3

Liberalisation and Market Access

Having set out the commitments made in the Uruguay Round, we now need to evaluate their consequences for market access. We do this in two stages: first an assessment of the implications for developing countries overall; second an assessment for Commonwealth developing countries (CDCs) with respect to particular product areas of interest.

3.1 Market Access for Developing Countries

Overall assessment of changes in market access is complicated, for several reasons. First, despite having full information on tariff offers, the exact effects on trade flows are impossible to calculate without details of elasticities, production structures and so on. Second, the exact consequences of NTB reforms will not be apparent until those which are to be tariffied are tariffied and those which are to be phased out begin being phased out. Third, the impact of those reforms initiated under the 'new issues' will not be known for some time. Fourth, it is extremely difficult to predict dynamic effects, which are likely to be the most important of all. Despite these complications, there have been several detailed quantitative studies upon which we can draw to get some feel for the general trends.

The starting point for any evaluation should obviously be the average percentage reductions agreed in the Round, as applying to products of special export interest to LDCs. Table 3 disaggregates commodities into 11 manufacturing product groups and 7 product groups comprising primary products/agricultural products. For each product group, CDCs with a 'high' export interest are identified. 'High' in this context means that the product group in question accounts for at least 20 per cent of foreign exchange earnings from industrial products and accounts for 5 per cent or more of total merchandise exports. As one would expect, there is a very significant presence in some groups like textiles and clothing, coffee, tea and sugar and less prominence in others, like electric machinery and non-electric machinery.

The average tariff reduction for each product group, from developed countries, is reported. These range from 18 per cent in the case of leather, footwear, rubber and travel goods, through to 69 per cent in the case of wood, pulp, paper and furniture. Superficially, these are impressive. However, they are average cuts, not reductions which apply only to LDCs. To gain some insight into this, a recent UNCTAD study has examined more closely the tariff reforms by reference to the detailed tariff offers of the so-called Quad, i.e. US, EU, Japan and Canada. This is a good reference point since, collectively these countries are the destination for some 90 per cent of LDC exports.

As a result of the Round, the proportion of non-fuel imports from LDCs which enter these countries duty free increases considerably. In the US it triples, in Japan it doubles and in the EU and Canada it increases by a half (see Table 4). In addition, the proportion of imports facing tariffs in excess of 10 per cent falls significantly: by up to 50 per cent (in Japan and Canada). This is all goods news. However, closer inspection of Table 4 and the data which lie behind it raise some fairly serious qualifications. First of all the reduction in trade-weighted average tariffs is less for LDCs than for all countries and this is against the backcloth of initial trade-weighted averages

Table 3: **Uruguay Round Tariff Reductions on Products of Current High Export Interest to Commonwealth Developing Countries**

Product Group	**Percentage tariff reduction***	**Countries with a current high export interest in the product**
	DEVELOPED ECONOMIES	
Textiles and clothing† Tonga,	22	Bangladesh, Belize, Cyprus, Grenada, Hong Kong, India, Jamaica, Lesotho, Malawi, Malta, Mauritius, Pakistan, Sri Lanka, St. Kitts and Nevis, St. Lucia, Tanzania, Tuvalu
Metals	59	Botswana, Dominica, Ghana, Guyana, Papua New Guinea, Sierra Leone, Trinidad and Tobago, Zambia, Zimbabwe
Mineral products, precious metals and stones	52	Brunei Darussalam, The Gambia, India, Lesotho, Nigeria, Sierra Leone, Tanzania, Zimbabwe
Electric machinery	47	Barbados, Kiribati, Malaysia, Malta, Singapore, St. Kitts and Nevis
Leather, rubber, footwear and travel goods	18	Kenya, Nigeria, Tonga
Wood, pulp, paper and furniture	69	Ghana, Malaysia, Solomon Islands, Swaziland
Fish and fish products	26	Belize, The Gambia, Maldives, Namibia, Seychelles, Solomon Islands
Non-electric machinery	58	Grenada, Singapore, Tuvalu
Chemical and photographic supplies	42	The Bahamas, Jamaica, Namibia, Trinidad and Tobago
Transport equipment	23	Antigua and Barbuda, The Bahamas, Cyprus
Manufactured articles, not elsewhere stated	56	St. Vincent and the Grenadines
Coffee, tea, cocoa, sugar etc.	34	Barbados, Belize, Ghana, Grenada, Guyana, Jamaica, Kenya, Malawi, Mauritius, Nigeria, Papua New Guinea, Seychelles, Sierra Leone, Singapore, Sri Lanka, St. Kitts and Nevis, Swaziland, Tanzania, Tonga, Trinidad and Tobago, Uganda
Fruits and vegetables	36	Antigua and Barbuda, Cyprus, Dominica, Grenada, Jamaica, St. Lucia, St. Vincent and the Grenadines, Swaziland, Tonga, Tuvalu
Oilseeds, fats and oils	40	The Gambia, Kiribati, Malaysia, Papua New Guinea, Solomon Islands
Animals and products thereof	32	Botswana, Tuvalu
Beverages and spirits	39	Belize, Jamaica, Trinidad and Tobago
Tobacco	36	Malawi, Zimbabwe
Other agricultural products	48	Lesotho, Namibia, Pakistan, Tanzania

* For industrial products, the tariff reduction is trade-weighted using as weights the imports of the product group from all sources into the area in question (developed economies, North America, Western Europe). For agricultural products, the reductions refer to simple averages.

† Figures understate the increase in market access because they do not take into account the phase-out of bilateral quotas imposed under the Multifibre Arrangement.

Source: Adapted from GATT (1994)

which were higher for LDCs. Thus, the extent to which there is protection from LDC imports in industrialised countries relative to imports from elsewhere has increased. As Stevens and Kennan (1994) show in an analysis of EU tariff reductions, this may be especially pronounced in the case of Sub-Saharan Africa. Moreover, the distribution of tariff reductions is non-random. The highest trade-weighted averages where LDCs are concerned continue to apply to textiles and

Table 4: **Pre- and Post-Uruguay Round M.F.N. Duty Coverage of Imports by Quad Countries (Percentage of total imports)**

Importing market	**From all sources** Duty-free		**From developing countries** Duty-free		Duty >10.0%	
	pre-UR	***post-UR***	***pre-UR***	***post-UR***	***pre-UR***	***post-UR***
Agricultural products (non-tropical)						
Canada	44	47	55	56	37	12
European Union	48	53	47	49	40	37
Japan	43	44	36	37	42	30
United States	18	33	13	20	32	25
Tropical agricultural products						
Canada	68	74	84	87	7	2
European Union	12	50	10	54	42	33
Japan	39	41	51	52	36	30
United States	58	73	62	77	5	4
Tropical products, non-agricultural						
Canada	12	13	41	44	45	3
European Union	35	57	57	68	12	0
Japan	62	78	60	73	24	4
United States	18	53	31	71	2	0
Natural resource-based products						
Canada	55	55	61	62	19	0
European Union	54	58	48	51	27	31
Japan	35	57	29	45	13	2
United States	60	67	44	51	3	3
Textiles and clothing						
Canada	2	3	1	1	98	88
European Union	0	0	0	0	80	69
Japan	3	4	2	2	75	33
United States	0	3	0	1	75	71
Leather and footwear						
Canada	1	3	0	0	99	78
European Union	10	11	8	8	24	24
Japan	10	14	10	13	84	28
United States	1	7	1	6	42	41
Other Industrial products						
Canada	23	40	29	54	31	3
European Union	28	45	50	57	10	5
Japan	29	66	9	44	4	3
United States	11	38	6	32	3	2
All sectors (excluding fuels)						
Canada	23	38	26	43	45	20
European Union	24	40	24	36	33	26
Japan	36	62	25	48	22	11
United States	15	40	12	37	18	15

Source: UNCTAD Trade Control Measures Information System

Table 5: **Product Areas of Export Interest to CDCs**[1]

	NRBTP	TZAP	MP	TC	S
Caribbean					
Antigua and Barbuda	✓		✓		
The Bahamas	✓		✓		
Barbados	✓		✓		✓
Belize	✓			✓	✓
Dominica	✓				✓
Grenada	✓		✓	✓	
Guyana	✓				
Jamaica	✓		✓	✓	✓
St. Kitts and Nevis	✓		✓	✓	
St. Lucia	✓			✓	✓
St. Vincent and Grenadines	✓		✓		✓
Trinidad and Tobago	✓		✓		
Africa					
Botswana	✓	✓			
The Gambia	✓				✓
Ghana	✓				
Kenya	✓		✓		✓
Lesotho	✓	✓		✓	
Malawi	✓			✓	
Mauritius	✓			✓	✓
Namibia	✓				
Nigeria	✓				
Seychelles	✓				
Sierra Leone	✓				✓
South Africa	✓	✓	✓		✓
Swaziland	✓	✓			✓
Tanzania	✓			✓	✓
Uganda	✓				
Zambia	✓				
Zimbabwe	✓				
Asia/Pacific					
Bangladesh	✓			✓	
Brunei Darussalam	✓				
Hong Kong			✓	✓	
India	✓		✓	✓	
Malaysia	✓		✓		
Maldives	✓				✓
Pakistan	✓		✓	✓	
Papua New Guinea	✓				
Singapore	✓		✓		✓
Sri Lanka	✓		✓	✓	✓
Kiribati	✓				
Nauru	✓				

Table 5: **Product Areas of Export Interest to CDCs[1]** *continued*

	NRBTP	TZAP	MP	TC	S
Solomon Islands	✓				
Tonga	✓			✓	
Tuvalu	✓			✓	
Vanuatu	✓				
Western Samoa	✓				
Mediterranean					
Malta		✓	✓	✓	✓
Cyprus		✓	✓		✓

Key:
NRBTP: Natural resource-based and tropical products
TZAP: Temperate zone agricultural products
MP: Manufactured products
TC: Textiles and clothing
S: Services

Notes:
1 'Export interest' means that the product groups in question presently account for at least 20% of export revenues.

Source: Compiled from various UNCTAD data sources.

clothing, leather and footwear, chemical and agricultural products. These are the commodities of greatest export interest to most developing countries.

The second important qualification relates to GSP margins. GSP concessions do make a difference to the tariff rates faced by LDCs, though arguably not a dramatic one. However, as we shall see in Section 4, considerable erosion of margins has resulted from the UR reductions, in particular for Sub-Saharan Africa (SSA) countries. A third qualification worth making is that industrialised country tariff structures continue to show a marked degree of escalation. It is true that the harmonisation component of the agreement had an impact on this and some reduction in escalation is better than none. The fact remains, however, that we only observe a modest change.

3.2 Improvements in Market Access in Specific Product Areas

As we saw in Section 2, the so-called developing countries are a very diverse group, with very diverse export interests. This is also true though, to a lesser extent, of CDCs. Although this group does include NICs such as Singapore and New Exporting Countries (NECs) like Mauritius, Malaysia and Sri Lanka, it also includes a relatively large number of the least developed, a relatively large number of SSA countries and a relatively large number of small island economies (these of course being intersecting sets). In order to sharpen the focus of our analysis, we will evaluate UR reforms by reference to: tropical and natural resource-based products; temperate zone agricultural products; textiles and clothing; manufactures; services. (Details of the economic structure and trade patterns of CDCs are provided in Appendix Tables 1 to 4.)

Tropical and Natural Resource-Based Products

Table 5 sets out the export interests of CDCs by broad product category, where 'export interest' is defined as a product group which accounts for in excess of 20 per cent of export revenues. As is immediately obvious, natural resource-based products (NRBs) and tropical products (TPs) remain of great interest to all CDCs. Even diversified economies like Malaysia have substantial interest in these product areas. Clearly, however, NRBs and TPs are of greatest interest to

Table 6: **Reduction in Trade-Weighted Tariff Averages for Imports by QUAD Countries (percentages)**

Importing market	Imports from all sources: MFN tariff averages Pre-UR	Post-UR	Reduction %	Imports from developing countries: MFN tariff averages Pre-UR	Post-UR	Reduction %	MFN/GSP[b] tariff averages Pre-UR	Post-UR	Reduction %
Agricultural products (non-tropical)									
Canada	12.5	7.8	38.0	7.6	4.9	34.9	5.5	3.8	31.3
European Union	21.9	14.9	32.2	23.5	16.8	28.4	22.8	16.6	27.3
Japan	41.3	31.8	23.0	19.5	14.9	23.4	18.2	14.5	20.5
United States	6.9	5.3	24.1	9.1	7.0	23.5	6.0	4.9	19.2
Tropical agricultural products									
Canada	2.2	1.2	43.5	1.2	0.6	45.5	0.6	0.3	47.7
European Union	17.8	10.5	41.0	17.4	10.0	42.6	15.2	9.4	37.9
Japan	16.1	11.2	30.6	17.4	10.9	37.2	9.9	8.4	15.6
United States	2.4	1.4	40.0	2.1	1.2	41.1	1.5	0.8	42.8
Tropical products, non-agricultural									
Canada	10.1	5.9	41.4	7.2	3.6	50.1	4.7	3.5	25.5
European Union	4.0	1.9	52.3	3.0	1.5	48.6	0.0	0.0	-
Japan	3.8	1.6	59.1	4.5	1.9	57.1	3.0	1.5	48.7
United States	3.4	1.9	46.3	3.2	1.4	55.4	0.9	0.7	17.9
Natural resource-based products									
Canada	3.3	1.8	45.4	3.3	1.9	41.8	2.4	1.7	29.2
European Union	4.2	3.3	21.8	6.0	4.8	18.9	3.4	3.2	6.7
Japan	3.0	1.7	44.1	3.8	2.2	43.1	2.3	1.6	29.8
United States	1.5	1.1	27.0	2.6	2.0	22.5	0.6	0.5	13.8
Textiles and clothing									
Canada	20.8	13.9	33.2	22.1	15.6	29.6	21.4	15.4	28.1
European Union	11.3	9.4	17.4	11.9	10.1	14.9	0.0	0.0	-
Japan	11.5	7.8	32.6	11.7	7.9	32.3	5.2	5.0	3.5
United States	17.1	14.9	12.5	18.7	16.9	9.9	18.5	16.7	9.7
Leather and footwear									
Canada	17.9	12.8	28.5	19.8	15.0	24.3	18.3	14.5	20.8
European Union	8.6	7.3	14.9	9.1	7.8	14.7	0.2	0.1	26.9
Japan	14.8	13.0	12.4	13.3	11.5	13.3	8.4	7.5	10.2
United States	9.7	9.1	5.9	9.6	9.1	5.2	9.2	8.9	2.9
Other industrial items									
Canada	7.2	3.7	48.2	6.8	3.1	54.9	4.0	2.7	33.1
European Union	4.7	2.5	47.4	3.5	2.0	41.7	0.3	0.2	44.6
Japan	3.3	1.5	55.8	3.9	2.3	40.9	2.8	1.9	31.3
United States	3.8	2.3	41.9	3.3	1.7	48.5	1.5	0.8	42.9
All sectors (excluding fuels)									
Canada	8.0	4.4	45.3	12.4	7.4	40.5	7.5	5.3	29.3
European Union	7.5	4.6	38.2	9.8	6.9	29.8	5.1	3.5	30.3
Japan	9.3	6.2	33.3	7.4	4.7	36.5	4.3	3.4	22.6
United States	5.1	3.4	32.7	7.6	5.5	28.3	4.7	3.8	18.8

Source: UNCTAD Trade Control Measures Information System

a Including duty-free imports

b MFN or GSP rate, whichever is the lowest applicable rate to imports from developing countries

Caribbean and Sub-Saharan African LDCs where dependence on these commodities amounts to over 70 per cent of total merchandise exports. Import tariffs on many of these products were zero prior to the Round and have remained at this level.

Those which were positive have in general been reduced. As Table 6 shows, MFN tariff averages on tropical agricultural products have fallen by around 40 per cent as a consequence of the Round, those on tropical non-agricultural products have declined by 50 per cent and those on NRBs by 20 per cent to 40 per cent. Post-Uruguay Round averages for non-agricultural products are now at very low levels; those for agricultural products are also very low in the US and Canada but exceed 10 per cent in Japan and the EU.

There are therefore real improvements in market access for CDCs as a result of the UR. This will certainly be helpful to improved export performance. Of course, the tariff reductions inevitably reduce preference margins under Lomé and GSP. However, world commodity prices were at historically low levels in the 1980s and the recovery in global commodity prices which is presently under way will probably swamp both effects.

From the perspective of diversification of exports, the harmonisation component of the Round is also important. As Table 7 shows, LDCs in general continue to face escalated tariff structures, which clearly reduces the incentives for producers to invest in upstream activities and add value to NRBs and TPs. Post-Uruguay, the tariff structures of the principal DMEs remain escalated but the degree of escalation has been reduced, albeit modestly.

Temperate Zone Agricultural Products

For the vast majority of CDCs, exports of temperate zone agricultural products are at present of minimal importance. Such crops may be grown but typically for domestic consumption. This is of course a product range where the major markets have been very heavily protected. This certainly applies to the large DMEs (US, EU and Japan) and to a greater extent in many of the smaller DMEs. The capacity to produce for export does exist in quite a number of CDCs but, given the power and influence of agricultural lobbies in the major DMEs, it is no more than potential. For example, it is interesting to note that even those Commonwealth countries which have Association Agreements with the EU (Cyprus and Malta) which permit free trade in manufactures, were unable to extend product coverage to products under the common agricultural policy (CAP).

As we saw in Section 2, there are superficially significant changes flowing from the agriculture agreement. We will, however, have to see at what rates NTBs are tariffied to see if this is likely to make any real difference in terms of access. The likelihood is that it will not. Historically this sector has been very effectively sheltered and we are not about to witness a rapid transition to free trade. In this regard it is instructive to look at the rates which Canada has evidently settled upon, as reported in Table 8. To all intents and purposes these are prohibitive tariffs. Remember that Canada was a leading member of the Cairns Group which pressed energetically for agricultural liberalisation! Thus, the conversion of NTBs into tariffs should not be seen as offering much by way of new opportunities where temperate zone agricultural products are concerned. The study of EU changes by Stevens and Kennan (1994) confirms that in the case of EU agriculture, the likelihood of significant market opening is minimal.

Textiles and Clothing

Textiles and clothing are invariably the first rung on the ladder of comparative advantage. For the most part the technology in question is transferable internationally and production does not require significant prior investment in human capital. Since it can be a fairly labour intensive activity, relatively labour abundant/low wage

Table 7: **Escalation by Stages of Processing of MFN Tariffs (Weighted Averages) on Imports from DCs* (Averages in per cent equivalent *ad valorem*)**

	Canada			European Union		
Product	***Pre-UR***	***Post-UR***	***Reduction***	***Pre-UR***	***Post-UR***	***Reduction***
Coffee						
raw	0.0	0.0	-	5.0	0.0	100
roasted, ground	0.8	0.5	37.5	15.1	7.4	51.0
extracts, prep	2.5	1.6	36.0	18.0	9.0	50.0
Tea						
in bulk	5.5	0.0	100.0	0.0	0.0	-
for retail sale	2.0	0.0	100.0	5.0	0.2	96.1
extract, prep	2.0	0.0	100.0	12.0	6.0	50.0
Cocoa						
beans	0.0	0.0	-	3.0	0.0	100
paste	0.0	0.0	-	15.0	9.6	36.0
butter	0.0	0.0	-	12.0	7.7	35.8
powder	10.0	6.4	36.0	16.0	8.0	50.0
chocolate	50.4	30.0	40.5	12.5	10.0	20.0
Spices						
unground	0.2	0.1	36.0	9.5	1.0	89.1
processed	1.1	0.7	36.0	11.7	4.3	53.0
Vegetable planting materials						
raw	0.0	0.0	-	0.0	0.0	-
plants etc.	8.9	5.5	39.0	4.3	2.2	47.8
basketwork etc.	11.3	7.4	34.7	6.2	3.9	36.9
Oilseeds, vegetable oils						
oilseeds	0.0	0.0	-	0.0	0.0	-
vegetable oils	12.5	8.0	36.0	17.1	12.4	27.7
Tobacco						
unmanufactured	6.9	4.5	35.3	20.4	16.3	20.0
manufactured	22.8	14.6	36.0	79.5	31.7	60.2
Manioc, roots, tubers						
fresh, dried	0.1	0.0	93.0	87.9	56.2	36.0
flour, meats	6.0	2.4	60.0	19.8	12.7	36.0
starches	6.2	5.0	18.6	100.0	64.3	36.0

economies have a clear advantage. The NICs and NECs of Asia in Table 5, in particular Hong Kong, Singapore and Malaysia, relied heavily on textiles and clothing in the early stages of industrialisation. Table 5 also reveals that a large number of CDCs have strong export interests in this product group, including a growing number of the SSA countries.

Following thirty plus years of trade restraints, we now have a commitment to phase out the MFA, along the lines described in Section 2. If all goes according to plan, the only restraints applying to textiles and clothing after the year 2004 will be MFN tariffs. The eventual elimination of quantitative restraints will affect CDCs differentially. Those NICs and NECs like Hong Kong,

Japan			United States		
Pre-UR	*Post-UR*	*Reduction*	*Pre-UR*	*Post-UR*	*Reduction*
0.0	0.0	-	0.0	0.0	-
n.a.	n.a.	-	0.0	0.0	-
22.9	14.1	38.6	0.0	0.0	-
11.2	8.8	21.5	0.0	0.0	-
20.0	13.9	30.6	0.0	0.0	-
20.0	10.0	50.0	5.3	4.8	10.0
0.0	0.0	-	0.0	0.0	-
10.0	5.0	50.0	0.0	0.0	-
2.5	0.0	100	0.0	0.0	-
21.5	12.0	40.0	0.7	0.4	42.9
32.7	26.4	19.3	19.5	17.0	13.0
6.2	3.7	40.7	0.1	0.1	42.0
1.9	0.1	97.6	3.6	1.4	62.6
5.9	4.8	18.6	2.2	1.4	35.6
5.2	3.6	30.3	7.0	3.3	52.5
11.4	7.5	34.9	7.1	3.1	56.9
0.0	0.0	15.0	0.6	0.5	21.8
8.5	4.5	47.2	1.9	0.4	81.1
0.0	0.0	-	11.2	7.7	31.1
13.5	11.2	16.9	7.5	3.4	54.5
2.4	1.4	39.9	10.5	5.8	44.4
24.9	18.6	25.3	3.3	2.1	36.1
589.0	500.6	15.0	0.1	0.0	36.0

continued overleaf

Singapore and Malaysia which have enjoyed relatively large quotas under the MFA will in due course be subject to free and unfettered competition from lower wage economies like Bangladesh and Pakistan: countries which have had relatively small quotas. Not only will this mean that the quota rents presently enjoyed by those producers are dissipated, it will also mean that they need to up-grade into higher value-added products and invest in increasingly capital-intensive techniques to remain competitive.

By contrast, eventual abolition will make market entry, and a build up of market share, easier for new producers. Under the MFA new entrants have found that their market share has

Table 7: **Escalation by Stages of Processing of MFN Tariffs (Weighted Averages) on Imports from DCs***
(Averages in per cent equivalent *ad valorem*) *continued*

	Canada			European Union		
Product	***Pre-UR***	***Post-UR***	***Reduction***	***Pre-UR***	***Post-UR***	***Reduction***
Tropical fruits						
fresh, dried	0.0	0.0	-	9.2	5.1	44.2
preserved	0.0	0.0	-	23.2	18.6	20.0
prepared; juices	-	-	-	21.0	16.8	20.0
Tropical nuts						
unshelled, crude	0.0	0.0	36.0	2.8	2.0	27.7
prepared	6.3	4.0	36.0	14.1	9.3	34.2
Tropical wood						
in the rough	0.0	0.0	-	0.0	0.0	-
simply worked	0.0	0.0	-	0.1	0.0	97.0
veneers, plywood	6.0	4.0	33.6	9.0	5.9	34.0
articles	9.8	5.1	47.7	5.5	0.2	97.0
Rubber						
natural rubber	0.0	0.0	34.0	0.0	0.0	-
simple manufactures	13.4	8.7	34.9	6.3	3.7	40.2
tyres	10.4	5.6	46.3	5.8	4.2	26.8
other articles	17.8	11.4	36.3	4.9	2.4	51.2
Jute						
raw	0.0	0.0	-	0.0	0.0	-
processed	0.0	0.0	-	0.0	0.0	-
yarns	14.6	8.8	39.5	5.3	0.0	100
articles	0.4	0.2	37.4	9.0	4.0	55.6
twine, cordage	73.5	10.0	25.9	12.0	6.0	50.0
Fishery						
unprocessed	2.1	1.4	33.7	14.8	11.8	20.3
semi-processed	8.6	5.6	34.5	15.9	15.0	6.0
Forestry						
raw material	0.1	0.1	34.3	0.0	0.0	-
semi-manufactured	5.3	3.5	34.3	3.5	2.3	36.1
finished products	9.8	5.1	47.7	5.5	0.3	94.9
Hides & Skins						
raw materials	0.0	0.0	-	0.0	0.0	-
leather	9.9	6.5	34.3	4.1	3.4	15.5
articles (exc. footwear)	18.7	11.6	38.2	6.7	4.2	37.2

* Averages were computed using 1988 weights

Source: UNCTAD Trade Control Measures Information Systems

Japan			United States		
Pre-UR	*Post-UR*	*Reduction*	*Pre-UR*	*Post-UR*	*Reduction*
16.9	13.8	18.2	6.7	5.3	21.5
41.5	25.5	38.6	3.0	2.3	24.9
33.2	21.3	35.8	0.7	0.3	57.1
6.3	1.1	82.5	0.2	0.1	21.0
26.1	18.1	30.6	19.7	14.6	25.9
0.0	0.0	30.0	0.0	0.0	-
4.8	2.8	41.6	0.0	0.0	-
16.5	8.1	51.0	6.0	5.3	11.4
4.7	2.6	45.6	5.4	2.8	48.8
0.0	0.0	-	0.0	0.0	-
4.6	0.5	88.8	4.1	2.6	36.8
2.6	0.0	100	4.4	3.1	29.7
3.8	0.0	100	4.0	1.7	57.5
0.0	0.0	-	0.0	0.0	-
0.0	0.0	-	0.0	0.0	-
10.0	0.0	100	3.7	0.0	100
20.0	10.0	50.0	0.0	0.0	-
10.0	0.0	100	4.0	0.0	100
5.0	3.2	36.8	0.1	0.1	32.4
12.6	8.1	35.4	7.2	6.5	9.5
0.2	0.0	97.5	0.0	0.0	-
9.7	4.7	51.3	4.7	3.7	20.9
4.7	2.6	45.8	5.4	2.8	48.8
0.0	0.0	-	0.0	0.0	-
9.7	4.1	57.7	3.8	3.0	21.0
11.8	9.6	19.0	10.2	9.4	8.5

Table 8: **Estimated Canadian Tariff Rates for Selected Supply-Managed Agricultural Commodities Post-Uruguay After Tariffication of Quantitative Restrictions (Qrs)**

	Tariff (%)	
	1995	**2000**
Butter	351	299
Cheese	289	246
Chicken	280	238
Eggs	192	164
Milk	284	241
Yoghurt	280	238

Source: Nguyen et al (1994) model changes in agricultural policy as:

i. All Producer Subsidy Equivalents cut by 15% in Japan, 10% elsewhere except for Centrally Planned Economics and Rest of the World where there is no change.

ii. All border measures cut by 20% in high-income regions, 10% in low-income regions but no change in CNP.

quickly been capped. The absence of historically determined quotas is very good news for many of the least developed: it will allow them to exploit an obvious area of comparative advantage more readily. This is a point which has also been emphasised by Page and Davenport (1994) and Sorsa (1995).

Of course there is a transitional period whereby existing quotas are gradually relaxed. There are two potential difficulties. First, importing countries have discretion over which products are included in the relaxation at each stage of the process. There is a strong likelihood that this discretion will be used strategically and indeed there is already some evidence to that effect. For example, Stevens and Kennan (1994) claim that "..... the EU's strategy..... confirms that the most sensitive products will be tackled later rather than sooner". It seems that the EU Commission's proposals for Phase I of the phase-out integrate into GATT only 0.12 per cent of trade which was previously restricted. This means that developing countries will benefit from the early stages of the liberalisation to only a very limited degree.

The second potential difficulty from a developing country standpoint is that the transitional arrangements allow for temporary intervention when domestic injury is threatened by a sudden increase in imports. Realistically, new suppliers are more likely to be subject to this particular provision than established producers. There is therefore a very real danger that this will be used to restrain imports from new entrants. Although recourse to temporary protection is constrained, this gives some cause for concern.

In summary, eventual abolition of the MFA will result in a loss of rents to the NICs and push them into further upgrading. Where the least developed are concerned, there is the potential for improved penetration. However, benefits will not be realised quickly and a watchful eye will have to be kept on the use of transitional measures. Like many features of the settlement, the UR textile and clothing agreement is end loaded, meaning that developing countries will have to wait some time to reap the benefits.

Manufactures

Very few CDCs have well-developed and diversified bases for manufactured exports. Table 5 shows that most of the Caribbean countries have some existing capacity. This is, however, limited and narrow in scope. A few in SSA currently export some manufactures. However, with the exception of Mauritius, these are minimal. In Asia, Hong Kong, India, Malaysia and Singapore all have diversified structures as, elsewhere, have Malta and Cyprus.

These countries have progressed to differing degrees, beyond low-tech manufactures (crudely, low value-added garments and footwear), to develop some capacity in intermediate capital goods, machinery and transport equipment, chemicals, toys and sports equipment, consumer electronics and so on. The tariff reductions agreed in the Round are clearly of benefit to this group. A few will even benefit from the zero for zero commitments. At least as significant, certainly for the NICs, are the commitments on VERs and anti-dumping. There is an overwhelming body of evidence which shows that these have been used in a discriminatory way

Table 9: **Overview of Commitments in Services by Sector and Country Group (Percentage of participants in the country group making commitments in each service sector)**

Service Sector	Developed economies	Transition economies	Latin America	Developing economies			
				Europe	*Africa*	*Middle East*	*Asia*
Business	100	100	77	67	36	100	59
Communications	100	100	50	67	24	50	59
Constructions and engineering	100	75	30	67	20	50	59
Distribution	100	100	20	33	8	50	18
Education	69	100	13	33	4	0	12
Environment	92	100	3	67	4	100	12
Financial	100	100	87	67	40	50	65
Health	38	50	70	33	8	50	24
Tourism and Travel	100	100	90	100	88	100	100
Recreational, cultural and sporting	77	25	43	33	12	50	24
Transport	100	100	70	67	40	0	47

Note:

(1) The fact that a sector is identified as being covered by a particular country's schedule does not give an indication of either the extent of the liberalisation being offered in the sector in terms of sub-sectors or activities, or, for covered service activities, the degree of liberalisation that is being offered. For example, an offer made by a participant for "Business Services" may cover only one sub-sector (e.g. a large variety of Professional Services, Computer Services, Research and Development Services, Rental Services etc.)

(2) Offers in financial services are subject to further negotiation to be terminated six months after entry into force of the WTO.

Source: GATT (1994)

against NICs. VERs have now been explicitly proscribed (though the ability of vote maximising governments, under pressure from protectionist lobbies, to devise close substitutes should not be underestimated). Provisions relating to anti-dumping have been tightened and should constrain the proliferation of contingent protection.

For the rest of the CDCs the tariff reductions on manufactures are at present superfluous. They do not have the capacity to produce the products concerned and therefore the tariff cuts are currently irrelevant. In time, of course, that will alter. As and when export capacity is developed, the key UR changes are those relating to VERs and anti-dumping, since they tend to hit new entrants hardest.

Of course there will be some 'offsetting' tariff changes for some countries which follow from changes to special and differential arrangements. These will be addressed in Section 4.

Services

Most developing countries regarded the inclusion of services on the agenda with great suspicion. This was a sector seen as the preserve of industrialised countries. This however is an over-simplification. As Table 5 shows, quite a number of CDCs earn in excess of 20 per cent of foreign exchange from exports of services. Admittedly in quite a number of countries this is predominantly from tourism: that is certainly true of the Caribbean countries, and of Kenya, Mauritius, Malta, Cyprus and so on. However, one or two are diversified: Singapore particularly (in financial services, communications and transportation), Cyprus, India, Malta and Mauritius to a lesser extent.

Under the GATS, some 94 countries submitted schedules of specific commitments. These are summarised in Table 9. Generally the commitments provide for a standstill on existing arrangements but they also include offers to liberalise. This is certainly true of tourism and travel where LDCs have been prominent and active. However negotiations are in progress on offers in financial services, telecommunications, maritime services and movement of people.

Since negotiations are on-going, it is difficult to assess the impact of the services agreements with any real precision. Unless and until agreements relating to movement of people are concluded, the GATS will have a negligible impact on the vast majority of CDCs. For those with some present capacity to provide services in the international market-place, the GATS offer a valuable framework for the exchange of concessions.