. In some cases, these fixed costs can exceed the preferential margin and make the preferential scheme unattractive. This is particularly the case for poor countries with limited administrative capacity, which often ship small quantities.

#### Box 6. *Cumulation Rules in Trade Agreements*

Assume that country A concludes a preferential agreement with two countries or groups of countries, X and Y, with identical rules of origin in both cases. A product originating in country X, for example, will have duty-free access to A's market and so will a product from country Y. However, a transformed product made in country X using intermediate inputs from country Y will not necessarily enjoy exemption from duty. It will do so only if country A's rules of origin allow for "cumulation" in the utilisation of raw materials and other inputs, plus transformation and movement between countries which have preferential agreements with country A. In that case, cumulation will allow country X to include the intermediate inputs from country Y and to export the transformed product duty-free to country A. Cumulation thus encourages the cross-utilisation of intermediate goods and transformation between countries enjoying preferential treatment while maintaining a different treatment for inputs from third countries.

Cumulation in the preceding case is bilateral. Cumulation can also be diagonal (between three countries or more that have preferential agreements between each other and are recognised by country A) or total, between all countries of a group recognised as having an extension of preferences (Augier et al., 2003).

The principle of "absorption" means that when a product meets the conditions for being deemed to originate in a given country, the non-originating part of the product (inputs from a country that does not enjoy preferential treatment) is not taken into account in the context of an additional transformation process. In other words, if the product is recognised as eligible under rules of origin (for example, if it contains few components from a non-eligible country), it is considered to originate entirely in the beneficiary country even if it is re-exported, for example to another country benefiting from cumulation. Non-originating components thus become "absorbed" into the product's status.

*Source: Bureau and Gallezot (2005)*

*Rules of origin in US preferential schemes.* The GSP, the AGOA, the CBERA, the ATPDEA and the CAFTA are all agreements of considerable importance for the various ACP and LA11 countries, as shown in Table 3.2. Because many Caribbean and Central American countries are small countries, with a rather narrow range of materials that can be sourced domestically (as most African countries), rules of origin are often an issue.

In order to qualify for exemption from duty under the US GSP, a product must meet value-added conditions. Goods imported by the beneficiary country must be "substantially transformed" and constitute new products. In other words, they must originate entirely in the country enjoying preference or contain a local value (the sum of the value of the transformation and the inputs originating in the country) that exceeds 35 percent of the price of the finished product. A list of exemptions stipulates that a certain number of primary operations (assembly, disassembly, repackaging, dilution, etc.) are not sufficient to make a product eligible for preference.

The US GSP allows diagonal cumulation for certain associations of countries, but not total cumulation for all GSP-eligible countries. Currently recognised include the Caribbean Common Market (CARICOM), the Southern Africa Development Community (SADC), the West African Economic and Monetary Union (WAEMU) and the Tripartite Commission on East African Cooperation (EAC). There is, however no cumulation between the CARICOM and the Andean group.

The AGOA rules of origin are rather similar to GSP rules, with cumulation between AGOA eligible countries. The value of local materials and direct transformation costs must also represent at least 35 percent of the customs value assessed on entry into the US. Inputs imported from the US may be added to this figure (up to 15 percent). CBERA rules of origin state also include a clause of 35 percent of the value of the imported product. Inputs from the US can be counted in this percentage, though only up to 15

percent. The 35 percent value-added rule does not apply to goods manufactured entirely from components from the US. Rules of origin are extended by authorising cumulation between CBERA beneficiaries for all eligible products and the incorporation of inputs from the US for up to 35 percent of the local value added. ATPDEA imposes rather similar minimum values, with cumulation between the four ATPDEA countries and the possible use of inputs from Caribbean Basin Initiative (e.g. CBERA) eligible countries plus Puerto Rico and the Virgin Islands. Inputs from the US may be included in this percentage up to a limit of 15 percent.

CAFTA rules of origin are particularly detailed in the agreement, even though they are simpler for agriculture and food products than for other products. The criteria for determining sufficient transformation vary across products. In some cases a change in tariff classification is required, at the HS6 level. In other cases, there is a regional value-content requirement (35 percent when the built up method is used, 45 percent when the built down method is used). In some cases, both a change in tariff classification and a regional value content are required. Materials can be sourced in the territory of another party to the Agreement and be considered originating materials of the Party where the incorporation takes place.

*Rules of origin in EU preferential schemes.* The EU considers that a product originate in a beneficiary country if it is wholly obtained in that country or if it is sufficiently worked or processed there. When products are obtained in the country and contain goods that have not been "wholly" obtained there, the assessment criterion is "manufacturing" or the "sufficient transformation" of materials that have not been wholly obtained in the country. Certain operations are still deemed insufficient to confer origin, even if several of them are combined (sorting and packaging, for example).

In the EU GSP, the rules of origin now rely on a list of processing or working required, which uses one of the three methods: change in tariff heading



at the 4-digit level, an ad valorem criterion, i.e. the value of non originating materials used may not exceed a given percentage, and a specific criterion process (mainly for the textile sector). Cumulation applied between three regional groups, one of them being the LA11. Cumulation does not apply to regional African groups, Caribbean as a whole, nor between LDCs. That is, the GSP is particularly restrictive regarding the possibility of sourcing material in another GSP benefiting country.

ACP countries are less limited by the cumulation rules under the Cotonou agreement, even though the rules of origin clearly impose some limitations in particular in the textile sector (see an extensive description in Naumann 2004). The rules of origin follow a product specific approach, including a mix of specific processing rules, change in tariff heading and value added. Total multilateral cumulation applies to the 77 signatory countries of the ACP states and those of the Overseas Countries and Territories.

As far as the LA11 are concerned, the possibility for Andean countries to use inputs from Caribbean countries as well as other Andean countries also eases some of the rules of origin constraints.

*Rules of origin in Japanese preferential schemes.* Goods must originate from the country benefiting from the GSP scheme. As a general rule, working or processing operations are considered sufficient when the resulting good is classified in an HS tariff heading (4 digits) other than that covering each of the non-originating materials or parts used in the production. There are exceptions to this rule, and the degree of transformation required is identified in a list published by Japanese authorities.

*Rules of origin in Canadian preferential schemes.* Under the Canadian GSP, rules of origins impose that the value added in the benefiting country represents a least 60 percent of the value (packed for shipment) of the good, the percentage being 40 percent for LDCs. In calculating the maximum import content allowance for GSP beneficiary countries (i.e. 40 percent), any materials used in the manufacture or production of the goods originating from any other GSP beneficiary country (global cumulation) or from Canada (donor country content rule) are considered as originating from the beneficiary country. That is, the cumulation rules offer larger possibilities for sourcing material in other developing countries than it is the case in the EU or the US.

## 8.2. The Compliance Costs of Rules of Origins and Other Obstacles

It has been shown that the rules of origin accounted for the under-utilisation of preferences in the textile and clothing sector (Candau and Jean, 2005; Nauman 2004). The rules of origin are also an obstacle to the development of a processing industry in fisheries (the origin is linked here to the trapping regions, posing difficulties for tuna processors to supply themselves the year round in countries with limited maritime space).

In the agricultural and food sector, there is less evidence that rules of origin restrict trade than in other sectors. A large section of the exports of developing countries concerns primary goods and is not affected by the rules of origin. Indeed, the clauses on a "sufficient" degree of transformation prevents, for example, a country from refining imported sugar and dispatching

it in the framework of preferential agreements such as the EBA initiative, but therein could be an abuse of the philosophy of the agreement. In an importer survey that had been carried out on European importers of food products from African countries other obstacles (technical standards, infrastructures) were often quoted, but rules of origin did not seem to be a major concern (Gallezot and Bureau, 2005). The sample was not representative and we cannot conclude that rules of origin are or are not a serious issue, but it is a fact that they have been less mentioned as being a major obstacle to trade than, say, sanitary regulations or requirements of private retailers in terms of product certifications. In the agriculture and food sector, there is evidence that those exports from developing countries that are eligible to a preference, such as the



GSP, the Cotonou agreement or the AGOA, do use that preference. Bureau and Gallezot (2005) have shown that only a small fraction of such goods were exported outside the preferences, i.e. under the MFN regime. This suggests that rules of origins are perhaps not less an issue than in other sectors such as textile, where the rate of utilisation of the preferences seems much lower.

However, ODI (2006) provides some elements suggesting that EU requirements are an obstacle in the fruit and vegetable sector. In addition, Gallezot and Bureau (2005) found that some EU and US preferential schemes were systematically preferred to others when a product was eligible to two preferential regimes. The Bureau, Chakir and Gallezot (2007) econometric estimates suggest that constraining cumulation rules are among the explanations for the systematic choice of the Cotonou regime for products with dual eligibility (Cotonou and EBA).

Other requirements for eligibility to preferential treatment, in particular the obligations of product tracking and traceability, the administrative formalities, the obligations of documentation, etc. also involve significant costs (Estevadeordal and Suominen, 2003). These costs cannot be distinguished from the ones imposed by rules of origin requirements, and by more technical or sanitary requirements. Estimates of the cost of compliance to the different agreements suggest that the GSP requirements correspond to a 2.5 percent tariff for non LDC-countries. The figure could reach 10 percent for the LDCs exporting under the EBA. The estimate is 3 percent for primary products and 6 percent for processed products under the ACP agreement. In the case of the US agreements, the figure ranges between 5 percent and 7 percent, but the costs of compliance could be higher for processed products under the AGOA (Bureau, Chakir, Gallezot 2007).

### 8.3. Easier Cumulation, More Predictable Preferences

Rules of origins limit the capacity of small countries which find it difficult to source materials within their own borders, to export processed products. Obtaining larger cumulation possibilities, in particular with other developing countries that produce cotton and sugar, is in the interest of both the ACP and LA11 countries. More flexible rules of origin might also reduce the cost of compliance which sometimes exceeds the preferential margins.

ACP and LA11 countries already benefit from some degree of cumulation in their access to the US market. ATPDEA countries can source some inputs from the Caribbean countries, and the US GSP allows for some regional cumulation. The EU rules of origin allow a rather large degree of cumulation between ACP countries under the Cotonou agreement on the one hand, and between LA11 countries (under the GSP+).

There are however severe constraints under the EU and US GSP, including the EBA, and, overall, the possibilities of cumulation between LA11

and ACP countries are limited. Easier cumulation between preference receiving countries could lead to a better division of labour and to increased competitiveness among the countries in question. It is unclear whether this would have large consequences, but larger possibilities for sourcing materials from the whole set of countries benefiting from various preferential schemes, in particular the AGOA, CBERA and ATPDEA on the one hand and the Cotonou and GSP+ on the other hand, might help triangular trade in areas such as cotton and sugar.

The stability and predictability of the Japanese and Canadian GSP scheme are mentioned as a positive element in the various assessments made of preferential regimes, including those made under the WTO trade policy reviews. The situation is very different regarding US preferential schemes. Indeed, with the exception of the DR-CAFTA (a bilateral agreement) and the CBERA, the preferences are granted to ACP and LA11 countries on a temporary basis. In addition, a given country can be removed from

the list of beneficiaries every year. A product can also be removed from the list of eligible to a preference. In the past, delays for approbation of the extension of US agreements have disturbed trade under a particular preference. This has prevented full use of the preferential regimes. The lack of predictability and the short lives of the various preferences, including the AGOA and the ATPDEA, are such that they do not provide enough certainty to would be investors. This is an important issue, since, as we will see in section 9., many non tariff barriers that

presently prevent developing countries from exporting to the EU or US (such as certification and traceability) could only be circumvented with significant foreign direct investment and technology transfer. Investors need a longer term horizon and more predictability in market access.

In both cases, however, the WTO is unlikely to be the right forum for the negotiations of provisions on preferences, which are largely an exemption to the WTO rules.

## 9. SPS AND TECHNICAL ISSUES

Given the tariff preferences enjoyed by developing countries, non tariff barriers are often the main obstacles to their integration in international trade, particularly in the agricultural and food sector (Bureau, Jean and Matthews, 2006). Sanitary and plant disease controls restrict agricultural and food exports from a large number of developing countries. These problems are particularly acute with primary products, due to measures against epidemics, contagious diseases or invasive species. The phytosanitary barriers to the importation of fruit and vegetables are very restrictive and sometimes unpredictable, and lead to penalising retention periods. It might be thought that sanitary and pest control problems, especially questions of bacterial contamination and invasive species, would be less of a problem for processed products. These, however, do not gain easier entry to the European or American market. Indeed, standards imposed by the developed countries often concern the

processing chain and not only the final quality of the product (Henson et al 2000; Wilson and Abiola, 2003). Food firms must observe the technical standards and Hazard Analysis at Critical Control Points procedures which pose problems of cost, infrastructure and traceability for developing countries.

Here, we attempt to assess whether ACP and LA11 countries face similar SPS and technical obstacles for exporting to developed countries. We use the information on regulations notified to the WTO. More and more constraints come from the requirements of the private sector, which are not covered by these public regulations, and on which WTO negotiation has little impact. Because Cairns group countries as well as Japan and Norway are often accused of using domestic regulations for protection purposes, we included in the analysis a larger set of developed countries than in the previous sections.

### 9.1. How ACP and LA11 Exports are Affected by Regulatory Barriers

SPS and TBT restrictions. WTO Members must notify their non-tariff measures. These notifications are collected and analysed by the UNCTAD, distinguishing between seven broad categories of measures. Data have been compiled and treated by Disdier, Fontagné and Mimouni (2007). The methodology used in this section is described in their paper.

Here, we focus on measures notified under the Sanitary and Phyto- Sanitary and Technical Barriers to Trade agreements. Countries can add six different motives to impose measures on agricultural trade flows.<sup>38</sup> We focus on the 43 measures actually enforced and on the products described in Table 1.1. and on the ACP and LA11 countries.

Descriptive statistics in terms of frequency on SPS and TBT measures show that, on the list of tropical products, Australia and New Zealand are the countries that notify the largest number of

measures. Basically, all tropical products listed in Table 1.1 face some SPS or TBT restrictions in the case of Australia, and 85 percent of them in New Zealand. Then, Norway, followed by Canada, Switzerland and the US notify SPS and TBT measures for roughly half of the products. The EU and Japan only notify such measures on 10 and 12 percent of the tropical products. In addition, Australia, New Zealand and the US often notify several different measures on a single product (in the case of Australia, half of the tropical products face more than one TBT or SPS measure), while this is practically never the case in Norway and the EU, Canada and Japan. While the EU and Norway invoke only one motivation for the measures (protection of wildlife or human health), New Zealand invokes up to 9 different motives. Australia invokes a set of 6 different measures, but most of its notifications are based on the protection plant health motivation, which leads to quarantine, testing and inspection.

Table 9.1 and Table 9.2. show the export of the ACP and the LA11 to a sample of developed countries in 2004.<sup>39</sup> Table 9.3. and Table 9.4 show the percentage of actual imports covered by SPS and TBT measures.

**Table 9.1. Aggregate Exports of Each Tropical Product by the ACP79 Countries to the World and Selected Developed Countries (1000 USD)**

HS4 Description	Exports to world ACP	Exports to the EU	Exports to Canada	Exports to the US	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
602 LIVE PLANTS	113 172	97 191	335	2 380	1 477	117	73	623	582
603 CUT FLOWERS	395 371	354 201	447	4 322	4 645	1 424	26	14 625	6 412
604 FOLIAGE BRANCHES GRASSES	23 343	18 525	34	2 575	63	33	6	699	63
701 POTATOES	27 973	1 395	5	36	40	1	2	0	0
702 TOMATOES	9 778	6 553	14	599	0	0	0	0	34
709 VEGETABLES NESOI FRESH OR CHILLED	126 748	94 996	3 147	6 981	10 158	342	1 221	2 085	872
711 VEGETABLES PROVISIONALLY PRESERVED	1 684	858	11	40	6	14	215	52	0
713 LEGUMINOUS VEGETABLES DRIED SHELLLED	78 933	21 222	129	840	69	13	23	4	3
714 CASSAVA (MANIOC) ARROWROOT ETC.	70 302	18 743	3 261	33 474	39	3 034	7 462	125	49
801 COCONUTS BRAZIL NUTS AND CASHEW NUTS	348 380	18 677	1 540	7 302	418	449	281	314	59
802 NUTS NESOI	97 041	21 194	1 855	38 016	9 623	54	59	189	196
803 BANANAS AND PLANTAINS	629 468	607 269	362	2 723	842	1	2	5 335	415
804 DATES FIGS PINEAPPLES AVOCADOS ETC.	415 338	354 412	716	24 273	69	31	49	12 066	1 237
805 CITRUS FRUIT	668 014	357 376	22 479	44 487	56 127	76	18	1 913	3 884
807 MELONS	37 229	10 237	6 406	18 368	195	27	615	199	26
810 FRUIT NESOI FRESH	41 232	34 407	1 044	395	0	25	31	1 890	192
811 FRUIT AND NUTS FROZEN	10 300	6 376	33	1 622	1 640	91	111	31	0
812 FRUIT AND NUTS PROVISIONALLY PRESERVED	7 234	5 833	235	755	1	21	12	0	0
813 FRUIT DRIED NESOI	9 930	2 958	145	615	672	1 790	477	1 755	7
814 PEEL OF CITRUS FRUIT OR MELONS	2 868	2 527	1	144	173	0	0	6	0
901 COFFEE	922 631	526 078	7 347	66 573	103 755	14 413	2 452	17 290	5 069
902 TEA	683 308	187 400	4 491	10 117	6 260	843	140	108	19
904 PEPPER PIMENTA	32 094	19 300	946	2 746	791	680	70	283	24
905 VANILLA BEANS	235 984	54 278	14 071	138 870	9 116	4 623	2 232	415	507
906 CINNAMON AND CINNAMON-TREE FLOWERS	702	452	23	2	2	14	2	24	3
907 CLOVES (WHOLE FRUIT CLOVES AND STEMS)	56 930	3 345	156	1 302	612	63	2	18	42
908 NUTMEG MACE AND CARDAMONS	11 394	8 165	691	1 306	0	20	19	22	97
909 SEEDS OF ANISE BADIAN FENNEL CORIANDER CUMIN	962	370	13	123	0	4	1	23	0
910 GINGER SAFFRON THYME CURRY AND OTHER SPICES	23 933	8 181	1 095	2 743	105	1 199	657	294	23
1106 FLOUR AND MEAL OF DRIED LEGUMINOUS VEGETABLES	3 100	1 610	51	535	24	4	43	30	0
1108 STARCHES; INULIN	14 296	978	17	244	0	1 062	65	2	0
1202 PEANUTS (GROUND-NUTS)	41 187	17 120	100	28	7 593	0	185	22	525
1203 COPRA	23 350	21 815	0	29	59	123	0	0	0
1207 OIL SEEDS AND OLEAGINOUS FRUITS NESOI	353 841	59 354	1 595	16 810	66 354	356	188	1 794	79
1208 FLOURS AND MEALS OF OIL SEEDS OR OLEAGINOUS	16 104	177	0	28	86	53	92	0	0
1211 PLANTS USED IN PERFUMERY PHARMACY	59 925	31 071	931	2 783	873	219	68	881	16
1212 LOCUST BEANS SUGAR BEET AND CANE; ETC.	57 968	39 612	32	2 398	3 673	615	1 363	6	15
1301 LAC; NATURAL GUMS RESINS GUM-RESINS	102 732	73 333	0	11 111	4 517	23	0	38	654
1302 VEGETABLE SAPS AND EXTRACTS; PECTIC	36 254	14 837	1 923	14 308	365	754	113	199	58
1401 VEGETABLE MATERIALS USED PRIMARILY FOR PLAINTING	6 917	4 025	53	457	27	25	1	23	0

HS4 Description	Exports to world ACP	Exports to the EU	Exports to Canada	Exports to the US	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
1402 VEGETABLE MATERIALS USED PRIMARILY AS STUFFING	126	7	14	2	0	0	0	0	0
1403 VEGETABLE MATERIALS USED PRIMARILY IN BROOMS	641	169	0	316	0	0	0	0	0
1404 VEGETABLE PRODUCTS NESOI	15 571	3 928	8	379	481	19	52	840	5
1502 FATS OF ANIMALS RENDERED	1 129	8	0	0	0	0	0	0	0
1504 FATS AND OILS AND THEIR FRACTIONS OF FISH	4 941	1 576	8	0	285	30	0	0	0
1505 WOOL GREASE	835	358	0	0	0	0	0	0	0
1507 SOYBEAN OIL AND ITS FRACTIONS	30 030	429	0	55	0	656	94	0	0
1508 PEANUT (GROUND-NUT) OIL AND ITS FRACTIONS	40 304	38 637	0	17	44	0	2	296	0
1511 PALM OIL AND ITS FRACTIONS	235 416	154 893	44	796	100	34	1	20	0
1512 SUNFLOWER-SEED SAFFLOWER OR COTTONSEED OIL	18 758	806	0	18	0	6	0	0	0
1513 COCONUT (COPRA) PALM KERNEL OR BABASSU OIL	66 415	57 846	14	1 767	0	1 477	431	1	0
1515 FIXED VEGETABLE FATS AND OILS	21 724	10 155	73	423	156	777	12	10	1
1516 ANIMAL OR VEGETABLE FATS AND OILS	17 250	3 434	2	603	0	15	1	4	27
1517 MARGARINE; EDIBLE MIXTURES OR PREPARATIONS	49 379	337	14	531	0	1	38	0	0
1518 ANIMAL OR VEGETABLE FATS BOILED OXIDIZED	1 346	71	1	9	0	0	0	0	0
1520 GLYCEROL (GLYCERINE)	1 967	18	0	24	0	0	0	0	0
1521 VEGETABLE WAXES	4 631	1 780	2	1 216	1 428	4	0	0	0
1522 DEGRAS; RESIDUES	31	1	0	0	0	0	0	0	0
1701 CANE OR BEET SUGAR SOLID FORM	1 823 478	1 026 489	273	121 150	37 705	450	126	1 005	30
1703 MOLASSES	56 201	27 873	1	14 846	0	664	186	3	0
1801 COCOA BEANS WHOLE OR BROKEN RAW OR ROASTED	3 252 768	2 072 382	11 5180	431 826	79 669	160	529	31 905	0
1802 COCOA SHELLS HUSKS SKINS	19 181	17 223	30	807	7	0	0	0	0
1803 COCOA PASTE WHETHER OR NOT DEFATTED	447 693	303 787	20 673	45 759	844	11 032	146	246	150
1804 COCOA BUTTER FAT AND OIL	301 380	234 256	14 228	24 518	12 280	555	6	0	0
1805 COCOA POWDER NOT CONTAINING ADDED SUGAR	89 132	51 160	3 257	15 145	0	217	5	31	246
1806 CHOCOLATE AND PREPARATIONS CONTAINING COCOA	52 800	21 685	829	1 480	77	519	72	45	0
1903 TAPIOCA AND SUBSTITUTES	543	340	17	78	0	0	0	1	0
2001 VEGETABLES FRUIT NUTS PRESERVED BY VINEGAR	8 558	6 377	100	1 247	0	239	81	158	0
2004 VEGETABLES PRESERVED OTHERWISE THAN VINEGAR	1 822	288	2	1 051	0	37	5	13	0
2005 VEGETABLES NOT VINEGAR OTHER	54 686	40 164	333	5 145	32	90	67	2 051	0
2006 VEGETABLES FRUIT NUTS PRESERVED BY SUGAR	1 912	488	5	363	0	73	650	0	0
2007 JAMS FRUIT JELLIES MARMALADES FRUIT	13 665	3 223	133	1 409	13	802	69	132	2
2008 FRUIT NUTS OTHERWISE PREPARED OR PRESERVED	290 899	163 655	7 735	21 531	28 578	7 900	1 588	13 235	536
2009 FRUIT JUICES NT FORTIFIED	173 478	65 760	7 141	25 910	22 081	2 678	1 578	2 336	79
2101 EXTRACTS ESSENCES CONCENTRATES OF COFFEE TEA	48 448	19 115	165	3 847	6 681	23	17	46	0
2103 SAUCES AND PREPARATIONS	48 260	11 667	1 119	12 938	515	1 547	347	378	27
2208 ETHYL ALCOHOL UNDENATURED	542 365	416 407	18 974	30 436	4 736	2 176	6 497	181	2 217
2305 PEANUT (GROUND-NUT) OILCAKE	9 588	8 668	0	0	0	0	0	0	0
2306 OILCAKE NOT SOYBEANS OR PEANUTS	29 207	11 092	5	40	0	2 633	1 573	0	0
2401 TOBACCO UNMANUFACTURED	1 116 054	424 155	684	58 086	19 208	8 441	5 804	14 216	2 725
2402 CIGARS CHEROOTS CIGARILLOS AND CIGARETTES	575 258	144 158	5 671	216 006	4 347	1 829	587	22 227	789
2403 TOBACCO AND TOBACCO SUBSTITUTE MANUFACTURES	101 140	979	40	115	0	76	8	890	0
3203 COLOURING MATTER	9 484	6 561	0	1 450	320	4	0	37	0
3301 ESSENTIAL OILS	53 899	31 602	713	10 698	1 005	984	46	1 937	0
5001 SILKWORM COCOONS	135	82	0	0	0	0	0	0	0
5201 COTTON NOT CARDED OR COMBED	1 929 516	245 940	0	1 087	11 638	0	0	43 094	0

Source: BACI, figures for 2004.

**Table 9.2. Aggregate Exports of Each Tropical Product by the LA11 Countries to the World and Selected Developed Countries (1000 USD)**

HS4 Description	Exports to world	Exports to the EU	Exports to Canada	Exports to the US	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
602 LIVE PLANTS	114 017	47 251	4 291	47 839	4 218	238	177	113	185
603 CUT FLOWERS	1 091 956	136 851	34 633	817 629	17 853	56	0	12 089	367
604 FOLIAGE BRANCHES GRASSES	97 493	77 441	288	9 844	5 353	75	0	547	534
701 POTATOES	14 213	150	1	154	68	0	0	0	0
702 TOMATOES	16 036	957	309	21	0	0	0	2	1
709 VEGETABLES NESOI FRESH OR CHILLED	189 896	39 582	5 376	132 955	692	534	0	1 331	2 110
711 VEGETABLES PROVISIONALLY PRESERVED	12 188	1 885	170	3 772	15	106	0	0	0
713 LEGUMINOUS VEGETABLES DRIED SHELL	71 888	9 305	1 136	12 733	931	0	0	13	0
714 CASSAVA (MANIOC) ARROWROOT ETC.	73 616	10 219	1 522	59 826	140	0	0	30	53
801 COCONUTS BRAZIL NUTS AND CASHEW NUTS	70 189	35 640	1 253	26 285	87	1 250	34	257	157
802 NUTS NESOI	18 919	7 148	299	9 088	134	370	8	349	0
803 BANANAS AND PLANTAINS	4 049 783	2 079 460	138 012	1 114 823	42 308	18	13 809	57 366	33 681
804 DATES FIGS PINEAPPLES AVOCADOS ETC.	622 054	332 969	34 462	228 874	4	0	1 345	8 851	4 415
805 CITRUS FRUIT	43 171	26 498	1 704	2 146	1	0	0	77	317
807 MELONS	263 924	96 918	20 518	136 979	29	0	5	390	1 470
810 FRUIT NESOI FRESH	29 513	20 452	1 134	2 494	111	0	35	722	33
811 FRUIT AND NUTS FROZEN	40 000	10 959	720	26 678	439	127	40	89	93
812 FRUIT AND NUTS PROVISIONALLY PRESERVED	1 059	795	44	27	0	0	0	0	20
813 FRUIT DRIED NESOI	1 634	1 189	37	160	0	2	2	5	4
814 PEEL OF CITRUS FRUIT OR MELONS	5 061	3 077	22	388	0	0	0	19	77
901 COFFEE	2 411 118	1 001 238	118 491	904 150	233 681	9 139	2 027	31 316	25 099
902 TEA	2 898	533	36	678	4	1	0	0	16
904 PEPPER PIMENTA	71 659	31 641	760	28 059	127	2	0	0	22
905 VANILLA BEANS	104	10	0	78	0	0	0	0	0
906 CINNAMON AND CINNAMON-TREE FLOWERS	211	35	1	7	0	0	0	0	1
907 CLOVES (WHOLE FRUIT CLOVES AND STEMS)	53	16	0	1	0	0	0	0	0
908 NUTMEG MACE AND CARDAMONS	76 261	3 845	469	2 212	201	126	38	100	98
909 SEEDS OF ANISE BADIAN FENNEL CORIANDER CUMIN	564	41	0	28	5	0	0	0	0
910 GINGER SAFFRON THYME CURRY AND OTHER SPICES	6 573	863	1 405	3 026	0	4	1	9	1
1106 FLOUR AND MEAL OF DRIED LEGUMINOUS VEGETABLES	2 858	507	78	1 086	709	44	11	10	0
1108 STARCHES; INULIN	10 915	82	18	176	16	0	0	0	0
1202 PEANUTS (GROUND-NUTS)	49 090	14 929	783	1 208	0	1 300	0	0	0
1203 COPRA	15	0	0	15	0	0	0	0	0
1207 OIL SEEDS AND OLEAGINOUS FRUITS NESOI	72 013	12 156	1 407	18 788	14 023	587	60	156	2
1208 FLOURS AND MEALS OF OIL SEEDS OR OLEAGINOUS	15 687	1 109	34	1 204	0	0	0	0	0
1211 PLANTS USED IN PERFUMERY PHARMACY	12 816	2 958	834	4 243	552	29	7	31	0
1212 LOCUST BEANS SUGAR BEET AND CANE; ETC.	6 261	685	16	964	53	1	0	23	1
1301 LAC; NATURAL GUMS RESINS GUM-RESINS	8 769	6 880	0	334	66	0	1	27	0
1302 VEGETABLE SAPS AND EXTRACTS; PECTIC	21 594	5 254	77	10 920	1 436	22	9	400	0
1401 VEGETABLE MATERIALS USED PRIMARILY FOR PLAITING	611	78	5	85	0	1	0	0	6
1402 VEGETABLE MATERIALS USED PRIMARILY AS STUFFING	20	13	0	0	0	0	0	0	0
1403 VEGETABLE MATERIALS USED PRIMARILY IN BROOMS	30	0	0	0	0	0	0	0	0
1404 VEGETABLE PRODUCTS NESOI	10 125	2 960	8	1 872	194	18	0	687	0
1502 FATS OF ANIMALS RENDERED	1 787	7	0	0	0	0	0	0	0

HS4 Description	Exports to world	Exports to the EU	Exports to Canada	Exports to the US	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
1504 FATS AND OILS AND THEIR FRACTIONS OF FISH	163 946	62 343	19 057	1 412	3 828	4 027	0	0	20 060
1505 WOOL GREASE	53	0	0	0	0	0	0	0	0
1507 SOYBEAN OIL AND ITS FRACTIONS	137 290	149	15	425	0	0	0	0	0
1508 PEANUT (GROUND-NUT) OIL AND ITS FRACTIONS	6 028	0	0	6 027	0	0	0	0	0
1511 PALM OIL AND ITS FRACTIONS	307 521	59 661	54	1 731	14	6	23	1 291	0
1512 SUNFLOWER-SEED SAFFLOWER OR COTTONSEED OIL	23 112	1	0	8	0	0	0	0	0
1513 COCONUT (COPRA) PALM KERNEL OR BABASSU OIL	36 471	8 825	0	430	0	3	11	15	0
1515 FIXED VEGETABLE FATS AND OILS	4 625	800	7	1 395	332	0	0	18	0
1516 ANIMAL OR VEGETABLE FATS AND OILS	48 264	1 401	94	535	0	0	0	0	0
1517 MARGARINE; EDIBLE MIXTURES OR PREPARATIONS	40 450	1	699	3 404	1	1	4	0	0
1518 ANIMAL OR VEGETABLE FATS BOILED OXIDIZED	1 456	164	0	509	0	0	0	0	0
1520 GLYCEROL (GLYCERINE)	1 780	0	0	100	0	0	0	0	0
1521 VEGETABLE WAXES	143	44	0	33	0	0	0	0	0
1522 DEGRAS; RESIDUES	348	0	0	0	94	0	0	0	0
1701 CANE OR BEET SUGAR SOLID FORM	699 476	5 340	51 768	164 641	1 901	1	16	96	2
1703 MOLASSES	52 843	4 021	2 298	44 741	9	8	2	0	0
1801 COCOA BEANS WHOLE OR BROKEN RAW OR ROASTED	143 191	58 896	2 533	42 431	16 400	41	0	10 082	0
1802 COCOA SHELLS HUSKS SKINS	432	258	36	80	0	0	0	0	0
1803 COCOA PASTE WHETHER OR NOT DEFATTED	18 625	6 809	740	3 673	257	807	561	0	0
1804 COCOA BUTTER FAT AND OIL	64 326	32 273	132	27 683	0	462	0	399	0
1805 COCOA POWDER NOT CONTAINING ADDED SUGAR	12 284	418	1	1 247	25	0	356	7	0
1806 CHOCOLATE AND PREPARATIONS CONTAINING COCOA	70 790	803	42	7 846	663	0	0	9	0
1903 TAPIOCA AND SUBSTITUTES	209	0	1	116	0	0	0	0	0
2001 VEGETABLES FRUIT NUTS PRESERVED BY VINEGAR	22 532	2 152	104	16 793	7	337	64	54	0
2004 VEGETABLES PRESERVED OTHERWISE THAN VINEGAR	4 485	88	38	3 283	485	37	0	2	0
2005 VEGETABLES NOT VINEGAR OTHER	179 168	105 487	2 066	42 340	193	3 737	11	1 671	43
2006 VEGETABLES FRUIT NUTS PRESERVED BY SUGAR	1 479	41	3	977	0	0	0	0	0
2007 JAMS FRUIT JELLIES MARMALADES FRUIT	55 566	24 665	1 316	11 886	338	219	46	63	22
2008 FRUIT NUTS OTHERWISE PREPARED OR PRESERVED	140 727	58 677	3 502	40 797	2 325	628	161	943	10
2009 FRUIT JUICES NT FORTIFIED	203 186	77 835	1 544	66 612	1 088	585	49	645	0
2101 EXTRACTS ESSENCES CONCENTRATES OF COFFEE TEA	182 621	88 823	1 647	26 309	15 854	1 211	11	596	62
2103 SAUCES AND PREPARATIONS	80 966	708	199	4 151	474	3	0	2	0
2208 ETHYL ALCOHOL UNDENATURED	74 957	28 702	131	7 894	650	9	0	56	0
2305 PEANUT (GROUND-NUT) OILCAKE	1 901	0	0	0	0	0	0	0	0
2306 OILCAKE NOT SOYBEANS OR PEANUTS	7 556	885	0	0	0	0	0	0	0
2401 TOBACCO UNMANUFACTURED	99 783	35 487	339	31 998	800	0	0	184	2
2402 CIGARS CHEROOTS CIGARILLOS AND CIGARETTES	226 176	6 344	604	136 133	164	83	7	886	9
2403 TOBACCO AND TOBACCO SUBSTITUTE MANUFACTURES	11 975	9 357	3	30	0	0	0	9	0
3203 COLOURING MATTER	34 446	12 073	39	5 890	5 092	270	0	7	22
3301 ESSENTIAL OILS	19 097	8 291	239	6 567	53	7	0	390	0
5001 SILKWORM COCOONS	3	2	0	0	0	0	0	0	0
5201 COTTON NOT CARDED OR COMBED	12 270	56	0	9	64	0	0	0	0

Source: BACI, figures for 2004.



Table 9.3. ACP Exports of Tropical Products Affected by SPS / TBT Measures in Percent of Value

HS4 ACP	Description	Exports to the EU	Exports to Canada	Exports to the US	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
602	LIVE PLANTS	67	100	100	0	100	100	100	60
603	CUT FLOWERS	100	100	100	0	100	100	0	100
604	FOLIAGE BRANCHES GRASSES	99	100	100	0	100	100	100	100
701	POTATOES	0	100	100	0	100	100	-	-
702	TOMATOES	0	100	100	0	-	-	-	100
709	VEGETABLES NESOI FRESH OR CHILLED	70	100	100	0	100	100	0	100
711	VEGETABLES PROVISIONALLY PRESERVED	0	100	100	0	100	100	0	-
713	LEGUMINOUS VEGETABLES DRIED SHELLED	0	100	100	100	100	100	100	100
714	CASSAVA (MANIOC) ARROWROOT ETC.	0	100	100	0	100	100	100	100
801	COCONUTS BRAZIL NUTS AND CASHEW NUTS	0	100	100	0	100	100	0	100
802	NUTS NESOI	0	100	100	0	100	100	0	100
803	BANANAS AND PLANTAINS	0	100	100	0	100	100	0	100
804	DATES FIGS PINEAPPLES AVOCADOS ETC.	0	100	100	0	100	100	0	100
805	CITRUS FRUIT	0	100	100	0	100	100	0	100
807	MELONS	0	100	100	0	100	100	0	100
810	FRUIT NESOI FRESH	0	100	100	0	100	100	0	100
811	FRUIT AND NUTS FROZEN	0	100	100	0	100	100	0	-
812	FRUIT AND NUTS PROVISIONALLY PRESERVED	0	100	100	0	100	100	-	-
813	FRUIT DRIED NESOI	0	100	100	0	100	100	6	100
814	PEEL OF CITRUS FRUIT OR MELONS	0	100	100	0	-	-	0	-
901	COFFEE	0	100	0	0	100	100	100	100
902	TEA	0	100	0	0	100	100	100	100
904	PEPPER PIMENTA	0	100	0	0	100	100	0	100
905	VANILLA BEANS	0	100	0	0	100	100	0	100
906	CINNAMON AND CINNAMON-TREE FLOWERS	0	100	0	0	100	100	0	100
907	CLOVES (WHOLE FRUIT CLOVES AND STEMS)	0	100	0	0	100	100	0	100
908	NUTMEG MACE AND CARDAMONS	0	100	0	0	100	100	0	100
909	SEEDS OF ANISE BADIAN FENNEL CORIANDER CUMIN	0	100	100	0	100	100	0	-
910	GINGER SAFFRON THYME CURRY AND OTHER SPICES	0	100	0	0	100	100	0	100
1106	FLOUR AND MEAL OF DRIED LEGUMINOUS VEGETABLES	0	100	0	0	100	100	100	-
1108	STARCHES; INULIN	0	100	0	0	100	100	0	-
1202	PEANUTS (GROUND-NUTS)	0	100	0	100	-	100	100	100
1203	COPRA	0	-	0	0	100	-	-	-
1207	OIL SEEDS AND OLEAGINOUS FRUITS NESOI	0	100	100	0	100	100	100	100
1208	FLOURS AND MEALS OF OIL SEEDS OR OLEAGINOUS	0	-	11	0	100	100	-	-
1211	PLANTS USED IN PERFUMERY PHARMACY	0	100	0	100	100	100	100	0
1212	LOCUST BEANS SUGAR BEET AND CANE; ETC.	0	100	4	48	100	100	100	100
1301	LAC; NATURAL GUMS RESINS GUM-RESINS	9	-	0	0	100	-	93	0
1302	VEGETABLE SAPS AND EXTRACTS; PECTIC	0	100	0	0	100	100	6	100
1401	VEGETABLE MATERIALS USED PRIMARILY FOR PLAITING	0	100	0	0	100	100	0	-
1402	VEGETABLE MATERIALS USED PRIMARILY AS STUFFING	0	100	0	0	-	-	-	-
1403	VEGETABLE MATERIALS USED PRIMARILY IN BROOMS	0	-	0	0	-	-	-	-
1404	VEGETABLE PRODUCTS NESOI	66	100	0	0	100	100	1	100
1502	FATS OF ANIMALS RENDERED	0	-	-	0	-	-	-	-
1504	FATS AND OILS AND THEIR FRACTIONS OF FISH	100	0	-	0	100	-	-	-
1505	WOOL GREASE	0	-	-	0	-	-	-	-
1507	SOYBEAN OIL AND ITS FRACTIONS	0	-	0	0	100	0	-	-
1508	PEANUT (GROUND-NUT) OIL AND ITS FRACTIONS	0	-	0	0	-	0	100	-
1511	PALM OIL AND ITS FRACTIONS	0	0	0	0	100	0	100	100
1512	SUNFLOWER-SEED SAFFLOWER OR COTTONSEED OIL	0	-	0	0	100	-	-	-
1513	COCONUT (COPRA) PALM KERNEL OR BABASSU OIL	0	0	0	-	100	0	100	-
1515	FIXED VEGETABLE FATS AND OILS	0	0	0	0	100	0	100	100
1516	ANIMAL OR VEGETABLE FATS AND OILS	0	0	0	-	100	100	100	100
1517	MARGARINE; EDIBLE MIXTURES OR PREPARATIONS	0	0	0	-	100	100	-	-
1518	ANIMAL OR VEGETABLE FATS BOILED OXIDIZED	100	0	100	-	-	-	-	-
1520	GLYCEROL (GLYCERINE)	0	-	0	-	-	-	-	-
1521	VEGETABLE WAXES	97	0	0	100	100	-	-	-
1522	DEGRAS; RESIDUES	0	-	-	-	-	-	-	-
1701	CANE OR BEET SUGAR SOLID FORM	0	0	0	0	100	100	99	43
1703	MOLASSES	0	0	0	-	100	100	0	-
1801	COCOA BEANS WHOLE OR BROKEN RAW OR ROASTED	0	0	0	0	100	100	100	-
1802	COCOA SHELLS HUSKS SKINS	0	0	0	0	-	-	-	-
1803	COCOA PASTE WHETHER OR NOT DEFATTED	0	0	0	0	100	100	100	100
1804	COCOA BUTTER FAT AND OIL	0	0	0	0	100	100	-	-
1805	COCOA POWDER NOT CONTAINING ADDED SUGAR	0	0	0	-	100	100	100	100
1806	CHOCOLATE AND PREPARATIONS CONTAINING COCOA	0	0	0	19	100	100	100	-
1903	TAPIOCA AND SUBSTITUTES	0	0	100	-	-	-	0	-
2001	VEGETABLES FRUIT NUTS PRESERVED BY VINEGAR	0	0	100	-	100	100	100	-
2004	VEGETABLES PRESERVED OTHERWISE THAN VINEGAR	0	0	100	-	100	100	100	-
2005	VEGETABLES NOT VINEGAR OTHER	0	0	100	0	100	100	9	-
2006	VEGETABLES FRUIT NUTS PRESERVED BY SUGAR	0	0	100	-	100	100	-	-
2007	JAMS FRUIT JELLIES MARMALADES FRUIT	0	0	100	0	100	100	0	0
2008	FRUIT NUTS OTHERWISE PREPARED OR PRESERVED	0	0	100	0	100	100	0	100
2009	FRUIT JUICES NT FORTIFIED	0	0	100	0	100	100	4	100
2101	EXTRACTS ESSENCES CONCENTRATES OF COFFEE TEA	0	0	100	97	100	100	100	-

HS4 Description ACP	Exports to the EU	Exports to Canada	Exports to the US	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
2103 SAUCES AND PREPARATIONS	0	0	100	0	100	100	100	100
2208 ETHYL ALCOHOL UNDENATURED	0	0	0	0	100	1	86	0
2305 PEANUT (GROUND-NUT) OILCAKE	0	-	-	-	-	-	-	-
2306 OILCAKE NOT SOYBEANS OR PEANUTS	0	0	0	-	100	100	-	-
2401 TOBACCO UNMANUFACTURED	0	0	0	1	100	100	0	0
2402 CIGARS CHEROOTS CIGARILLOS AND CIGARETTES	0	0	0	0	100	0	0	0
2403 TOBACCO AND TOBACCO SUBSTITUTE MANUFACTURES	0	0	0	-	100	0	0	1
3203 COLOURING MATTER	0	-	0	0	0	1	0	1
3301 ESSENTIAL OILS	0	0	0	0	0	0	0	1
5001 SILKWORM COCOONS	0	-	-	-	-	1	1	1
5201 COTTON NOT CARDED OR COMBED	0	-	100	0	-	1	0	1

Source: BACI, figures for 2004.

Table 9.4. LA11 Exports of Tropical Products Affected by SPS / TBT Measures in Percent of Value

HS4 Description	Exports to the EU	Exports to Canada	Exports to the US	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
602 LIVE PLANTS	100	100	100	0	100	100	100	100
603 CUT FLOWERS	100	100	100	0	100	‘-	0	100
604 FOLIAGE BRANCHES GRASSES	97	100	100	0	100	‘-	100	100
701 POTATOES	0	100	100	0	‘-	‘-	‘-	‘-
702 TOMATOES	0	100	100	‘-	‘-	‘-	0	100
709 VEGETABLES NESOI FRESH OR CHILLED	70	100	100	0	100	‘-	0	100
711 VEGETABLES PROVISIONALLY PRESERVED	0	100	100	0	100	‘-	‘-	‘-
713 LEGUMINOUS VEGETABLES DRIED SHELL	0	100	100	99	‘-	‘-	100	‘-
714 CASSAVA (MANIOC) ARROWROOT ETC.	0	100	100	0	‘-	‘-	100	100
801 COCONUTS BRAZIL NUTS AND CASHEW NUTS	0	100	100	0	100	100	0	100
802 NUTS NESOI	0	100	100	0	100	100	0	‘-
803 BANANAS AND PLANTAINS	0	100	100	0	100	100	0	100
804 DATES FIGS PINEAPPLES AVOCADOS ETC.	0	100	100	0	‘-	100	0	100
805 CITRUS FRUIT	0	100	100	0	‘-	‘-	0	100
807 MELONS	0	100	100	0	‘-	100	0	100
810 FRUIT NESOI FRESH	0	100	100	0	‘-	100	0	100
811 FRUIT AND NUTS FROZEN	0	100	100	0	100	100	0	100
812 FRUIT AND NUTS PROVISIONALLY PRESERVED	0	100	100	‘-	‘-	‘-	‘-	100
813 FRUIT DRIED NESOI	0	100	100	‘-	100	100	65	100
814 PEEL OF CITRUS FRUIT OR MELONS	0	100	100	‘-	‘-	‘-	0	100
901 COFFEE	0	100	0	0	100	100	100	100
902 TEA	0	100	0	0	100	‘-	‘-	100
904 PEPPER PIMENTA	0	100	0	0	100	‘-	‘-	100
905 VANILLA BEANS	0	‘-	0	‘-	‘-	‘-	‘-	‘-
906 CINNAMON AND CINNAMON-TREE FLOWERS	0	100	0	‘-	‘-	‘-	‘-	100
907 CLOVES (WHOLE FRUIT CLOVES AND STEMS)	0	‘-	0	‘-	‘-	‘-	‘-	‘-
908 NUTMEG MACE AND CARDAMONS	0	100	0	0	100	100	0	100
909 SEEDS OF ANISE BADIAN FENNEL CORIANDER CUMIN	0	‘-	100	0	‘-	‘-	‘-	‘-
910 GINGER SAFFRON THYME CURRY AND OTHER SPICES	0	100	0	‘-	100	100	0	100
1106 FLOUR AND MEAL OF DRIED LEGUMINOUS VEGETABLES	0	100	0	0	100	100	100	‘-
1108 STARCHES; INULIN	0	100	0	100	‘-	‘-	‘-	‘-
1202 PEANUTS (GROUND-NUTS)	0	100	0	‘-	100	‘-	‘-	‘-
1203 COPRA	‘-	‘-	0	‘-	‘-	‘-	‘-	‘-
1207 OIL SEEDS AND OLEAGINOUS FRUITS NESOI	0	100	100	0	100	100	100	100
1208 FLOURS AND MEALS OF OIL SEEDS OR OLEAGINOUS	0	100	1	‘-	‘-	‘-	‘-	‘-
1211 PLANTS USED IN PERFUMERY PHARMACY	0	100	0	100	100	100	100	‘-
1212 LOCUST BEANS SUGAR BEET AND CANE; ETC.	0	100	0	46	100	‘-	100	100
1301 LAC; NATURAL GUMS RESINS GUM-RESINS	100	‘-	0	0	‘-	100	100	‘-
1302 VEGETABLE SAPS AND EXTRACTS; PECTIC	0	100	0	0	100	100	30	‘-
1401 VEGETABLE MATERIALS USED PRIMARILY FOR PLAINTING	0	100	0	‘-	100	‘-	‘-	0
1402 VEGETABLE MATERIALS USED PRIMARILY AS STUFFING	0	‘-	‘-	‘-	‘-	‘-	‘-	‘-
1403 VEGETABLE MATERIALS USED PRIMARILY IN BROOMS	‘-	‘-	‘-	‘-	‘-	‘-	‘-	‘-
1404 VEGETABLE PRODUCTS NESOI	13	100	0	0	100	‘-	100	‘-
1502 FATS OF ANIMALS RENDERED	0	‘-	‘-	‘-	‘-	‘-	‘-	‘-
1504 FATS AND OILS AND THEIR FRACTIONS OF FISH	100	0	100	0	100	‘-	‘-	100
1505 WOOL GREASE	‘-	‘-	‘-	‘-	‘-	‘-	‘-	‘-
1507 SOYBEAN OIL AND ITS FRACTIONS	0	0	0	‘-	‘-	‘-	‘-	‘-
1508 PEANUT (GROUND-NUT) OIL AND ITS FRACTIONS	‘-	‘-	0	‘-	‘-	‘-	‘-	‘-
1511 PALM OIL AND ITS FRACTIONS	0	0	0	0	100	0	100	‘-
1512 SUNFLOWER-SEED SAFFLOWER OR COTTONSEED OIL	0	‘-	0	‘-	‘-	‘-	‘-	‘-
1513 COCONUT (COPRA) PALM KERNEL OR BABASSU OIL	0	‘-	0	‘-	100	0	100	‘-
1515 FIXED VEGETABLE FATS AND OILS	0	0	0	0	‘-	‘-	100	‘-
1516 ANIMAL OR VEGETABLE FATS AND OILS	98	0	0	‘-	‘-	‘-	‘-	‘-
1517 MARGARINE; EDIBLE MIXTURES OR PREPARATIONS	0	0	0	0	100	100	‘-	‘-
1518 ANIMAL OR VEGETABLE FATS BOILED OXIDIZED	100	‘-	100	‘-	‘-	‘-	‘-	‘-
1520 GLYCEROL (GLYCERINE)	‘-	‘-	0	‘-	‘-	‘-	‘-	‘-
1521 VEGETABLE WAXES	57	‘-	0	‘-	‘-	‘-	‘-	‘-
1522 DEGRAS; RESIDUES	‘-	‘-	‘-	0	‘-	‘-	‘-	‘-
1701 CANE OR BEET SUGAR SOLID FORM	0	0	0	0	100	100	100	100
1703 MOLASSES	0	0	0	0	100	100	‘-	‘-
1801 COCOA BEANS WHOLE OR BROKEN RAW OR ROASTED	0	0	0	0	100	‘-	100	‘-
1802 COCOA SHELLS HUSKS SKINS	0	0	0	‘-	‘-	‘-	‘-	‘-
1803 COCOA PASTE WHETHER OR NOT DEFATTED	0	0	0	0	100	100	‘-	‘-
1804 COCOA BUTTER FAT AND OIL	0	0	0	‘-	100	‘-	100	‘-
1805 COCOA POWDER NOT CONTAINING ADDED SUGAR	0	0	0	0	‘-	100	100	‘-
1806 CHOCOLATE AND PREPARATIONS CONTAINING COCOA	0	0	0	1	‘-	‘-	100	‘-
1903 TAPIOCA AND SUBSTITUTES	‘-	0	100	‘-	‘-	‘-	‘-	‘-
2001 VEGETABLES FRUIT NUTS PRESERVED BY VINEGAR	0	0	100	0	100	100	100	‘-
2004 VEGETABLES PRESERVED OTHERWISE THAN VINEGAR	0	0	100	0	100	‘-	100	‘-
2005 VEGETABLES NOT VINEGAR OTHER	0	0	100	0	100	100	19	100

HS4 Description	Exports to the EU	Exports to Canada	Exports to the US	Exports to Japan	Exports to Australia	Exports to New Zealand	Exports to Switzerland	Exports to Norway
2006 VEGETABLES FRUIT NUTS PRESERVED BY SUGAR	0	0	100	'-	'-	'-	'-	'-
2007 JAMS FRUIT JELLIES MARMALADES FRUIT	0	0	100	0	100	100	0	45
2008 FRUIT NUTS OTHERWISE PREPARED OR PRESERVED	0	0	100	0	100	100	0	100
2009 FRUIT JUICES NT FORTIFIED	0	0	100	0	100	100	81	'-
2101 EXTRACTS ESSENCES CONCENTRATES OF COFFEE TEA	0	0	100	0	100	100	100	100
2103 SAUCES AND PREPARATIONS	0	0	100	0	100	'-	100	'-
2208 ETHYL ALCOHOL UNDENATURED	0	0	0	0	100	'-	93	'-
2305 PEANUT (GROUND-NUT) OILCAKE	'-	'-	'-	'-	'-	'-	'-	'-
2306 OILCAKE NOT SOYBEANS OR PEANUTS	0	'-	'-	'-	'-	'-	'-	'-
2401 TOBACCO UNMANUFACTURED	0	0	0	0	'-	'-	0	0
2402 CIGARS CHEROOTS CIGARILLOS AND CIGARETTES	0	0	0	0	100	0	0	0
2403 TOBACCO AND TOBACCO SUBSTITUTE MANUFACTURES	0	0	0	'-	'-	'-	0	'-
3203 COLOURING MATTER	0	0	0	0	0	'-	0	0
3301 ESSENTIAL OILS	0	0	0	0	0	'-	0	'-
5001 SILKWORM COCOONS	0	'-	'-	'-	'-	'-	'-	'-
5201 COTTON NOT CARDED OR COMBED	0	'-	100	0	'-	'-	'-	'-

Source: BACI, figures for 2004.

It is difficult to isolate the effects of SPS and technical requirements on imports from the ACP and the LA11. Australia, for example, is a competitive producer of several tropical products, which can explain the low level of Australian imports. The competition of Asian countries must also be taken into account, given the geographical proximity. Nevertheless, the countries that apply most frequently SPS and TBT measures are those where exports of the ACP and LA11 countries are particularly limited.

The EU imposes SPS and TBT measures on 5 percent of imports originating from ACP countries and 7 percent on imports originating from LA11 countries. The percentages are respectively 3 percent and zero for Japan, while they reach 99 percent in both cases in Australia. In the case of Canada, US, and Norway, the ratio is lower for imports originating from the ACP than from the LA11 (Tables 9.3 and 9.4.). This ratio is roughly similar in other countries. It is possible that some countries under report their SPS and TBT measures compared to other countries. However, the examination of the coverage by SPS and TBT measures does not show any significant difference between the ACP and the LA11. Clearly, cut flowers, and fresh fruit and vegetables, are more subject to SPS and TBT measures than coffee or sugar.

*Private standards.* While the figures above rely on the SPS and TBT measures that are notified to the WTO, there are other non tariff barriers to the exports of developing countries. The standards

governing international (and national) trade are increasingly beyond public control, which alone is capable of being the subject of international agreements. Increasingly, private players are imposing their own standards on importers and producers from developing countries (Reardon, 2004). They include importers standards, most of the time linked to the requirements of retailers. Private requirements exceed public regulations, particularly regarding production processes, certification and traceability, three areas where the poorest countries are especially handicapped by the lack of capital, infrastructure and skilled workers. Moreover, private sector standards appear to amplify the effects of reputation, distributors in developed countries having not only to manage the risk but the media coverage of risk with public opinion. It was found that, out of fear of potential risks, there are importers (e.g. those involved in school meals) who systematically refused supplies from developing countries despite a seemingly satisfactory bill of health (Bureau, Bernard, Gallezot and Gozlan, 2004).

In short, there is a set of factors not pertaining to negotiation on tariffs which considerably limit the integration of developing countries into the world market. More generally, there are supply side constraints, such as infrastructure, capital and skilled labour constraints, that will limit considerably the impact of tariff concessions in the food sector. Again, not all developing countries are affected in the same way. Non-tariff factors seem to marginalize the poorest countries the most, and sub Saharan Africa in particular.

## 9.2. Non-tariff Measures in the WTO Negotiations

The interests of the LA11 and ACP are certainly common as far as SPS and TBT issues are concerned. Both groups should aim at easing the regulatory barriers that now appear to be the main obstacles to their exports. One possibility would be to invoke the Special and differential treatment provisions of the TBT and SPS agreements (Article 10 of the SPS agreement and Article 12 of the Technical Barriers to Trade or TBT agreement, which recommend giving consideration to the difficulties for developing countries to comply with Northern standards). However, so far these provisions have had little effect.

It is easily understood that, with public opinion so sensitive on matters of food safety, caution encourages very restrictive measures. It is difficult to assess when a regulation is actually a non tariff barrier and when its main purpose is to protect consumers or the environment, and it only affects trade as an indirect consequence. Typically, the very restrictive SPS rules observed in Australia can be related to the need for stricter measures regarding the control of imported pests, after the dramatic consequences of the introduction of foreign species in the 19th and 20th century, which have led to ecological catastrophes.

Developing countries have demanded a less strict application of the SPS and TBT rules, but are unlikely to be heard.<sup>40</sup> When the SPS agreement was implemented, powerful Organizations complained about the potential risks for US consumers. The changes brought in the EU legislation on product liability have since then made retailers even more cautious and have led them to raise the standards on imports from developing countries. The only way the ACP and LA11 countries could gain better access to developed countries markets seems to be through the compliance to high standards, which requires a significant transfer of technology and know-how. This seems only compatible with large flows of foreign direct investment. The lack of predictability of some preferential schemes has been an obstacle. The common interest of ACP and LA11 countries is to push for the declarations regarding "aid for trade" to be given more content within the special and differential treatment provisions. It is also, perhaps, to support actively trade liberalisation in emerging countries, where tariffs are still a considerable issue, and where SPS and TBT standards are more similar to the ones in the ACP and LA11 countries.

## APPENDIX

### Measures of Tariff Escalation

Identification of tariff escalation is difficult, both for data and conceptual reasons. In theory, effective protection measures are the more appropriate ones. Effective protection says how much of the value added of a product increases or decreases (in percent) because of the tariff structure. This measure relates the protection granted to the processed product, i.e. to the value added of the particular process involved, and subtracts the protection for the input procured externally. However, the measurement of effective protection is difficult because of data, methodological and conceptual problems. In agriculture, effective protection rates are in practice of little use, because of the existence of cumulative uncertainty (ad valorem equivalents, input-output coefficients, increasing number of protected inputs) along the processing chain. Nominal rates of protection do not provide a reliable measure of tariff escalation, as we will see below. The examination of tariff progression (i.e. nominal rates for various levels of transformation) nevertheless provides useful indications for identifying the existence of tariff escalation.

*Tariff progression and effective protection.* One can compare ad valorem tariffs imposed on a product at various stages of processing. This comparison is often called nominal tariff escalation, or tariff progression. It shows whether tariffs increase with the degree of processing, but does not provide complete information about how protected the processing industry actually is.

The drawbacks of the method are well known:

- A zero increase in nominal protection can in fact hide a significant protection of the processing industry. Even equal tariffs on all stages of processing can imply protection of the processing industry as long as it is not compensated by higher tariffs on other inputs than the raw material of interest. That is, the absence of tariff progression may hide effective protection of the processing sector. Assume for example that the value added of the processing activity is 20 percent of the output (say, marmalade) price and the raw material (say, oranges) accounts for 30 percent of the value of all inputs (under free trade). If there is a 10 percent tariff on both oranges and marmalade, assuming that other inputs (e.g. sugar) is zero, the processing sector is in fact protected. The rate of protection of the value added is actually 34 percent. Tariff rates along the processing chain would actually have to be decreasing if the processing industry should not be protected.
- On the basis of this example, even nominal measures that indicate a higher tariff on raw materials than on the processed product may therefore be consistent with the existence of protection of the processing sector.
- When several products are derived from the same material (such as skimmed milk powder and butter), there is extra difficulty in interpreting nominal protection measures.<sup>41</sup>

Clearly, the argumentation above suggests that effective protection (i.e. the measure that would give the 34 percent figure in the marmalade example) is more appropriate than the simple analysis of tariff progression. However, the analysis of tariff progression along the food chain is an easy-to-use method, and, given the empirical problems that occur when one wants to use more theoretically sound methods, analysing nominal tariffs is certainly useful. This approach also leads to identifying tariff escalation with no ambiguity in some cases. For example, when the processed product facing a positive tariff is derived from one raw material that faces a zero tariff, there is clearly a tariff escalation problem (at least if the product is derived from a single raw material, e.g. roasted coffee, orange juice, cotton yarn, etc., since the percentage cost of this input is necessarily lower than one). Also, if there is only one agricultural material

in a processed product, some conditions might be sufficient to conclude to the existence of protection of the processing sector. These conditions will be indicated below in the section "rules of thumb".

*Measures of effective protection.* Effective protection is often seen as a way to solve (some of) the difficulties mentioned in the previous paragraphs. Effective protection focuses on measuring how much the value added of a product increases or decreases (in percent) because of the tariff structure. Corden's (1966) definition of an effective rate of protection (EPR) for an industry producing a single good  $j$  by combining primary factors of production with an intermediate goods is given by :

$$e_j = \frac{v_j - v_j^*}{v_j^*} = \frac{(p_j - \sum_i p_i a_{ij}) - (p_j^* - \sum_i p_i^* a_{ij})}{(p_j^* - \sum_i p_i^* a_{ij})}, \text{ with } p_k = p_k^* (1 + t_k), \quad k = i, j \quad (1)$$

or

$$e_j = \frac{p_j t_j - \sum_i p_i t_i a_{ij}}{p_j - \sum_i p_i a_{ij}} \quad (2)$$

where  $a_{ij}$  is the amount of good  $i$  required to produce one unit of good  $j$ ,  $p_i^*$  is the world price of good  $i$ ,  $t_i$  is the nominal ad valorem tariff on good  $i$ ,  $p_j$  is the domestic price of good  $j$  faced by the final good producer,  $v_j^*$  is the value added per unit of good  $j$  in the free trade situation,  $v_j$  in the protected situation.

Another expression relies on cost coefficients under free trade  $c_{ij}^* = a_{ij} \cdot p_i^* / p_j^*$ . By rearranging (1) and dividing by the output price under free trade, one obtains (3):

$$e_{j,z} = \frac{t_j - \sum_i t_i c_{ij}^*}{1 - \sum_i c_{ij}^*} \quad (3)$$

Another expression relies on the cost coefficients under protection  $c_{ij} = a_{ij} \cdot p_i / p_j$

$$e_{j,z} = \frac{1 - \sum_i c_{ij}}{\frac{1}{1+t_j} - \sum_i \frac{c_{ij}}{1+t_i}} - 1 \quad (4)$$

- Under the assumption that the cost coefficient (i.e.  $c_{ij}$ , not the amount of good  $i$  required to produce one unit of good  $j$ ) remains constant under the protected and non protected situation, formula (3) and (4) will correspond. However this is a rather stringent assumption. In general cases, tariffs change relative factor prices and the production function permits substitution, so that the two measures lead to different results. The second measure is more appropriate, since it is more likely to provide the right information about the direction and magnitude of primary resources flows in response to changes in the tariff structure.

*Some rules of thumb.* While the concept of effective protection suffers from practical problems, the theoretical validity remains. The hierarchy between effective and nominal protection rates can be used to infer the existence of protection of the processing sector, even though the conditions are sufficient but not necessary.

The case where  $t_i$  is zero and  $t_j$  is positive leads to a clear conclusion of the existence of a positive protection of the value added. Any case where the tariff on the processed product is higher than



on the raw material, there is a positive effective protection. That is, the study of nominal tariffs for processed and primary goods gives a sufficient but non necessary condition for the existence of protection of the processing sector. The following example, adapted from Jordbrusk Verket (2001), illustrates the conclusions in terms of tariff escalation that one can draw from looking at tariff progression. It shows that, at least when there is only one protected material in a processed product, it is possible to identify tariff escalation in many empirical cases, without calculating EPRs. This minimises the data problems that make most of the effective protection measures questionable.

Assume that we manufacture juice derived from nothing but apricots. The cost of raw materials makes up 70 percent of the price of the juice, giving a value-added for production of juice of 30 percent.

- *Progression of tariffs > 0.* If tariffs are introduced on juice (10 percent) and apricots (5 percent), this would give a nominal tariff escalation of five percentage points. EPR for the juice industry would be 22 percent, that is value-added increases by 21.7 percent (i.e.  $10 - 0.7 \times 5 / (1 - 0.7)$ ) due to tariffs. In this case, EPR is considerably higher than nominal tariff escalation. Nevertheless, tariff progression indicates the presence of tariff escalation. The difference between nominal tariff escalation and EPR is higher the greater the share of raw material cost of the price on the processed product.
- *Progression of tariffs = 0.* Assume that the same tariff rate (10 percent) is introduced on both the apricots and the juice. This gives a nominal tariff escalation of zero, and an EPR of 10 percent (i.e.  $10 - 0.7 \times 10 / (1 - 0.7)$ ). That the value-added of the juice industry increases in spite of tariffs being the same on both raw material and processed product is because the tariff taxes the value-added of the juice.
- *Progression of tariffs < 0.* Assume that the tariff introduced on the juice is 5 percent, whereas the tariff on apricots is 10 percent, giving a nominal tariff escalation of -5 percentage points, i.e. de-escalation. EPR is -7 percent, which can be interpreted as a tax on the juice industry as a consequence of the tariff structure. If the difference between tariffs on juice and apricots is somewhat smaller, say 8 percent on juice and 10 percent on apricots, nominal tariff escalation is still negative (-2 percentage points), whereas EPR is positive (3 percent). A lower share of the cost of raw materials gives a positive EPR at higher degrees of de-escalation. In this latter case, an analysis of nominal tariffs fails to detect protection of the value added.

More generally, the nominal protection, or tariff progression (TP) between pairs of primary/processed products (i.e.  $TP : t_j - t_i$ ) provides some rules of thumb that make it possible to identify cases of protection of the processing sector. This may be very useful considering the problems of estimating input output coefficients and of gathering price data, as well as value share data at world price.

- If  $TP > 0$ , then there is a positive EPR, which is larger than the tariff on the processed product.
- If  $TP = 0$  (i.e.  $t_j = t_i$ ), there is a positive EPR, which equals the common tariff.
- If  $TP < 0$ , the conclusion is ambiguous, since the sign of the EPR depends on the numerator.<sup>42</sup>

The issue is nevertheless much more complex when there are several different protected agricultural inputs. In that case, it is difficult to conclude to the existence of tariff escalation. Typically, this occurs with a commodity such as chocolate. The fact that chocolate is more protected than cocoa beans or cocoa paste does not mean that there is tariff escalation, since the technological process involves the introduction of sugar, which is protected by very high tariffs in the EU and the US. A non ambiguous conclusion would be given by EPRs. However, because the considerable uncertainty on the input-output coefficients combines with the uncertainty that surrounds any conversion of specific tariffs (this is the case for sugar in the EU) into ad valorem equivalent, the overall result of EPR calculation is clearly questionable.<sup>1</sup> More 1 More

## ENDNOTES

- 1 More precisely, the products of interest are those listed by eight LA countries in their document JOB(06)/129 of 28 April 2006.
- 2 Among the 79 ACP countries, 56 are members of the WTO and 77 have signed the Cotonou agreement with the European Union or EU. South Africa has a specific free trade agreement with the EU but has signed the 2005 agreement. Somalia and Cuba are not part of the Cotonou Agreement, see Council Decision 8851/05 ACP 63 OC 269, Brussels, 7 June 2005.
- 3 See the list of tropical products used in the JOB(06)/129 paper.
- 4 Even though there are no public statistics available on this issue, it seems that the preferential regime for ethanol actually results in some exports of sugar that use loopholes in the EU import regime, as explained in the main report.
- 5 See the document JOB(06)/204 of 21 June 2006.
- 6 See the document JOB(06)/129 by Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Nicaragua, Panama and Peru.
- 7 WTO, Chair's Reference Paper, Committee on Agriculture, Market Access, Special Session 17 May 2006.
- 8 See the document WT/L/59.
- 9 These countries include Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Nicaragua, Panama and Peru. See the document JOB(06)/129 of 28 April 2006.
- 10 See the document TN/AG/GEN/19 of 6 June 2006.
- 11 Committee on Agriculture, Special Session 9 June 2006, Negotiations on Agriculture, Revised Consolidated Reference Paper on Possible Modalities on Market Access.
- 12 They included: (i) tropical beverages (cocoa, coffee and tea); (ii) spices, flowers and plants; (iii) some oilseeds, vegetable oils and oilcakes (for example palm and coconut oil); (iv) tropical roots, rice and tobacco; (v) tropical fruits and nuts (e.g. plantains, pineapples and peanuts); (vi) tropical wood and rubber; and (vii) jute and hard fibres.
- 13 Committee on Agriculture, Special Session 17 May 2006, Market Access, Chair's Reference Paper on Tropical and Diversification Products.
- 14 South Africa has a specific free trade agreement with the EU but has signed the 2005 agreement. Somalia and Cuba are not part of the Cotonou agreement, see Council Decision 8851/05 ACP 63 OC 269, Brussels, 7 June 2005.
- 15 The Cairns group includes Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand, Uruguay. The G20 (November 2006 version) includes 22 members, Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa,

Tanzania, Thailand, Uruguay, Venezuela, Zimbabwe.

- 16 This includes 70 out of 79 ACP countries. The other ones are Cuba, South Africa and some small territories.
- 17 The list of countries eligible to the EU GSP Plus include the LA11 group ( Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, El Salvador, Venezuela) as well as Sri Lanka, Georgia, Mongolia. See EC Regulation L169/19 Official Journal of the CE, 30.06.2005.
- 18 Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Congo DR, Congo ROC, Djibouti, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, Zambia.
- 19 Angola\*, Burundi\*, Benin\*, Burkina Faso\*, Belize, Botswana, Central African Republic\*, Cote d'Ivoire, Cameroon, Congo ROC, Cook Is, Comoros\*, Cape Verde\*, Djibouti\*, Dominica Is, Dominican Republic, Eritrea, Ethiopia\*, Fiji, Gabon, Ghana, Guinea\*, Gambia\*, Guinea-Bissau\*, Equatorial Guinea\*, Grenada Is, Guyana, Haiti\*, Jamaica, Kenya, Kiribati\*, St Kitts and Nevis, Liberia\*, St Lucia Is, Lesotho\*, Madagascar\*, Mali\*, Mozambique\*, Mauritania\*, Mauritius, Malawi\*, Namibia, Niger\*, Nigeria, Niue, Papua New Guinea, Rwanda\*, Senegal, Solomon Is, Sierra Leone\*, Somalia\*, Sao Tome and Principe\*, Suriname, Swaziland, Seychelles, Chad\*, Togo\*, Tonga, Trinidad & Tobago, Tuvalu\*, Tanzania\*, Uganda\*, St Vincent and Grenadines, Vanuatu\*, Samoa\*, South Africa, Congo DR\*, Zambia\*, Zimbabwe. Countries with an asterisk are eligible to the LDC status. It is noteworthy that the US list of LDCs under the GSP differs from the UN list.
- 20 Antigua and Barbuda, Bahamas, Belize\*, Barbados\*, Dominica Is, Dominican Republic\*, Grenada Is, Guyana\*, Haiti\*, Jamaica\*, St Kitts and Nevis, St Lucia Is\*, Trinidad & Tobago\*, St Vincent and Grenadines. Countries with an asterisk are also eligible to the CBTPA.
- 21 Angola, Benin, Burkina Faso, Burundi, Cape Verde, Central African Rep, Chad, Comoros, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Is, Somalia, Sudan, Tanzania, Timor Leste, Togo, Tuvalu, Uganda, Vanuatu, Zambia.
- 22 Angola, Burundi, Benin, Burkina Faso, Cen African Rep, Comoros ,Cape Verde, Djibouti, Eritrea, Ethiopia, Guinea, Gambia, Guinea-Bissau, Equatorial Guinea, Haiti, Kiribati, Liberia, Lesotho, Madagascar, Mali, Mauritania, Malawi, Mozambique, Niger, Rwanda, Sudan, Senegal, Solomon Is, Sierra Leone, Somalia, Sao Tome and Principe, Chad, Togo, Tuvalu, Tanzania, Uganda, Vanuatu, Samoa, Congo DR, Zambia, East Timor.
- 23 Antigua and Barbuda, Bahamas, Belize, Barbados, Dominica Is, Grenada Is, Guyana, Jamaica, St Kitts and Nevis, St Lucia Is, Trinidad and Tobago, St Vincent and Grenadines.
- 24 French Polynesia, New Caledonia, Barbados, Nicaragua, Barbados, Antigua and Barbuda, etc.
- 25 In the general case, an «upper» ceiling means that, when the value of a country's imports represents more than half of US imports of the product in question, or exceeds a value set annually, graduation is activated. There is a lower ceiling for a group of countries that the US authorities consider to be sufficiently competitive. For these countries, graduation is activated when the value of imports exceeds 25% of total US imports of the product, or 40% of the «upper» ceiling mentioned above.

- 26 For these averages, we did not take into account the very high ad valorem equivalents on some particular products, such as tobacco refuses, which result from the conversion of specific tariffs. They may be due to very low unit values in the COMTRADE and IDB datasets.
- 27 This weighting scheme is more appropriate than bilateral trade flows, which suffers from an endogeneity bias because of the inverse correlation of tariffs and trade. It is noteworthy that the figures would have been very different if one had used alternative weighting schemes (such as the exports of a reference group of countries, or aggregate world trade, or a unit vector). The standard MacMap databases use exports of a reference group of countries rather than individual countries exports as weights. However, because of the focus on the negotiating interest of each country and country group, this «Laspeyres» approach is particularly appropriate.
- 28 This includes Central African Republic, Comoros, Equatorial Guinea, Kiribati, Liberia, Mauritania, Samoa, Togo, Vanuatu, Tuvalu, covered by the US LDC treatment.
- 29 The figures are simple averages, non weighted of 9-digit level tariffs to the 4 digit level.
- 30 The figures are simple average, non weighted of 8-digit level tariffs to the 4-digit level.
- 31 See the document JOB(06)/204 of 21 June 2006.
- 32 To our knowledge, the United States have excluded ethanol for fuel from the HS 2207 code and have created a particular classification (9901.00.50 in the HTS). Only CBERA eligible countries have a duty free access, but under a quota, which is subject to multiple conditions. Salvador has a specific quota which is scheduled to increase annually until 2025, but which amounts only to 20 000 hl in 2007. The rest of the CBERA countries has access to a quota of 158 500 hl in 2007, subject to restrictions with regard to the rules of origin of the non dehydrated material.
- 33 Even though there are no public statistics available on this issue, it seems that the preferential regime for ethanol actually results in some exports of sugar. Loopholes in the tariff structure seem to be used to export sugar to the EU (under the temporary imports for reexport regime), which, once turned into ethanol, is re-imported under the GSP+after a brief detour outside the EU territory. We were not able to assess how large were the quantities at stake.
- 34 Many authors who have criticised the preferential regimes granted by the EU, and by the US for development purposes, actually provide little empirical evidence that supports their claim. This is particularly the case of Topp (2003), Stockel and Borell (2001), Anderson (2004). Brenton (2003) claimed that the EBA preferences were largely ineffective based on data for 2001, when the EBA was not yet fully implemented. Other authors criticise preferences on the basis of their limitations, including the strings attached or the lack of full product coverage. That is, their point of view can be seen as an implicit argument that there are not enough preferences (e.g. Panagaryia 2005).
- 35 We assumed that, under its own proposal the EU uses the pivot method so as to modulate the cut within the first band (i.e. the range of 0 to 40% ad valorem tariffs) but that no Quad country treats any tropical product as a «sensitive product».
- 36 «Brix Value,» sometimes referred to as «Brixo,» or «Degrees Brix» means the direct reading of degrees Brix obtained from a Brix hydrometer or a refractive index expressed in terms of percentage sucrose content obtained from a refractometer, at a temperature of 20oC, or corrected for 20oC if the reading

is made at a different temperature. In other words, «Brix Value» approximates the percentage of water-soluble solids which, in most fruit juices, reflects the amount of sugar present in the juice.

- 37 For example, the ATPA expired on December 4, 2001, and even though it was renewed retroactive to that date on August 6, 2002, this had a significant impact on 2002 imports. Indeed, during the period where ATPA was not in effect, imports were subject to MFN duties. Duties paid later qualified for refund when ATPA was renewed, retroactive to the dates it had expired. It had, however, a significant impact on the utilisation of this agreement. The same problem occurred with the GSP (an 11-month delay between expiration and renewal).
- 38 The measures are: (i) protection of the environment; (ii) protection of wildlife; (iii) protection of plant health; (iv) protection of animal health; (v) protection of human health; (vi) protection of human safety. For each notification, our database provides the notifying country (the importer), the affected product (at the 6-digit level of the Harmonized System of classification - hereafter HS6), and the classification code of the barrier.
- 39 The figures presented in tab figures are somewhat troubling, given that some countries that have been accused of excessively restrictive SPS measures, for example Japan for cut flowers and live plants, do not seem to impose such measures. There has also been a number of complaints from developing countries regarding the restrictive EU thresholds on pesticide residues in fruit and vegetables, which do not appear in this dataset (Cerrex 2003). It is therefore possible that some of the measures have been underreported by particular countries.
- 40 During their meeting on July 13, 2004 in Mauritius, the Trade Ministers from the Alliance of the African, Caribbean and Pacific (ACP) Group of States, the African Union (AU) and the Least Developed Countries (LDCs), commonly known as the G-90, agreed on different elements for a G-90 Consensus on the Doha Development Agenda. One of these elements concerned SPS and TBT measures and asked "WTO Members [to] exercise restraint in applying TBT and SPS measures to products of G-90 countries and [to] provide technical and financial assistance for compliance with SPS and TBT requirements for the export of G-90 agricultural commodities".
- 41 Note that, in practice, there are also considerable problems with other methods, such as the calculation of effective rates of protection, in such cases.
- 42 Consider the simple case where  $EPR = t_j - c_{ij} \cdot t_i / 1 - c_{ij}$  given in equation (3) with only one intermediate input. If  $t_j < t_i$ , there are several possible cases: if  $t_j/t_i < c_{ij}$ ,  $EPR < 0$ ; if  $t_j/t_i > c_{ij}$ ,  $EPR > 0$ ; if  $t_j/t_i = c_{ij}$ ,  $EPR = 0$ ; if  $t_j = 0$ ,  $EPR = -c_{ij}/t_i < 0$  (assuming  $t_i > 0$ ).

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