

# Implications of the Hong Kong Ministerial Declaration on Duty-free and Quota-free Access for Least Developed Countries

Jane Kennan and Christopher Stevens

## Introduction

This chapter provides an analysis of the potential implications of the statement included in the Ministerial Declaration issued at the end of the WTO Hong Kong conference, held in December 2005, to offer duty-free and quota-free market access to least developed countries. It presents the results of a desk-based study which has analysed the current market access regime applied by Canada, the EU, Japan and the USA to imports from LDCs.

This analysis has been used to determine whether or not the DFQF initiative is likely to result in the removal of significant barriers to LDC trade. There are two completely different reasons why the initiative might not remove significant barriers in a specific market. One is that there are few barriers to be removed. The other is that barriers exist, but there is scope in the small print to continue restricting some significant sensitive items. The chapter examines both issues.

Given that the scope of the chapter is tightly specified, it may be helpful to list some of the important issues and questions that fall *outside* its remit. One obvious limitation is that the DFQF initiative applies only to LDCs. Although there are some exceptions, it is reasonable to expect these countries to have a relatively low potential to expand exports – that is why they are LDCs. This does not remove the value of a trade initiative limited to LDCs: the proportionate effects on the countries concerned could be significant. But it must be borne in mind that the Hong Kong initiative excludes most of the countries which have the greatest capacity to expand their exports rapidly.

Another area which is not covered by the report is rules of origin. To the extent that the rules of origin applied by Quad countries (Canada, the EU, Japan and the USA) require an unrealistically high level or type of processing for a good to acquire originating status, the effects of DFQF will be restricted. There is sufficient evidence that the rules applied by some Quad members are beyond the capacity of LDCs and other poor countries to fulfil to lead one to expect that this will dampen the supply response to DFQF.

Finally, the Hong Kong initiative applies specifically only to two types of border measure. There are wide variations between Quad members as to the range and value of imports from LDCs, even on goods for which tariffs or quotas are non-existent or non-

constraining. Clearly, many other factors affect the level of imports, some of them directly or indirectly affected by governments, while others are market determined.

The Hong Kong Declaration refers to measures that may be required on rules of origin and on the removal of other barriers to imports from LDCs, but they are not specified in detail. These are not dealt with in this chapter, which is limited to the most specific of the commitments made.

### **The DFQF Commitment**

The Hong Kong statement is brief (para. 47 and Annex F) and possibly open to interpretation. We have had to make assumptions about the precise meaning of the commitment in order to assess its potential effects. These assumptions are set out below and their implications for the analysis is dealt with in more detail in the next section. An important conclusion of the chapter is that, because there exists scope for different legitimate interpretations of the DFQF commitment which could alter radically its impact on specific countries, it is important that LDCs and their supporters take action during the remainder of the Doha Round to clarify how it will be implemented.

Para. 47 of the Hong Kong Ministerial Declaration commits 'developed-country Members' as well as 'developing-country Members declaring themselves in a position to do so' to 'implement duty-free and quota-free market access for products originating from LDCs' in accordance with the details set out in Annex F (reproduced as Annex 1 to this chapter). Annex F introduces two caveats to the bold statement in the main text. One concerns the date for implementation, which is set at '2008 or no later than the start of the implementation period ...'. The implication is that the DFQF proposal may not be implemented unless and until the Doha Round comes to a successful conclusion.

The other caveat is the subject of this chapter. Clause 36(a)(ii) allows 'Members facing difficulties' to provide DFQF 'for at least 97 per cent of products originating from LDCs, defined at the tariff line level ...' and to take progressive steps to achieve full access. How large is this loophole? To answer this question assumptions need to be made about the following issues:

- How many goods will be liberalised;
- How many goods can be exempted initially from liberalisation;
- Which goods will be excluded from liberalisation;
- Countries to which DFQF will apply.

### **What liberalisation?**

Annex F (36(a)(i)) states that developed country members will 'Provide duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs ...'. This is taken to mean that, when fully implemented, DFQF will apply to any import from any LDC on any product in the entire Harmonised System (HS) nomenclature.

There is no mention in this clause of any limitation related to the current pattern of imports from LDCs. In other words, the commitment is not merely to offer DFQF for all the products imported at present by a developed country member from an LDC.

### What exemptions?

Annex F (36(a)(ii)) allows 'Members facing difficulties at this time' to restrict the full application of DFQF. But nonetheless they must provide access conforming to the provisions of 36(a)(i) 'for at least 97 per cent of products originating from LDCs, defined at the tariff line level ...'. Four elements of this seem to be clear. They may appear to be mere semantic distinctions but, as will be seen below, they are directly relevant to the task of assessing the potential impact of clause 36(a)(ii). They are that:

- The commitment is expressed in terms of what must be liberalised (i.e. 97 per cent) and not what may be excluded;
- Any temporary exemptions from DFQF (during the period this chapter refers to as 'the transition phase') can be inferred to be restricted to a group of items that do not exceed 3 per cent of products originating from LDCs (i.e. actual imports) 'defined at the tariff line level ...'; and that therefore
- They relate to actual imports (and not to all of a country's tariff lines);
- At any given time (since no 'base year' is indicated) the number of items that must be liberalised and the number that may be excluded will change as the range of goods imported from LDCs changes.

### Tariff-line level

What is the tariff-line level? It would appear to mean the level of product disaggregation used by a Quad member when setting its tariffs. The UNCTAD/WTO International Trade Centre defines it as 'the classification codes ... applied to merchandise goods by individual countries that are longer than the HS-6 digit level'.<sup>1</sup> This is the sense in which the term appears habitually to be used in the WTO to distinguish it, for example, from the HS6 level of disaggregation. For example, clause 2(b)(ii) of the Annex on Modalities and Product Coverage of the Singapore 'Ministerial Declaration on trade in information technology products' specifies that modifications to a country's tariff schedule be made 'in the case of the products specified in Attachment B, by attaching an annex to its Schedule including all products in Attachment B, which is to specify the detailed HS headings for those products at *either* the national tariff line level *or* the HS 6-digit level' (italics added).<sup>2</sup>

### The permitted number of exclusions

It seems clear that the number of exclusions is linked to the number of items imported. Suppose a developed country Member's tariff schedule runs to 10,000 lines and there are imports from LDCs in 500 tariff lines. We take Annex F as requiring DFQF to be applied

to 485 lines and allowing it to be withheld temporarily from 3 per cent of 500 tariff lines (i.e. 15 lines) and not from 3 per cent of 10,000 lines (i.e. 300 lines). If the number of imports increased to 600 items, the importing state would be required to offer DFQF to an additional 97 items and be permitted to withhold it from an additional 3 items. In other words it can exclude from DFQF any number of items that are not imported at all – but once such imports commence, even at the tiniest values, it must remove tariffs on 97 per cent of the new total.

### Which imports?

There is ambiguity over which ‘imports’ the 3 per cent refers to, and this has major implications for the methodology used. The assumptions made on this point will have a significant effect on the assessed impact of the Hong Kong Declaration.

There are four possible interpretations of the population to which the 97 per cent and the 3 per cent refer.

- *Interpretation 1:* of the developed country Member’s imports from the LDC in question;
- *Interpretation 2:* of the developed country Member’s imports from all LDCs;
- *Interpretation 3:* of all developed country Members’ imports from the LDC in question;
- *Interpretation 4:* of all developed country Members’ imports from all LDCs.

Interpretations 3 and 4 seem to be ruled out on grounds of practicality in the implementation and enforcement of Annex F. The HS trade classification is common only to 6 digits and most countries sub-divide some HS6 codes to 8 or 10 digits and set their tariffs at this level. Since these 8- and 10-digit codes are unique to each state, it is difficult to see how Interpretations (3) and (4) could be implemented. Suppose Quad state A sub-divides 10 of the HS 6 sub-heads into 100 8-digit items (for which it sets different tariffs) and Quad B splits them into 20 8-digit items, 15 of which are the same as A’s and 5 of which are different. A and B together will be importing under 105 separate tariff lines and will each be required to remove all barriers on 97 per cent of these – or 102. Since each has fewer than 102 lines, it would have to liberalise on everything and exclude nothing.

Moreover, it is hard to see how any particular Quad state could be held to account since its compliance (or lack of it) would depend partly on what all other Quad states were doing. A decision by one Quad state to increase or reduce the number of exclusions would affect the target for all the others. For these reasons, Interpretations 3 and 4 have been discounted in this chapter.

No such *a priori* exclusion applies to Interpretations 1 and 2. The choice between them has major implications for the analysis. Under both interpretations a country which currently imports many items from one LDC may withhold DFQF treatment from a larger number of tariff lines than can a country which imports only a few items.

Interpretation 1 would allow a Member to exclude more items from an LDC that exported to it a wide range of products than from one that did not. Quad state A, which imports 1000 items from LDC 1, would be able to exclude 30 of them, but if it imports only 660 items from LDC 2, it could exclude just 20 of these. Under Interpretation 2, on the other hand, the number of possible exclusions from any one LDC would be related to the range of goods imported from all LDCs. Quad state A could exclude the same number of items from both LDC 1 and LDC 2. If 460 of its imports from LDC 2 were also being imported from LDC 1, it could exclude 36 items from each (3 per cent of the 1200 separate items it imports). This would be equivalent to 3.6 per cent of its imports from LDC 1 and 5.5 per cent of its imports from LDC 2. But Quad B (which imports just 900 separate items) could exclude only 27.

For reasons related to the practical implementation of DFQF, it is assumed that Interpretation 2 is the most likely. But analysis of the impact of Interpretation 1 is a necessary precursor to that of Interpretation 2. For this reason, we provide an analysis using both interpretations, starting with Interpretation 1 and then explaining how the situation would be different under Interpretation 2.

In summary, we assume that the Hong Kong Declaration commits developed country members to:

- Remove all tariff and quantitative barriers to imports from LDCs on any item in any sub-head of the HS system;
- *Save that*, this can be deferred for a basket of goods that:
  - on Interpretation 1, does not exceed in number 3 per cent of the items currently being imported by the developed country Member from a specific LDC (at the tariff line level); or
  - on Interpretation 2, does not exceed in number 3 per cent of all the items (at the tariff line level) imported by the developed country Member from all LDCs.

## Which countries?

The analysis considers only four developed country Members: the Quad. Not all Quad members offer LDC tariff treatment to all countries on the UN list of LDCs. This may be because the countries concerned have not completed the necessary administrative requirements (such as the establishment of an approved authorising authority). Or it may be because the Quad state concerned does not, as a matter of policy, offer LDC tariff treatment to the country in question.

It is assumed that the Hong Kong Declaration refers to all countries on the UN list of LDCs and that any LDC which is a WTO Member could take a case through the dispute settlement procedures on the grounds of discrimination if it was denied preferences made available to its LDC competitors (other than through the application of the 3 per cent rule).

It is beyond the scope of this chapter to check out in each case the determining factor

for the non-provision at present of LDC access by some developed Members to some countries on the UN list. Nonetheless, we have identified separately the implications of offering DFQF to all of the countries currently given LDC treatment by the Quad state, and then to all the other countries on the UN list of LDCs that are not treated in this way at the present time.

The next section describes the methodology applied to derive the results described here and the sources of the data used. The chapter then considers the impact of DFQF on the two Quad members in which it might be expected to have least effect because most tariff and quantitative barriers have already been removed: these are the EU and Canada. The following sections consider the potential application of DFQF in the USA and Japan. These countries have not yet removed almost all tariffs and quotas on imports from LDCs. The analysis is focused, therefore, on the extent to which the 3 per cent exclusion provision could enable a government wishing to adopt a minimalist approach to avoid substantial market opening during the transition phase. It must be borne in mind that only potential is assessed: the analysis does not suggest that these countries will wish to take a minimalist approach.

## **Methodology**

The Hong Kong Declaration requires developed country members to offer DFQF treatment to at least 97 per cent of their imports from LDCs with effect from 2008 or the start of the period for implementing decisions agreed in the Doha Round, and to extend this 'progressively' to all imports over an unspecified period of time. To avoid confusion we call the period between the dates on which 97 per cent and 100 per cent DFQF are granted 'the transition phase'.

If developed country members are allowed to exclude from DFQF 3 per cent of their imports from LDCs during the transition phase, would this be sufficient to avoid liberalisation on many sensitive items, or only a few? This is the major question that is addressed in this chapter and, as already indicated, it is far from straightforward. While the basic methodology employed to answer the question is simple, the assessed impact will vary sharply according to what is assumed about the unpredictable decisions that will be required to implement the Declaration.

Uncertainty over the meaning of 'LDC imports' affects the total number of items that can be excluded from DFQF, but even more problematic is the attempt to predict either what form the exclusion will take or which items will be excluded. Yet it will be these implementation decisions that will determine the impact of the Declaration on many LDCs. The methodology must provide some means that at least sets limits to the range of possible outcomes.

This chapter covers only a subset of developed country Members: the Quad. One of these, the EU, will offer full DFQF to all LDCs by 2009 under its Everything but Arms policy (at the expiry of temporary restrictions on three products: bananas, rice and sugar). The first task for the study in relation to the other Quad states has been to derive

for each of them their imports from every LDC in order to determine the number of products that fall into the 3 per cent potential exclusion basket. These imports have then been ranked according to their apparent sensitivity and value to identify the items that might be excluded. This has allowed us to determine how substantial DFQF would be if the member in question took full advantage of the 3 per cent potential exclusion and applied it according to several alternative definitions of 'most sensitive products'. As explained above, the exercise has been performed twice, according to different interpretations of the way in which the 3 per cent rule will be applied. Three basic assumptions have been made to deal with the problems inherent in deriving the impact of any exclusions.

### Criteria for assessing potential impact

On one point the Ministerial Declaration is very clear: this is how the 97 per cent is to be derived. It is not 97 per cent by value of imports from an LDC, but of the products defined at the tariff line level. This is the level of product disaggregation at which a country normally sets its tariffs – and is usually 8 or 10 digits. It is referred to here as the national tariff line (NTL). In other words, if a member imports a hundred items it would be able to exclude three of them.

Using this guide, it is possible to identify the maximum number of items a Quad state is allowed to exclude from DFQF, but *which items* will be selected can only be speculated. This gives rise to serious methodological problems when seeking to identify the impact of such exclusions on LDCs, particularly minor exporters.

Until the precise range of exclusions is known, it is unclear whether they account for 75 per cent or more of the value of imports or for only a trivial proportion of import value. Yet without such information, no assessment can be made of the impact of DFQF (or of its limitations during the transition phase).

One assumption used to assess the potential implications of the partial DFQF exemption under Interpretation 1 is that the allowable exclusions are concentrated on the items with high tariffs that are imported to the largest value. This shows the maximum value of trade that could be excluded from full DFQF treatment.

A second assumption, used in both Interpretations (1) and (2), is that it is the highest tariff items that are excluded. This will not necessarily exclude the largest share of trade since very high tariffs are often so restrictive that there are few imports. Other smaller imports may be more sensitive – and are small precisely because the existing tariff is constraining, given the conditions in that particular market. A developed country Member might feel obliged to exclude some of these items even at the 'cost' of liberalising on the large-value items. This is a measure, therefore, less of the potential quantitative than of the qualitative impact of the DFQF limitation: which product groups from which LDCs could be restricted under the 3 per cent rule?

A third assumption takes one step further the point that the items imported to the largest value may not be the most sensitive. It seeks to identify from among a relatively

large population of items that face high tariffs the ones that are the most sensitive. While it is not possible here to identify such items precisely, attention is directed to some potential candidates.

This has involved creating for each LDC a 'revealed supply capacity' list made up of its exports of every item to all of the Quad states.<sup>3</sup> Where appropriate the share of the item in the imports of one state can be compared to its share in the imports of all Quad states to identify proportionately low trade. This is not a definitive indication, of course, of whether an import is being artificially suppressed by current import barriers. There could be alternative explanations for exports going disproportionately to some Quad members (as, for example, in the case of sugar-exporting LDCs that have good commercial reasons to concentrate their exports on the EU). But it is a good place to start.

### **Dealing with non-trade**

This possibility could be taken further: what if a developed country Member chose to exclude products that are *not* imported. There are two possible reasons for the non-existence of the trade. One, which will apply in many cases, is that the LDC concerned does not have the capacity to supply the product either at all, or at the quality levels demanded in the Quad market. It is possible that legitimate questions may be raised in some of these cases about the effect of origin rules or health standards in preventing LDCs from exporting, but such concerns are not the subject of this report.

An alternative explanation, though, is that the LDC does have a supply capacity, but is prevented from exporting anything because of very high protectionist barriers. This possibility is relevant, but appears unlikely to reduce the intended impact of DFQF because of the way the Hong Kong Declaration is set out (according to our interpretation). Temporary exclusions are subject to a positive, not a negative, list: any item that is not positively excluded from DFQF must be included. If a Member chooses to use a part of its basket of allowable exclusions to remove from DFQF treatment an item in which there are no imports at present from an LDC, it will have to forgo the use of this exclusion against an item that is imported. It seems unlikely that such a choice will be made frequently and, if it is, it cannot, by definition, dilute the impact of DFQF on current trade.

### **The implementation of DFQF**

#### **Tariff free or quota free?**

Consider how states are likely to implement the Hong Kong Declaration. If a Quad state excludes from DFQF a particular item, it will do so by limiting either the 'duty-free' or the 'quota-free' aspects of full implementation – or both. The incidence between LDCs of retaining tariffs may be different from that of keeping quotas: for the former there is no scope for differentiating between LDCs, while there is for the latter.

If a Quad state decides to withhold duty-free treatment for a particular good, it will do so by establishing in its tariff schedules that imports of this item from LDCs are not

covered by the Hong Kong commitment.. What tariff (if any) a specific LDC must pay will then be determined by the broader provisions of the Quad's import regime. In some cases the tariff may be at the standard MFN level or there may be a preferential level that is generally applicable to developing countries, such as the GSP. In other cases there may be geographically restricted regimes for which some but not all LDCs are eligible offering still lower or zero tariffs (such as the US African Growth and Opportunity Act). Whatever the regime that applies to a specific LDC, the item will be excluded entirely from the Quad's Hong Kong commitment schedule; there appears to be no provision within the Hong Kong Declaration allowing a Quad state to apply different tariffs to different LDCs during the transition phase.

By contrast, if the Quad state offers duty-free access but limits it through tariff quotas (TQs), differentiation between LDCs will be possible. It can be achieved by setting the TQ at a level that is constraining for major but not for minor suppliers and applying it separately to each supplier. This will require it to apply national rather than global TQs, and its ability to do this may be constrained by other elements of any Doha package. But, as practice stands at present, there would seem to be some scope for any TQs on the 3 per cent excluded items to be set at a national level (and, indeed, for no cap necessarily to be imposed on the smallest suppliers).

The assumption made in the analysis reported below is that when items are excluded from DFQF it is through the retention of a positive tariff (at the current rate applicable to the generality of LDCs) rather than through duty-free access limited by TQs. This is because the primary goal of the study is to assess the maximum possible limitation to DFQF arising from the 3 per cent exclusion possibility. As noted above, the chapter includes no analysis of the *likelihood* of Quad states restricting access in this way, only of their right to do so.

### **Which items?**

When considering each LDC in isolation from the rest it is not difficult to make plausible assumptions about where the axe will fall: this is what is done in the sections of this chapter that analyse the effect of DFQF on Interpretation 1. But, having selected which items to exclude from one LDC, the non-DFQF regime will then apply to imports from all LDCs. The blanket application to all LDCs of items selected for exclusion in relation to just one will create problems for both the importing and exporting states.

For the Quad state, Interpretation 2 means that the exclusion list cannot be fine-tuned to the perceived 'threat' from each LDC: trade-offs will be required. If, say, a Quad state can exclude 50 items and it chooses to apply all these exclusions to the most sensitive imports from the most competitive supplier, it will have none left to deal with isolated sensitive items which are exported by other LDCs but not by the dominant one. If it 'saves room' for these isolated cases, it can exclude fewer from the dominant supplier.

The impact of its exclusions on each LDC will depend on:

1. The extent to which the exclusion list has been compiled in relation primarily to that country or to another;

2. If the latter, the extent to which it exports the items so selected;
3. Whether the exclusion is effected through a positive tariff or only a TQ;
4. If the latter, whether the TQ is constraining.

The extent to which less competitive minor LDC states will be affected by the limitations of DFQF during the transition phase will depend, therefore, on how far they export to the Quad state the items that are excluded. In some cases, there may be no overlap. Some LDCs could emerge completely unscathed, even though some of the items they actually export may be considered 'sensitive': this would come about if they do not export any of the items that have been excluded or do so at levels well below the TQ. Others could find that DFQF results in no improvement whatsoever in their situation, if all their exports (though of minor value) are of items that have been excluded because they are exported on a large scale by another LDC. It all depends on *precisely* how the Quad state selects its exclusions, in what way it restricts DFQF and the commodity composition of each LDC's exports.

Making an assumption about how each Quad state makes its exclusion selection is thus of central importance for either Interpretation 1 or Interpretation 2 – but for the latter it both has a greater impact on the assessed effect of DFQF and is more imponderable (because it will involve trade-offs by the Quad state such that no clearly uncontroversial assumption can be made). In the sections of this chapter dealing with Interpretation 2, the assumption made about how exclusions will be selected is related to the characteristics of each Quad country's trade. In the case of the USA, for example, it is assumed that the exclusions will be primarily in relation to perceived threats from the most dominant and competitive LDC sources. This assumption does not work with Japan (for reasons explained below), so a more plausible assumption is used.

The sequence in which the potential impact of exclusions is analysed reflects these difficulties. Using Interpretation 1, the task of identifying the items to be excluded is less problematic. Since this interpretation is that the 3 per cent rule is applied on a country-by-country basis, the analysis can show how many items may be excluded for each LDC on the basis of their current pattern of imports. This analysis, in turn, identifies both the dominant LDC supplier and its most sensitive export items. The analysis is then used to underpin the impact assessment using Interpretation 2: that Quad states may select for exclusion a group of products that does not exceed 3 per cent of items imported from all LDCs.

The effect of this approach is to provide an upper and lower boundary for the potential impact on specific LDCs in relation to each Quad market of the allowable limitations to DFQF during the transition period. It will also establish for each LDC whether they are likely to be 'winners' or 'losers' from a particular interpretation. This information is brought together to identify *inter alia* a set of targets for fine-tuning the Hong Kong Declaration so that any particularly egregious outcomes can be avoided.

## Data use

### Sources

The chapter is based on data for 2004 supplied by three of the four Quad states.

The sources used for imports are: Statistics Canada, the Japanese Ministry of Finance (MoF) and the United States International Trade Commission (USITC).<sup>4</sup> Because of the pre-existence of EBA, no useful purpose would have been served for *this study* (given its sharp focus) in replicating this exercise for the EU. However, the EU's import data for 2003 were used to compile the list of 'revealed LDC supply capacity', and the current EU tariff regime was examined to check on the treatment of imports from all countries on the UN list of LDCs.

The Japanese and US tariff data used were obtained from UNCTAD's *Trade Analysis and Information System* (TRAINS) database, and Canada's from the Canadian Border Services Agency.<sup>5</sup>

### Analyses made

For each Quad country (apart from the EU), imports have been analysed in the following sequence. We have listed all imports from every country on the UN list of LDCs, regardless of whether they are currently eligible for the Quad state's 'LDC trade regime'. For each LDC source we have calculated the size of the potential exclusion basket. This has been done by counting the number of tariff lines in which there are imports and establishing the number represented by 3 per cent.

In some cases there are so few imports that even one tariff line represents more than 3 per cent of the total. A literal interpretation of the Hong Kong text implies that in these cases it is not possible for a Quad state to exclude any products from DFQF (unless, of course, it creates additional NTLs). Because of this, cases where one tariff line represents more than 3 per cent of the total imports by a given Quad state from a given LDC have been disregarded from the main analysis, but taken up again in the sensitivity analysis.

For the remainder, a comparison has been made between the size of the potential exclusion basket (in terms of the number of tariff lines) and the number of very high tariffs. For the purposes of this report, very high tariffs have been defined as an *ad valorem* tariff of 15 per cent or more (i.e. a tariff peak in terms of the Doha Round) or any specific duty.<sup>6</sup> It is beyond the scope of this chapter to calculate the *ad valorem* equivalents for specific duties, but typically this form of tariff is applied in the case of sensitive items where there is some protectionist intent.

In many cases this process produces two categories of LDCs.

1. There are those in which the number of high tariffs exceeds the permissible number of exclusions under the 3 per cent rule. In these cases, a Quad country will need to select among sensitive items in order to exclude some and liberalise others.
2. In the other group, the reverse is the case: the number of very high tariffs is lower

than the permissible number of exclusions. In these cases, it is assumed that the Quad country would be able to exclude all the high tariffs and, if it wished, some items facing *ad valorem* tariffs of less than 15 per cent in addition.

Country-by-country treatment is given to the first category of LDCs to give a flavour of the choices available. Clearly, it is beyond the scope of this chapter to consider the political economy of each Quad state in order to identify which of these sensitive items will be excluded and which liberalised. But one illustrative piece of information is provided. We make a comparison of the import share of each sensitive item in the Quad state under review and in all Quad states. Although this is necessarily at the HS6 level, and so lacks detail, the aim is try to identify cases facing high tariffs in which imports into the Quad country in question are disproportionately small. This may provide an indicator of particular sensitivity and therefore give a clue as to which items will be excluded.

## **The EU and Canada**

These two countries are taken first because they provide a benchmark, given the current extent of DFQF coverage of imports from LDCs under their current autonomous commitments. A principal potential effect of DFQF in these two cases may be to increase certainty and predictability. Because their current regimes are autonomous, they could be withdrawn or amended (although this would presumably have to be done in relation to all LDCs and not just a few to avoid a potential WTO dispute). When the Hong Kong commitment becomes binding (which we assume is only after the successful completion of the Doha Round – see above), this flexibility will no longer exist.

## **The EU**

Under the EU's EBA initiative, enacted through an amendment to its GSP scheme, access to all imports other than armaments from all LDCs is either currently DFQF, or will be so by 1 September 2009. EBA came into force in March 2001, with the immediate abolition of tariffs and quotas on everything except bananas, rice and sugar. Since then the tariffs on these three items have been progressively reduced: bananas became duty-free on 1 January 2006, sugar will do so on 1 July 2009 and rice on 1 September 2009.

While the EU will, by 2009, be offering DFQF equivalence to LDCs, it is not currently doing so for all the countries on the UN list. Indeed, the number of UN recognised LDCs that apparently are not being granted EBA by the EU is longer than is the case for any of the other Quad states. Although all 50 LDCs on the UN list are listed in the GSP regulation as eligible for EBA (although Myanmar is suspended from the GSP), 18 of these 50 'have not yet nominated a GSP certificate issuing authority' and 'their goods cannot be admitted at GSP rates of duty'.<sup>7</sup> Since all these states are African, Caribbean and Pacific (ACP) countries, for which Cotonou already offers duty-free access for most exports, it may be that the failure results from their perception that EBA currently serves no practical purpose (given their export basket), rather than from any protectionist intent on the part of the EU.

## Canada

Canada is currently in a similar position to that of the EU, but with more gaps in coverage. It already offers LDCs duty-free access for most, though not all, items in the nomenclature. Only poultry, dairy products and eggs are not duty free. Hence the main effect of the Hong Kong commitment would be to provide the additional guarantee that treatment would not be changed, as well as the possibility of closing some of the current gaps. This section examines the scope for Canada to avoid closing the gaps during the transition phase through the use of the 3 per cent dispensation using Interpretations 1 and 2.

### Interpretation 1

Under Interpretation 1, the length of Canada's exclusion list is related to the number of items it imports from any given LDC. In 2004 Canada imported goods from 48 of the 50 countries on the UN's list of least developed countries and accorded LDC tariff treatment to 46 of them (Table 3.1).<sup>8</sup>

**Table 3.1. Canada: The Potential for Exclusions**

| Country <sup>a</sup> | # tariff lines comprising 3% | Country <sup>a</sup>     | # tariff lines comprising 3% |
|----------------------|------------------------------|--------------------------|------------------------------|
| Bangladesh           | 32.7                         | Mozambique               | 1.3                          |
| Nepal                | 20.3                         | Yemen                    | 1.3                          |
| Cambodia             | 15.0                         | Somalia                  | 1.2                          |
| <i>Myanmar</i>       | 11.8                         | Togo                     | 1.2                          |
| Madagascar           | 9.5                          | Zambia                   | 1.1                          |
| Haiti                | 9.0                          | Central African Republic | 1.1                          |
| Sierra Leone         | 8.0                          | Congo DR                 | 1.1                          |
| Afghanistan          | 6.0                          | Benin                    | 0.7                          |
| Niger                | 5.3                          | Comoros                  | 0.7                          |
| Ethiopia             | 3.6                          | Vanuatu                  | 0.7                          |
| Senegal              | 3.5                          | Angola                   | 0.7                          |
| Laos                 | 3.4                          | Burundi                  | 0.6                          |
| Tanzania             | 3.4                          | Djibouti                 | 0.6                          |
| Mali                 | 3.2                          | Rwanda                   | 0.5                          |
| Lesotho              | 2.7                          | Eritrea                  | 0.5                          |
| Mauritania           | 2.6                          | São Tomé and Príncipe    | 0.5                          |
| Uganda               | 2.3                          | Liberia                  | 0.4                          |
| Gambia               | 1.8                          | Cape Verde               | 0.4                          |
| Maldives             | 1.7                          | Solomon Islands          | 0.4                          |
| Chad                 | 1.5                          | Bhutan                   | 0.3                          |
| Sudan                | 1.4                          | Kiribati                 | 0.3                          |
| Burkina Faso         | 1.4                          | <i>Timor-Leste</i>       | 0.3                          |
| Guinea               | 1.4                          | Samoa                    | 0.3                          |
| Malawi               | 1.4                          | Equatorial Guinea        | 0.2                          |

<sup>a</sup>The countries in italics are not eligible for LDC (or GSP) treatment in Canada. No imports were recorded from Guinea Bissau or Tuvalu

Source: Derived from data obtained from Statistics Canada.

In 31 of these cases the product breadth of imports is sufficiently wide that a single tariff line represents less than 3 per cent of the total. For the remaining 15 current LDC tariff (LDCT)<sup>9</sup> recipients not a single item could be excluded from full DFQF treatment as to do so would result in Canada failing to liberalise on 97 per cent of its imports. Even for the 31, only two countries should have paid any duty at all in 2004 on any of their exports to Canada given the breadth of its current zero-duty LDC regime (Table 3.2). These are Niger, which exported one dutiable product (butter), and Myanmar which is not covered by the LDCT.

**Table 3.2. Canada: Tariff Peaks**

| Country <sup>a</sup> | # tariff lines<br>comprising 3% <sup>b</sup> | # tariff peaks |
|----------------------|----------------------------------------------|----------------|
| Myanmar              | 11                                           | 225            |
| Niger                | 5                                            | 1              |

<sup>a</sup>Rounded down to the nearest whole item

<sup>b</sup>Over 15% *ad valorem* or AVE

Source: Derived from data obtained from Statistics Canada.

Since the 3 per cent rule would allow ample scope for Canada to continue to exempt butter from DFQF (and given that Myanmar is currently excluded from LDC treatment) it seems clear that under Interpretation 1 the Hong Kong Declaration need not require any change in the *status quo*.

## Interpretation 2

The findings under Interpretation 2 are identical. On this interpretation, the number of items that Canada could exclude from DFQF would be set at 3 per cent of the total number of different goods imported from all LDCs.

In 2004 Canada imported a total of 1729 items from all countries on the UN list of LDCs (although it did not accord GSP treatment to two of these, Myanmar and Timor-Leste). This total would allow it to exclude 52 items from DFQF. As only one of the imports (butter from Niger) pays a duty under the current LDCT, this exclusion possibility would allow Canada to avoid including it for DFQF treatment.

## Conclusions

Unless it results in more countries being accorded the LDC trade regime in the EU and Canada, the principal effect of a DFQF commitment under Doha will be to increase certainty and reduce the scope for regime dilution. DFQF offers no apparent improvement over the EU's EBA in terms of the numbers of products exempted from tariff and quota restrictions. Nor does it require any improvement on Canada's current regime under either Interpretation (1) or (2). To make a real difference, a new initiative would need to tackle specifically other barriers to imports from LDCs, such as unduly onerous rules of origin, health standards or other non-tariff barriers.

## The USA

The USA is central to this study. It imports many goods from many LDCs but fails currently to offer DFQF for a large proportion of these. Hence, implementation of the Hong Kong Declaration *could* have a substantial impact. How much impact depends critically on how the 3 per cent tolerance is applied during the transition phase. This chapter identifies a range of possible outcomes under both Interpretations 1 and 2.

### Interpretation 1

In 2004 the USA imported goods from 48 of the 50 countries on the UN's list of least developed countries and accorded LDC tariff treatment to 41 of them. The second column of Table 3.3 shows the number of items that could be excluded from each state on

**Table 3.3. USA: The Potential for Exclusions**

| Country <sup>a</sup> | # tariff lines excluded on |                  | Country <sup>a</sup>   | # tariff lines excluded on |                  |
|----------------------|----------------------------|------------------|------------------------|----------------------------|------------------|
|                      | Interpretation 1           | Interpretation 2 |                        | Interpretation 1           | Interpretation 2 |
| Bangladesh           | 17.1                       | 48               | <i>Liberia</i>         | 0.8                        | —                |
| Nepal                | 13.6                       | 17               | Cape Verde             | 0.8                        | 5                |
| Cambodia             | 10.1                       | 28               | Gambia                 | 0.8                        | —                |
| Haiti                | 8.1                        | 19               | Central African Rep.   | 0.8                        | 1                |
| Madagascar           | 6.9                        | 20               | Samoa                  | 0.8                        | —                |
| Sierra Leone         | 4.9                        | 10               | Equatorial Guinea      | 0.7                        | —                |
| Ethiopia             | 3.1                        | 12               | Mauritania             | 0.7                        | —                |
| Mali                 | 3.0                        | —                | Djibouti               | 0.6                        | —                |
| Tanzania             | 2.9                        | 5                | Togo                   | 0.6                        | —                |
| <i>Senegal</i>       | 2.7                        | 3                | <i>Maldives</i>        | 0.6                        | —                |
| Niger                | 2.6                        | —                | <i>Solomon Islands</i> | 0.6                        | —                |
| Guinea               | 2.2                        | —                | Benin                  | 0.5                        | —                |
| Afghanistan          | 2.1                        | 1                | <i>Eritrea</i>         | 0.5                        | —                |
| Congo DR             | 2.1                        | —                | Chad                   | 0.5                        | —                |
| Lesotho              | 1.8                        | 17               | Vanuatu                | 0.5                        | —                |
| Uganda               | 1.7                        | 5                | Rwanda                 | 0.4                        | —                |
| <i>Laos</i>          | 1.6                        | 9                | São Tomé & Príncipe    | 0.4                        | —                |
| Malawi               | 1.6                        | 14               | Bhutan                 | 0.3                        | —                |
| Mozambique           | 1.3                        | 2                | Comoros                | 0.2                        | —                |
| Burkina Faso         | 1.2                        | —                | Kiribati               | 0.2                        | —                |
| Zambia               | 1.1                        | 1                | Burundi                | 0.2                        | —                |
| Somalia              | 1.1                        | —                | Tuvalu                 | 0.2                        | —                |
| Yemen                | 1.0                        | —                | <i>Sudan</i>           | 0.1                        | —                |
| Angola               | 0.9                        | —                | Guinea-Bissau          | 0.1                        | —                |

<sup>a</sup>The countries in italics are not eligible for LDC treatment in the USA. Senegal, Solomon Islands and Eritrea are eligible for GSP treatment; Laos, Liberia, Maldives and Sudan are eligible for MFN only. No imports were recorded from Timor-Leste or Myanmar, both of which are also eligible only for MFN treatment

Source: Derived from data obtained from USITC.

Interpretation 1, which relates exclusions to the number of items imported from each LDC. It shows that the 3 per cent rule would allow items to be excluded only in the case of the 23 states for which the product breadth of imports is sufficiently wide that a single tariff line represents less than 3 per cent of the total.

Imports from these 23 countries have been analysed further to identify tariff peaks (defined as an *ad valorem* tariff of 15 per cent or more or any specific duty or any unknown tariffs). In each case a count has been made of the number of items facing a tariff peak and the result compared to the total number of permissible exclusions under the 3 per cent rule (Table 3.4).

**Table 3.4. USA: Tariff Peaks**

| Country           | # tariff lines<br>comprising 3% <sup>a</sup> | # tariff peaks <sup>b</sup> | Country             | # tariff lines<br>comprising 3% <sup>a</sup> | # tariff peaks <sup>b</sup> |
|-------------------|----------------------------------------------|-----------------------------|---------------------|----------------------------------------------|-----------------------------|
| <i>Bangladesh</i> | 17                                           | 114                         | <i>Afghanistan</i>  | 2                                            | 7                           |
| <i>Nepal</i>      | 13                                           | 77                          | Congo DR            | 2                                            | 0                           |
| <i>Cambodia</i>   | 10                                           | 89                          | Lesotho             | 1                                            | 0                           |
| <i>Haiti</i>      | 8                                            | 55                          | Uganda              | 1                                            | 0                           |
| Madagascar        | 6                                            | 3                           | <i>Laos</i>         | 1                                            | 21                          |
| Sierra Leone      | 4                                            | 1                           | Malawi              | 1                                            | 0                           |
| Ethiopia          | 3                                            | 2                           | Mozambique          | 1                                            | 0                           |
| Mali              | 3                                            | 0                           | <i>Burkina Faso</i> | 1                                            | 2                           |
| Tanzania          | 2                                            | 1                           | Zambia              | 1                                            | 0                           |
| Senegal           | 2                                            | 2                           | Somalia             | 1                                            | 0                           |
| Niger             | 2                                            | 0                           | Yemen               | 1                                            | 0                           |
| Guinea            | 2                                            | 0                           |                     |                                              |                             |

<sup>a</sup>Rounded down to the nearest whole item

<sup>b</sup>Over 15% *ad valorem* or AVE, plus items for which the AVE could not be calculated (because export volumes are given as zero) or for which the tariff is unclear for any reason

Source: Derived from data obtained from USITC and UNCTAD TRAINS.

In the case of the seven countries italicised in Table 3.4 (Bangladesh, Nepal, Cambodia, Haiti, Afghanistan, Laos and Burkina Faso) the number of imports facing tariff peaks exceeds the total number of potential exclusions. For the rest it does not. The first group have been labelled 'more-sensitive' and the second 'less-sensitive' import sources. There is one country in each group that does not currently receive LDC treatment from the USA.

In the case of the 'more-sensitive' import sources the excess of tariff peaks over allowable exclusions (considerable in some cases) raises the question of which products will be excluded and which not. This section shows the results arising from three alternative assumptions on the selection of products to be excluded.

### The three assumptions

One approach is to assume that the USA will exclude the items with the highest tariffs. This has involved calculating *ad valorem* equivalents (AVEs) wherever possible for the

27 imports from Bangladesh, 24 from Nepal and 18 from Cambodia that face specific duties (or for which the duty is unknown).<sup>10</sup>

The second assumption made is that the USA excludes the items facing tariff peaks that are imported to the greatest value. It provides an answer to the question: what is the minimum share of imports that is likely to receive full DFQF during the transition phase?

The third assumption takes account of the possibility that the current pattern of trade has been distorted by current protection and that some imports into the USA are artificially depressed by the current tariffs. These may be even more sensitive than those items imported to large values. This is necessarily a very speculative area, and the approach adopted in the report is described below in relation to Bangladesh (and also applied to the other 'more-sensitive' import sources).

## Bangladesh

Bangladesh faces 120 tariff peaks, only 17 of which can be excluded from liberalisation under the 3 per cent rule. The broad conclusion, therefore is that even the minimal implementation of DFQF by the USA will have a significant effect on Bangladesh's terms of access to the US market.

The full list of US imports from Bangladesh facing tariff peaks is provided in Table A3.1. A very high proportion of these are clothing items. Hence, the USA will not be able to avoid liberalising on all clothing items even it were to concentrate its 3 per cent of exclusions solely on this product group.

On assumption 1 (that exclusions are concentrated on the items facing the highest tariffs), the USA could withhold DFQF from 5 per cent of its current imports from Bangladesh.<sup>11</sup> This is, of course, much lower than the share that could be excluded on assumption 2, since imports of the highest tariff items tend to be artificially restricted – but for precisely for this reason they are the items for which liberalisation would have the greatest impact.

On assumption 2 (that it is the highest-value items facing tariff peaks that are excluded),<sup>12</sup> the USA could withhold DFQF from half of its current total imports. If this were to happen, there might well be a redirection of trade into the other items that currently face tariff peaks and which, by definition, would not have been excluded. It is beyond the scope of this chapter to estimate the scope for substitutability between items in the clothing and other sensitive sectors listed in Appendix Table 1. But it would be surprising if there were not some scope. The figure of 50 per cent almost certainly overstates, therefore, the share of trade that would not receive DFQF treatment.

What if the USA were, instead, to focus on items that have lower imports – precisely because the current tariffs are a deliberate barrier to very sensitive goods? Making predictions in such a case is of course impossible, but the chapter provides one suggestive piece of information.

Appendix Table 1 shows for each product its share of imports by the USA from Bangladesh, and its average share of the imports of all Quad countries.<sup>13</sup> Appendix Table

1 is presented in ascending order of the figure in the right-hand column. This shows for each HS sub-head its share of total US imports from Bangladesh as a proportion of its average share of the other Quad countries' imports from Bangladesh. In the case of printed bed linen, for example, which is at the top of the table, this product accounted for 0.0001 per cent of US imports from Bangladesh, but 0.5 per cent on average into the Quad as a whole. Hence, the share in the USA was 0.02 per cent of the average share in Quad imports. In the case of footwear with rubber outer soles (HS 640419), the product's share of US imports from Bangladesh was 0.8 per cent of the average. In other words, these are products that are imported into both the USA and least one other Quad country, but where US imports are proportionally smaller than the average.

Does proportionate smallness provide an indicator of sensitivity? It may do. To the extent that it does, one can identify the products for which US imports were proportionately particularly small. In the case of Bangladesh this includes all items that account for less than half the average share of all Quad imports. This is shown in Table 3.5.<sup>14</sup> There are 20 such items, all of them clothing with the exception of three that are footwear and three that are textiles. Table 3.5 also gives the current tariff applied by the USA on imports from Bangladesh of this product. As the USA can exclude only 17 items, at least three of those in the table would need to be liberalised. But that will still leave some very high-tariff items that can be excluded. Three of the products face a combination of specific and *ad valorem* duties, normally a sure sign of major protection. A further nine have *ad valorem* tariffs in excess of 20 per cent. Indeed, only six have tariffs at the bottom end of the 'tariff peak' range, of 16 per cent or so.

## Cambodia

As with Bangladesh, the chapter provides information on what might be excluded from DFQF on three alternative assumptions about the USA's priorities. As indicated in Table 3.4, the USA could exclude ten items from Cambodia without breaching the 3 per cent rule. If these ten were the items facing the highest tariffs, the USA would withhold DFQF from 5 per cent of its imports from Cambodia. If they were the items facing tariff peaks that are imported to the greatest value, the proportionate exclusion would rise to 54 per cent. As with Bangladesh, though, some substitution of goods in all other categories (all of which would have had to be included in DFQF) is likely to take place. This figure therefore overstates the extent to which the 3 per cent option undermines DFQF.

As with Bangladesh an attempt has also been made to identify items imported in low values that may be very sensitive. Since there is a smaller number of imports from the other 'more-sensitive' sources than is the case with Bangladesh, the tables for Cambodia and the others provide information on the number of excludable items for which the US share is lowest relative to the Quad average.

In the case of Cambodia (Table 3.6) there are seven items (against the maximum excludable of ten) that have tariffs in excess of 27 per cent, and one of these has an 8-digit sub-code to which a combined specific and *ad valorem* duty applies. Just two are at the bottom of the tariff peak range. All except one are garments.

**Table 3.5. Bangladesh: Proportionately Low, High-tariff Products**

| HS6    | Description                                                                                                                                                                                                                  | Value 2004 (US\$000) <sup>a</sup> | Maximum tariff 2006 <sup>b</sup> | Share of US imports (%) <sup>c</sup> | Avg. share of other Quad imports (%) <sup>c</sup> | US share as % of average Quad share |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|--------------------------------------|---------------------------------------------------|-------------------------------------|
| 630221 | Printed bed-linen of cotton (excl. knitted or crocheted)                                                                                                                                                                     | 2.5                               | 20.9%                            | 0.0001                               | 0.5                                               | 0.02                                |
| 621120 | ski suits (excl. knitted or crocheted)                                                                                                                                                                                       | 4.8                               | 28.6%                            | 0.0002                               | 0.1                                               | 0.1                                 |
| 640411 | sports footwear, incl. tennis shoes, basketball shoes, gym shoes, training shoes and the like, with outer soles of rubber or plastics and uppers of textile materials                                                        | 1.1                               | 90 cents/pr+37.5%                | 0                                    | 0.02                                              | 0.2                                 |
| 630231 | bed-linen of cotton (excl. printed, knitted or crocheted)                                                                                                                                                                    | 18.5                              | 20.9%                            | 0.001                                | 0.1                                               | 0.6                                 |
| 640419 | footwear with outer soles of rubber or plastics and uppers of textile materials (excl. sports footwear, incl. tennis shoes, basketball shoes, gym shoes, training shoes and the like, and toy footwear)                      | 24.7                              | 37.5% or 90 cents/pr+20%         | 0.001                                | 0.1                                               | 0.8                                 |
| 640291 | footwear covering the ankle, with outer soles and uppers of rubber or plastics (excl. incorporating a protective metal toe-cap, waterproof footwear of heading 6401, sports footwear, orthopaedic footwear and toy footwear) | 5.3                               | 90 cents/pr+20%                  | 0.0002                               | 0.02                                              | 1                                   |
| 611011 | Jerseys, pullovers, cardigans, waistcoats and similar articles, of wool, knitted or crocheted (excl. wadded waistcoats)                                                                                                      | 300.3                             | 16%                              | 0.01                                 | 0.4                                               | 3                                   |
| 610342 | men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. swimwear and underpants)                                                                                         | 369.8                             | 16.1%                            | 0.02                                 | 0.3                                               | 5                                   |
| 620193 | men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits)                          | 5,133.8                           | 27.7%                            | 0.2                                  | 2.0                                               | 11                                  |

**Table 3.5** (continued)

| HS6    | Description                                                                                                                                                                                            | Value 2004 (US\$000) <sup>a</sup> | Maximum tariff 2006 <sup>b</sup>                                                                                              | Share of US imports (%) <sup>c</sup> | Avg. share of other Quad imports (%) <sup>c</sup> | US share as % of average Quad share |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|-------------------------------------|
| 611120 | babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)                                                                                                                 | 521.5                             | 19.7                                                                                                                          | 0.02                                 | 0.2                                               | 11                                  |
| 581091 | embroidery of cotton on a textile fabric ground, in the piece, in strips or as motifs (excl. burnt-out embroidery and embroidery with a cutaway ground)                                                | 0.5                               | Free, but in the case of embroidery in the piece not less than the rate which would apply to such product if not embroidered. | 0.0                                  | 0.0002                                            | 12                                  |
| 620722 | men's or boys' nightshirts and pyjamas of man-made fibres (excl. knitted or crocheted, vests, singlets and underpants)                                                                                 | 194.7                             | 16%                                                                                                                           | 0.01                                 | 0.1                                               | 13                                  |
| 611019 | 'jerseys, pullovers, cardigans, waistcoats and similar articles, of fine animal hair, knitted or crocheted (excl. from hair of cashmere "cashmere" goats and quilted articles)'                        | 73.1                              | 16%                                                                                                                           | 0.003                                | 0.02                                              | 13                                  |
| 620293 | Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits) | 2,431.3                           | 27.7%                                                                                                                         | 0.1                                  | 0.8                                               | 13                                  |
| 610910 | t-shirts, singlets and other vests of cotton, knitted or crocheted                                                                                                                                     | 32,512.9                          | 16.5%                                                                                                                         | 1.4                                  | 8.3                                               | 17                                  |
| 620113 | men's or boys' overcoats, raincoats, car-coats, capes, cloaks and similar, of man-made fibres (excl. knitted or crocheted)                                                                             | 223.0                             | 27.7%                                                                                                                         | 0.01                                 | 0.04                                              | 25                                  |

**Table 3.5** (continued)

| HS6    | Description                                                                                                                | Value<br>2004<br>(US\$000) <sup>a</sup> | Maximum<br>tariff 2006 <sup>b</sup> | Share of<br>US imports<br>(%) <sup>c</sup> | Avg. share of<br>other Quad<br>imports (%) <sup>c</sup> | US share as %<br>of average<br>Quad share |
|--------|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------|--------------------------------------------|---------------------------------------------------------|-------------------------------------------|
| 611430 | special garments for professional, sporting or other purposes, n.e.s., of man-made fibres, knitted or crocheted            | 795.7                                   | 32%                                 | 0.03                                       | 0.1                                                     | 29                                        |
| 621230 | corselettes of all types of textile materials, whether or not elasticated, incl. knitted or crocheted                      | 52.9                                    | 23.5%                               | 0.002                                      | 0.01                                                    | 30                                        |
| 611519 | panty hose and tights of textile materials, knitted or crocheted (excl. of synthetic fibres and hosiery for babies)        | 21.4                                    | 16%                                 | 0.001                                      | 0.002                                                   | 39                                        |
| 620333 | men's or boys' jackets and blazers of synthetic fibres (excl. knitted or crocheted, and wind-jackets and similar articles) | 380.3                                   | 27.3%                               | 0.02                                       | 0.04                                                    | 41                                        |

<sup>a</sup>Total value of the 8-digit items within the HS6 aggregate

<sup>b</sup>Applicable to any of the items within the HS6 aggregate. Where more than one tariff is shown it is because it is not clear which is the higher

<sup>c</sup>Displayed to a maximum of four decimal places. '0' denotes that the share is less than one-ten-thousandth of 1 per cent

Source: Derived from data obtained from Statistics Canada, Eurostat, Japanese MoF, USITC and UNCTAD TRAINS.

**Table 3.6. Cambodia: Proportionately Low, High-tariff Products**

| HS6    | Description                                                                                                                                                                                                                                     | Value 2004 (US\$000) <sup>a</sup> | Maximum tariff 2006 <sup>b</sup> | Share of US imports (%) <sup>c</sup> | Avg. share of other Quad imports (%) <sup>c</sup> | US share as % of average Quad share |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|--------------------------------------|---------------------------------------------------|-------------------------------------|
| 420292 | travel bags, toilet bags, rucksacks, shopping bags, map cases, tool bags, sports bags, make-up boxes, cutlery boxes, cases for binoculars, cameras, video cameras, musical instruments or arms and similar containers                           | 2.6                               | 20%                              | 0.0002                               | 0.01                                              | 2                                   |
| 620469 | women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, panties and swimwear)                                          | 72.3                              | 28.6%                            | 0.005                                | 0.1                                               | 4                                   |
| 620113 | men's or boys' overcoats, raincoats, car-coats, capes, cloaks and similar, of man-made fibres (excl. knitted or crocheted)                                                                                                                      | 2.2                               | 27.7%                            | 0.0001                               | 0.003                                             | 5                                   |
| 620193 | men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits)                                             | 863.7                             | 27.7%                            | 0.1                                  | 0.7                                               | 8                                   |
| 610230 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, wind-cheaters, wind-jackets and similar articles of man-made fibres, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divide | 533.4                             | 2% or 64.4 cents/28.kg + 18.8%   | 0.04                                 | 0.2                                               | 17                                  |
| 620463 | women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, panties and swimwear)                                                                                                  | 3,168.1                           | 28.6%                            | 0.2                                  | 1.1                                               | 19                                  |

**Table 3.6** (continued)

| HS6    | Description                                                                                                                                                                                                                         | Value<br>2004<br>(US\$000) <sup>a</sup> | Maximum<br>tariff 2006 <sup>b</sup> | Share of<br>US imports<br>(%) <sup>c</sup> | Avg. share of<br>other Quad<br>imports (%) <sup>c</sup> | US share as %<br>of average<br>Quad share |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------|--------------------------------------------|---------------------------------------------------------|-------------------------------------------|
| 620293 | women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits)                              | 497.8                                   | 27.7%                               | 0.03                                       | 0.1                                                     | 24                                        |
| 610822 | women's or girls' briefs and panties of man-made fibres, knitted or crocheted                                                                                                                                                       | 287.6                                   | 15.6%                               | 0.02                                       | 0.1                                                     | 25                                        |
| 621133 | men's or boys' track suits and other garments n.e.s. of man-made fibres (excl. knitted or crocheted)                                                                                                                                | 714.8                                   | 16%                                 | 0.05                                       | 0.1                                                     | 42                                        |
| 610130 | overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, wind-cheaters, wind-jackets and similar articles of man-made fibres, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers and trousers) | 48,135.5                                | 32%                                 | 0.2                                        | 0.4                                                     | 50                                        |

<sup>a</sup>Total value of the 8-digit items within the HS6 aggregate

<sup>b</sup>Applicable to any of the items within the HS6 aggregate. Where more than one tariff is shown it is because it is not clear which is the higher

Source: Derived from data obtained from Statistics Canada, Eurostat, Japanese MoF, USITC and UNCTAD TRAINS.

## Haiti

In the case of Haiti, both assumptions 1 and 2 produce substantially higher proportionate exclusions than is the case with either Bangladesh or Cambodia. On assumption 1 (that the eight highest-tariff items will be excluded) the USA would withhold DFQF from 13 per cent of total import value.<sup>15</sup> On assumption 2 (with exclusions concentrated on the highest-value items facing tariff peaks), a staggering 74 per cent of current imports could be excluded from DFQF. The same caveat about substitution applies as above given that most are clothing items.

The alternative approach of identifying proportionately low imports does not work in the case of Haiti as there are just two of them, both with tariffs of less than 20 per cent (Table 3.7). In all other cases, the USA imports proportionately more than the Quad average. The other six items in Table 3.7 (included to make the total of seven items that the USA could exclude on the 3 per cent rule) face tariffs that are high – but so do many other imports from Haiti.

## Nepal

In the case of Nepal, assumption 1 removes only 0.2 per cent of US imports from DFQF.<sup>16</sup> The second assumption sees the USA excluding from DFQF 53 per cent of the current value of imports.

On the third assumption, eight of the possible exclusion basket of 13 items are goods with a low to very low proportionate share (Table 3.8). The tariffs that they face are, in the main, very high, and all except two items are clothing.

## Afghanistan, Laos and Burkina Faso

The US imports from Afghanistan facing tariff peaks are almost all clothing, textiles or leather goods. The highest tariff is 28.2 per cent (on one item of female trousers which is imported to only a small value – either because of the tariff or because of poor supply capacity). If the USA were simply to concentrate on the goods facing tariff peaks currently imported to the highest values, it could exclude T-shirts (tariff of 16.5 per cent on imports of US\$28,900) and woven fabrics (15 per cent on imports of US\$19,300). These two items between them account for only a small share of total imports from Afghanistan (less than 2 per cent).

In the case of Laos, predicting which product might be excluded is even more hit and miss: only one item could be excluded under the 3 per cent rule and there are 22 that face tariff peaks. However, knitted sweaters, which account for 51 per cent of US imports from Laos have a tariff of 16.5 per cent. This is far from the highest tariff (which is 32 per cent), but it is the only item facing a tariff peak that is imported to a substantial share of the total. In other words, were the USA to deploy its one-item exclusion on this product, over half of the value of the country's imports from Laos would not be covered by the DFQF initiative. But this finding is subject to the same caveat about substitution made above.

**Table 3.7. Haiti: Proportionately Low, High-tariff Products**

| HS6    | Description                                                                                                                                                                                                           | Value 2004 (US\$000) <sup>a</sup> | Maximum tariff 2006 <sup>b</sup> | Share of US imports (%) <sup>c</sup> | Avg. share of other Quad imports (%) <sup>c</sup> | US share as % of average Quad share |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|--------------------------------------|---------------------------------------------------|-------------------------------------|
| 420292 | travel bags, toilet bags, rucksacks, shopping bags, map cases, tool bags, sports bags, make-up boxes, cutlery boxes, cases for binoculars, cameras, video cameras, musical instruments or arms and similar containers | 1.0                               | 17.6%                            | 0.0003                               | 0.001                                             | 43                                  |
| 611120 | babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)                                                                                                                                | 2.1                               | 19.7%                            | 0.001                                | 0.001                                             | 47                                  |
| 420222 | handbags, whether or not with shoulder straps, incl. those without handles, with an outer surface of plastic sheeting or textile materials                                                                            | 0.5                               | 17.6%                            | 0.0001                               | 0                                                 | 1082                                |
| 620349 | men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, underpants and swimwear)                | 2.0                               | 27.9%                            | 0.001                                | 0                                                 | 1332                                |
| 620520 | men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other vests)                                                                                                                   | 82.0                              | 19.7%                            | 0.02                                 | 0.001                                             | 1857                                |
| 610910 | t-shirts, singlets and other vests of cotton, knitted or crocheted                                                                                                                                                    | 90,059.5                          | 16.5%                            | 24.6                                 | 0.6                                               | 3937                                |
| 610610 | women's or girls' blouses, shirts and shirt-blouses of cotton, knitted or crocheted (excl. t-shirts and vests)                                                                                                        | 171.8                             | 19.7%                            | 0.05                                 | 0.001                                             | 4517                                |
| 610822 | women's or girls' briefs and panties of man-made fibres, knitted or crocheted                                                                                                                                         | 30.4                              | 15.6%                            | 0.01                                 | 0.0002                                            | 5096                                |

<sup>a</sup>Total value of the 8-digit items within the HS6 aggregate

<sup>b</sup>Applicable to any of the items within the HS6 aggregate

<sup>c</sup>Displayed to a maximum of four decimal places. '0' denotes that the share is less than one-ten-thousandth of 1 per cent  
Source: Derived from data obtained from Statistics Canada, Eurostat, Japanese MoF, USITC and UNCTAD TRAINS.

**Table 3.8. Nepal: Proportionately Low, High-tariff Products**

| HS6    | Description                                                                                                                                                                                                                                     | Value 2004 (US\$000) <sup>a</sup> | Maximum tariff 2006 <sup>b</sup> | Share of US imports (%) <sup>c</sup> | Avg. share of other Quad imports (%) <sup>c</sup> | US share as % of average Quad share |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|--------------------------------------|---------------------------------------------------|-------------------------------------|
| 640420 | footwear with outer soles of leather or composition leather and uppers of textile materials (excl. toy footwear)                                                                                                                                | 0.3                               | 37.5%                            | 0.0002                               | 0.02                                              | 1                                   |
| 420292 | travel bags, toilet bags, rucksacks, shopping bags, map cases, tool bags, sports bags, make-up boxes, cutlery boxes, cases for binoculars, cameras, video cameras, musical instruments or arms and similar containers, with an outer surface of | 44.3                              | 20%                              | 0.03                                 | 0.1                                               | 21                                  |
| 610343 | men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. swimwear and underpants)                                                                                                  | 0.4                               | 58.5 cents/ kg + 15.2%           | 0.0003                               | 0.001                                             | 28                                  |
| 610431 | women's or girls' jackets and blazers, of wool or fine animal hair, knitted or crocheted (excl. wind-jackets and similar articles)                                                                                                              | 2.4                               | 54.8 cents/ kg + 16%             | 0.002                                | 0.01                                              | 31                                  |
| 611012 | 'jerseys, pullovers, cardigans, waistcoats and similar articles, of hair of cashmir "cashmere" goats, knitted or crocheted (excl. quilted articles)'                                                                                            | 9.7                               | 16%                              | 0.01                                 | 0.02                                              | 32                                  |
| 620331 | men's or boys' jackets and blazers of wool or fine animal hair (excl. knitted or crocheted, and wind-jackets and similar articles)                                                                                                              | 1.3                               | 17.5%                            | 0.001                                | 0.002                                             | 41                                  |
| 420229 | handbags, whether or not with shoulder strap, incl. those without handle, with outer surface of vulcanized fibre or paperboard, or wholly or mainly covered with such materials or with paper                                                   | 0.8                               | 20%                              | 0.001                                | 0.001                                             | 59                                  |

**Table 3.8** (continued)

| HS6    | Description                                                                                                                                                                                                                                      | Value<br>2004<br>(US\$000) <sup>a</sup> | Maximum<br>tariff 2006 <sup>b</sup>          | Share of<br>US imports<br>(%) <sup>c</sup> | Avg. share of<br>other Quad<br>imports (%) <sup>c</sup> | US share as %<br>of average<br>Quad share |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------------------|---------------------------------------------------------|-------------------------------------------|
| 620469 | women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, panties and swimwear)                                           | 2.8                                     | 28.6%                                        | 0.002                                      | 0.003                                                   | 73                                        |
| 610990 | t-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. cotton)                                                                                                                                                     | 8.0                                     | 16%                                          | 0.01                                       | 0.01                                                    | 95                                        |
| 640299 | footwear with outer soles and uppers of rubber or plastics (excl. covering the ankle or with upper straps or thongs assembled to the sole by means of plugs, waterproof footwear of heading 6401, sports footwear, orthopaedic footwear and toy) | 1.4                                     | 48%                                          | 0.001                                      | 0.001                                                   | 98                                        |
| 650300 | felt hats and other felt headgear, made from the hat bodies, hoods or plateaux of heading 6501, whether or not lined or trimmed (excl. made by assembling strips or pieces of felt, and toy and carnival headgear)                               | 1.5                                     | 13.5 cents /kg+6.3%+<br>1.9 cents/ article   | 0.001                                      | 0.001                                                   | 120                                       |
| 650590 | hats and other headgear, knitted or crocheted, or made up from pieces, but not strips, of lace, felt or other textile fabrics, whether or not lined or trimmed (excl. hair-nets, headgear for animals, and toy and fancy-dress headgear)         | 351.7                                   | 18.7 cents/ kg + 6.8%<br>to 20 cents/kg + 7% | 0.2                                        | 0.2                                                     | 127                                       |
| 610120 | overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, wind-cheaters, wind-jackets and similar articles of cotton, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers and trousers)                       | 7.4                                     | 15.9%                                        | 0.01                                       | 0.003                                                   | 175                                       |

<sup>a</sup>Total value of the 8-digit items within the HS6 aggregate <sup>b</sup>Applicable to any of the items within the HS6 aggregate

Source: Derived from data obtained from Statistics Canada, Eurostat, Japanese MoF, USITC and UNCTAD TRAINS.

Only two US imports from Burkina Faso face tariff peaks – both of 17.6 per cent. Only one could be excluded on the 3 per cent rule. Neither accounts for a significant share of the total. Moreover, the ‘peak’ is so low that it cannot plausibly explain the very low level of imports. Hence, in the case of this country, it seems unlikely that the application of the 3 per cent rule will significantly affect the implementation of DFQF in relation to current trade.

### **Less-sensitive import sources**

Tables 3.9 and 3.10 provide salient information on the less-sensitive countries. Table 3.9 indicates the tariff peaks that apply to US imports from them. If the USA were to decide to use the 3 per cent exclusion rule, and were to apply it to the items currently facing the highest tariffs, then Table 3.9 indicates which products would be excluded for which LDC. They are all textile products.

Some tariffs undermine competitiveness even though they are not set at peak levels, and these are covered in Table 3.10. This covers the incidence of all positive tariffs in respect of US imports from the five less-sensitive import sources. Just over one-third of these are in the 5–10 per cent tariff band and just under one-third are in the 0–5 per cent band.

Column 2 in Table 3.10 can be used to check how high any remaining tariffs would be if the USA were to concentrate its allowable 3 per cent exclusions on the highest-tariff items. For example, it could exclude six items from Madagascar – which would mean that all tariffs of less than 5 per cent would need to be abolished, as would five of those in the 5–10 per cent range. For Ethiopia, only one tariff above 10 per cent and two above 15 per cent could remain.

### **Interpretation 2**

The foregoing analysis has given us the material to make plausible assumptions about where the axe might fall if the DFQF tolerance were applied by the USA according to Interpretation 2, i.e. that it excludes 3 per cent of the total items imported from all LDCs. Obviously, Interpretation 2 will allow a larger number of exclusions than does Interpretation 1: the ‘population’ of items imported from all LDCs can never be smaller and will usually be larger than the number imported from a single LDC; in the case of the USA the number that can be excluded is much larger. The USA imported 1597 items from all the states on the UN list of LDCs in 2004, compared to just 569 from the largest single source, Bangladesh. Consequently, on Interpretation 2 the USA could exclude from DFQF during the transition phase up to 48 lines, which is almost three times as many as the highest figure in Table 3.3, Column 2, which deals with Interpretation 1.

Whether or not this increased total number of exclusions translates into more exclusions for any particular LDC depends on: (a) what the USA decides to exclude; and (b) whether the LDC in question exports any of those items. In other words, the assumptions made about the selection of products to exclude is even more central to the assessed impact of DFQF on Interpretation 2 than it is on Interpretation 1.

**Table 3.9. USA: Tariff Peaks Affecting Less Sensitive Import Sources**

| NTL      | Description                                                                                                                               | Tariff                                                                                                                        | Imported from: |          |         |              |          |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------|----------|---------|--------------|----------|
|          |                                                                                                                                           |                                                                                                                               | Madagascar     | Ethiopia | Senegal | Sierra Leone | Tanzania |
| 42022280 | Handbags with or without shoulder strap or without handle, with outer surface of textile materials, nesi                                  | 17.6%                                                                                                                         | -              | -        | -       | -            | 3        |
| 42029230 | Travel, sports and similar bags with outer surface of textile materials other than of vegetable fibers                                    | 17.6%                                                                                                                         | -              | -        | -       | -            | 2        |
| 42029290 | Bags, cases and similar containers nesi, with outer surface of plastic sheeting or of textile materials, excl. cotton                     | 17.6%                                                                                                                         | -              | -        | -       | -            | 2        |
| 58109100 | Embroidery of cotton, in the piece, in strips or in motifs, other than without visible ground                                             | Free, but in the case of embroidery in the piece, not less than the rate which would apply to such product if not embroidered | -              | -        | -       | -            | 1        |
| 63023150 | Bed linen, not knit/croc, not printed, of cotton, cont any embroidery, lace, braid, edging, trimming, piping or applique work, not napped | 20.9%                                                                                                                         | -              | -        | -       | -            | 1        |

Source: UNCTAD TRAINS.

**Table 3.10. USA: Other Tariffs Affecting Less Sensitive Import Sources**

| Country      | # tariff lines comprising 3% | Tariff band (%) |       |        |                  |
|--------------|------------------------------|-----------------|-------|--------|------------------|
|              |                              | >0-5            | >5-10 | >10-15 | >15 <sup>a</sup> |
| Madagascar   | 6                            | 4               | 7     | 1      | 3                |
| Ethiopia     | 3                            | 2               | —     | 3      | 2                |
| Senegal      | 2                            | 2               | 5     | 3      | 2                |
| Sierra Leone | 4                            | 2               | 1     | 2      | 1                |
| Tanzania     | 2                            | 1               | 4     | —      | 1                |

<sup>a</sup>Includes one item (for Senegal) for which the tariff is not known

Source: UNCTAD TRAINS.

This study has assumed that the USA will give priority to excluding the most sensitive items currently imported from Bangladesh. This is because Bangladesh is the dominant LDC supplier in terms of the range and value of its exports, and has a significant concentration of 'sensitive' products in its export basket.<sup>17</sup> In other words, we have assumed that the USA will use all 48 permitted exclusions to avoid giving full DFQF treatment to the highest-tariff items it imports from Bangladesh.<sup>18</sup>

If it were to decide otherwise, and use some of its exclusions to hit sensitive items imported from other LDCs, it would have to forgo restricting some of the items imported from Bangladesh – all of which face high tariff peaks. Moreover, there is a certain degree of overlap between the 48 'most sensitive' imports from Bangladesh and the most sensitive goods imported from Cambodia and, to a lesser extent, from Nepal and Haiti. Of the 48 most sensitive imports from Bangladesh, 58 per cent are also on the list of the 48 most sensitive imports from Cambodia (and the proportions for Nepal and Haiti are 35 and 40 per cent respectively).

The results are shown in the third column of Table 3.3, which gives the number of each country's exports that overlap with the '48 most sensitive' Bangladesh items. There is no change between Interpretations 1 and 2 for 23 of the 25 states at the foot of the table; under neither interpretation will any of the countries' exports to the USA be excluded from DFQF. Moreover, one of the two that would see a change, Cape Verde, is covered by duty free access under AGOA for all its exports that overlap with the list of 48. At the upper end of the table, eight states would face fewer exclusions under Interpretation 2 than under Interpretation 1, and nine of those that would see an increase have duty-free access under AGOA for those exports that overlap with the 48; a tenth (Senegal) has duty-free access for two out of the three overlapping exports.

The principal 'victims' of Interpretation 2 compared to Interpretation 1, therefore, are four Asian states plus Haiti. Bangladesh and Cambodia would see the greatest absolute increase in the number of possible exclusions (by 31 and 18 items respectively), and Laos the greatest proportional rise (up ninefold). Haiti would also face an increase of almost 140 per cent.

This suggests that the pattern of the exclusions would be rather similar under the two

interpretations, with the same countries having the gains from DFQF restricted but to a greater extent. The scale of the increased dilution of DFQF can be gauged by comparing the share of imports that would be excluded under Interpretation 2 with the analogous figures under assumption 1 for Interpretation 1. The items assumed to be excluded under Interpretation 2 account for 15 per cent by value of US imports from Bangladesh (compared with 5 per cent under assumption 1 of Interpretation 1). The comparable shares for Cambodia are 8 per cent (and 5 per cent), for Nepal 4 per cent (and 0.2 per cent) and for Haiti 18 per cent (against 13%). This would dilute further the support of the Hong Kong Declaration for LDC export diversification into items in which there is every reason to suppose that they are very competitive – which is why they face the highest import barriers.

### Summary

There are two ‘banner headlines’ that could be written about the USA’s scope for excluding important products from DFQF. They report diametrically opposite stories. And like all banner headlines the picture they present is oversimplified.

From one perspective, the Hong Kong provision allowing countries to defer implementation of DFQF on up to 3 per cent of tariff lines presents only a limited danger. Two-thirds of the LDCs from which the USA imports would not see even a single item excluded on Interpretation 2; for Interpretation 1 it would be half. And for the rest, the USA would not be able to exclude whole sectors. Hard choices would need to be made over which to exclude and which to liberalise.

The other banner headline story is very different. On Interpretation 1 the USA could exclude from DFQF 51 per cent of the value of its current imports from Bangladesh, 54 per cent of those from Cambodia, 53 per cent from Nepal and as much as 74 per cent from Haiti. If it were to start offering LDC access to Laos (which it does not at present) it could exclude over half current imports by value. If it were instead to exclude the items facing the highest tariffs, the figures do not look so dramatic – but the impact could be greater on the relatively small number of LDC states (mainly in Asia plus the hapless Haiti) that would be hit.<sup>19</sup> Although the USA would still be unable to exclude whole sectors from DFQF, it could retain restrictions on many of the most sensitive items.

Given the uncertainties that arise because the impact of DFQF will be determined by which items the USA chooses to exclude, the most important conclusion (apart from noting the range of possible outcomes) is to focus attention on the extent to which product substitution can take place. Unless countries attempt to bend the letter as well as the spirit of the Hong Kong Declaration (a possibility considered below), far more items will be liberalised than not. And often the liberalised and not liberalised items will be in the same sub-sector. To the extent that LDCs can shift their export basket in the light of any exclusions that the USA does make, then the ‘shock horror’ headline will overstate the limitations allowed by the 3 per cent rule. To the extent that they cannot diversify, the headline may not overstate the case.

## Japan

In 2004 Japan imported goods from 48 of the 50 countries on the UN's list of least developed countries and accorded LDC tariff treatment to 45 of them (Table 3.11).<sup>20</sup> But it imports a much smaller range of items than does the USA. On the one hand, this means that it can exclude fewer items and so the scope for watering down the impact of DFQF is reduced. On the other, it suggests that there may be factors outside the ambit of the Hong Kong Declaration that are limiting imports from LDCs and which, by definition, will not be addressed by DFQF.

**Table 3.11. Japan: The Potential for Exclusions**

| Country <sup>a</sup> | # tariff lines excluded on |                  | Country <sup>a</sup> | # tariff lines excluded on |                  |
|----------------------|----------------------------|------------------|----------------------|----------------------------|------------------|
|                      | Interpretation 1           | Interpretation 2 |                      | Interpretation 1           | Interpretation 2 |
| Bangladesh           | 8.0                        | 3                | Mozambique           | 0.3                        | —                |
| Myanmar              | 5.9                        | 9                | Bhutan               | 0.3                        | —                |
| Nepal                | 5.6                        | 1                | Ethiopia             | 0.3                        | —                |
| Cambodia             | 2.7                        | —                | Malawi               | 0.3                        | —                |
| Madagascar           | 2.7                        | 1                | Togo                 | 0.2                        | —                |
| Laos                 | 2.5                        | 1                | Kiribati             | 0.2                        | —                |
| Tanzania             | 1.2                        | —                | Liberia              | 0.2                        | —                |
| Senegal              | 0.9                        | —                | Sierra Leone         | 0.2                        | —                |
| Mauritania           | 0.8                        | —                | Somalia              | 0.2                        | —                |
| Vanuatu              | 0.7                        | 7                | <i>Timor-Leste</i>   | 0.2                        | —                |
| Uganda               | 0.6                        | —                | Cape Verde           | 0.2                        | —                |
| Zambia               | 0.6                        | —                | Central African Rep. | 0.2                        | —                |
| Guinea               | 0.5                        | —                | Gambia               | 0.2                        | —                |
| Maldives             | 0.5                        | —                | Samoa                | 0.2                        | 3                |
| Mali                 | 0.5                        | —                | Congo DR             | 0.1                        | —                |
| Niger                | 0.5                        | —                | Eritrea              | 0.1                        | —                |
| Burkina Faso         | 0.5                        | —                | Benin                | 0.1                        | —                |
| Haiti                | 0.5                        | —                | <i>Comoros</i>       | 0.1                        | —                |
| Solomon Is           | 0.5                        | —                | Guinea-Bissau        | 0.1                        | —                |
| Sudan                | 0.5                        | —                | Burundi              | 0.1                        | —                |
| Afghanistan          | 0.4                        | 1                | Chad                 | 0.1                        | —                |
| Yemen                | 0.4                        | —                | Rwanda               | 0.1                        | —                |
| Angola               | 0.3                        | —                | <i>Djibouti</i>      | 0.03                       | —                |
| Lesotho              | 0.3                        | —                | Equatorial Guinea    | 0.03                       | —                |

<sup>a</sup>The countries in italics are not eligible for LDC (or GSP) treatment in Japan. No imports were recorded from São Tomé or Tuvalu.

Source: Derived from data obtained from the Japanese MoF.

### Interpretation 1

On Interpretation 1, there are only seven cases where the product breadth of imports is sufficiently wide for Japan to be able to exclude one or more items (since a single tariff

line represents less than 3 per cent of the total). Imports from these seven countries have been analysed further to identify tariff peaks (defined as an *ad valorem* tariff of 15 per cent or more or any specific duty). In each case a count has been made of the number of items facing a tariff peak and the result compared to the total number of permissible exclusions under the 3 per cent rule (Table 3.12). All the countries in the table currently receive LDC treatment from Japan.

In the case of the two countries at the top of the table (Bangladesh and Myanmar), the number of imports facing tariff peaks exceeds, or is the same as, the total number of potential exclusions. For the rest it does not. The first group have been labelled 'more-sensitive' and the second 'less-sensitive' import sources.

**Table 3.12. Japan: Tariff Peaks**

| Country    | # tariff lines<br>comprising 3% <sup>a</sup> | # tariff peaks <sup>b</sup> | Country    | # tariff lines<br>comprising 3% <sup>a</sup> | # tariff peaks <sup>b</sup> |
|------------|----------------------------------------------|-----------------------------|------------|----------------------------------------------|-----------------------------|
| Bangladesh | 8                                            | 3                           | Madagascar | 2                                            | 0                           |
| Myanmar    | 5                                            | 5                           | Laos       | 2                                            | 0                           |
| Nepal      | 5                                            | 0                           | Tanzania   | 1                                            | 0                           |
| Cambodia   | 2                                            | 0                           |            |                                              |                             |

<sup>a</sup>Rounded down to the nearest whole item

<sup>b</sup>Over 15 per cent *ad valorem* or with specific duties/other notes which mean that the *ad valorem* equivalent is unknown

Source: Derived from data obtained from the Japanese MoF and UNCTAD TRAINS.

### Tariff peaks

Table 13.3 provides salient information on the tariff peaks facing imports from the two more-sensitive countries. If Japan were to decide to use the 3 per cent exclusion rule, and were to apply it to the items currently facing highest *ad valorem* tariffs or specific duties, then Table 3.13 indicates which products would be excluded. They accounted for just 0.2 per cent (Bangladesh) and 0.1 per cent (Myanmar) of the total value of Japanese imports from each country. All are agricultural or livestock products. Half face only specific duties and so further work is desirable to check whether or not all of these are actually significant access barriers. Of the four *ad valorem* tariffs, two are very high and the others are in the 15–20 per cent band.

### Non-peak tariffs

Table 3.14 shows the incidence of all positive tariffs in respect of US imports from all seven states for which the 3 per cent rule would allow Japan to exclude one or more items from DFQF treatment. For Bangladesh, apart from the three peak tariffs, most of the items on which there is any tariff to pay are in the up to 5 per cent range. Laos faces one tariff in the 10–15 per cent range but for the others (apart from Myanmar) most are in the 5–10 per cent range.

**Table 3.13. Japan: Tariff peaks affecting more sensitive import sources**

| NTL       | Description                                                                                                                                                                                                   | Tariff       | Imported from: |         |       |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|---------|-------|
|           |                                                                                                                                                                                                               |              | Bangladesh     | Myanmar | Total |
| 100630090 | Semi-milled or wholly milled rice, n.e.s.                                                                                                                                                                     | 49 yen/kg    | —              |         | 1     |
| 121299110 | Tubers of konnyaku (Amorphophalus), whether or not cut, dried or powdered, for 'the Pooled Quota'                                                                                                             | 40           |                | —       | 1     |
| 121299190 | Tubers of konnyaku (Amorphophalus), whether or not cut, dried or powdered, n.e.s.                                                                                                                             | 2,796 yen/kg |                | —       | 1     |
| 151590520 | Other fixed vegetable fats and oils its fractions, not chemically modified, n.e.s.                                                                                                                            | 10.4 yen/kg  |                | —       | 1     |
| 200490212 | Leguminous vegetables, prepared or preserved, not containing added sugar, frozen                                                                                                                              | 17           |                | —       | 1     |
| 200980123 | Juice of any other single fruit, not containing added sugar, not more than 10% by weight of sucrose, excluding prune juice                                                                                    | 19.1         |                | —       | 1     |
| 250100010 | Salt and pure sodium chloride, of which at least 70 per cent by weight passes through a woven metal wire cloth sieve with an aperture of 2.8mm, or agglomerated, other than those in aqueous solution         | 2.9 yen/kg   | —              |         | 1     |
| 410449122 | Tanned or crust hides and skins of bovine (including buffalo) or equine animals (in the dry state (crust) (excluding full grains (unsplit) and grain splits), of tanned but not chrome tanned leather, n.e.s. | 30           | —              |         | 1     |

Source: UNCTAD TRAINS.

**Table 3.14. Japan: Other Tariffs Affecting More and Less Sensitive Import Sources**

| Country    | # tariff lines comprising 3% | Tariff band (%) |       |        |     |
|------------|------------------------------|-----------------|-------|--------|-----|
|            |                              | >0-5            | >5-10 | >10-15 | >15 |
| Madagascar | 6                            | 4               | 7     | 1      | 3   |
| Bangladesh | 8                            | 4               | 1     | —      | 3   |
| Myanmar    | 5                            | 1               | —     | —      | 4   |
| Nepal      | 5                            | —               | 3     | —      | —   |
| Cambodia   | 2                            | 1               | 3     | —      | —   |
| Madagascar | 2                            | —               | 1     | —      | —   |
| Laos       | 2                            | —               | —     | 1      | —   |
| Tanzania   | 1                            | 1               | 1     | —      | —   |

Source: UNCTAD TRAINS.

## Interpretation 2

As with the USA, Interpretation 2 (which sets the number of exclusions at 3 per cent of the items imported from all LDCs) would allow a large proportional increase in the total – to 24 products. And, as with the USA, an assumption must be made on which items Japan would choose to exclude before the potential impact can be calculated. Bangladesh is also the dominant supplier to Japan but, unlike in the USA, its exports are not sufficiently sensitive to make it the plausible principal target. Only eight of its exports to Japan in 2004 were dutiable. In the absence of a clear ‘target country’ against which to apply the exclusions, the assumption made in this study is that Japan will seek to exclude the 24 items facing the highest tariffs imported from any LDC.<sup>21</sup>

The results are shown in Column 3 of Table 3.11. Some 39 of the 41 countries that would face no exclusion under Interpretation 1 also survive unscathed under Interpretation 2. Vanuatu, though, would see seven exclusions instead of zero, while Afghanistan would face just one. Of the remaining seven states at the top of the table, six would see fewer exclusions under Interpretation 2 than 1. This leaves just Myanmar with Vanuatu and Afghanistan facing increased exclusions.

## Summary

In the case of Japan, there is only one of the two obvious ‘banner headlines’ that could have applied to the USA. This is the one that finds that for most LDCs the Hong Kong tolerance of 3 per cent is unlikely to affect substantially the effect of DFQF on *current imports*.

The reason for the emphasis on current imports is that this difference with the USA arises mainly because Japan currently imports a much narrower range of goods. Whereas the USA bought sufficient items from half of the LDCs from which it imported to allow one or more to be excluded under the 3 per cent rule, for Japan the figure is only 15 per cent.

The critical question for Japan, therefore, is whether there are other items in which LDCs have a supply capacity but which are not imported because tariffs are currently very high – and whether it will choose to exclude these. As explained above, given the assumptions made in the first section of this chapter, the Hong Kong Declaration gives developed Members only a finite number of possible exclusions from DFQF treatment. Any exclusion of an item that is not imported (precisely because it is very sensitive) must be at the ‘expense’ of another item that would otherwise have been excluded. To the extent that a country chooses this route, therefore, the immediate impact of DFQF may be higher than it otherwise would be, although the potential for future LDC export diversification may be reduced. Although this is the conclusion for ‘most LDCs’, it does not apply to Myanmar and Vanuatu. Myanmar could see, on both Interpretations 1 and 2, the exclusion from DFQF of half of its current dutiable exports to Japan under Interpretation 1, and 90 per cent under Interpretation 2. Vanuatu would escape unscathed under Interpretation 1 but could see excluded from DFQF all of its current exports that face tariff peaks.

## **Conclusions**

This chapter has assessed whether or not the DFQF initiative is likely to result in the removal of significant barriers to Quad imports from LDCs. It has noted two completely different legitimate reasons why the initiative might not remove significant barriers in a specific market, to which may be added a third, illegitimate reason. These are:

- There are few barriers to be removed;
- Barriers exist but there is scope in the small print to continue restricting some significant sensitive items;
- Developed countries flout the letter of the Declaration as well as exploiting loopholes in its provisions.

## **Limitations to the Hong Kong Declaration**

### **Prevalence of access barriers**

Implementation of the Hong Kong Declaration will have a significant impact only if it alters substantially the *status quo*, which it will not do if developed countries are already committed to offering DFQF to around 97 per cent of imports from LDCs. The EU and Canada are already so committed. This does not mean that their import regimes are perfect for LDCs (let alone for other poor countries) – far from it. What it means, though, is that the constraints to LDC exports to these countries are not to be found in their border taxes; if they are to be addressed it will be through means other than those covered by the Hong Kong Declaration. One principal positive effect of the Declaration will be to ‘lock in’ the current ‘voluntary’ commitments of the EU and Canada – provided that it is binding and actionable within the WTO, a point to which we return below.

Another would be the requirement that DFQF is offered to all 50 countries on the UN list of LDCs, since neither Quad currently makes its autonomous regime available to all of these.

In relation to Japan and, especially, the USA, the Hong Kong Declaration could make a difference. There exist significant imports from LDCs that pay positive tariffs, plus many more items that are not imported and for which the group has a 'revealed supply capacity'. When fully implemented, DFQF will alter in a significantly favourable way the market access terms of LDCs to these two markets and, by the same token, adversely affect the relative position of their competitors if it is not accompanied by parallel, broader liberalisation. As with the EU and Canada, though, DFQF will do nothing directly to remove any non-border constraints on market entry for exports from LDCs. In the case of Japan, the limited range of current imports, despite quite low tariffs, on a range of goods suggests that such non-border constraints may be binding. As with the EU and Canada, an additional effect would be the requirement to offer DFQF to all 50 UN-listed LDCs, some of which do not currently receive preferential access.

## The small print

### The obvious loophole

For the USA and Japan the main issue assessed in this chapter is whether 'the small print' could allow the impact of DFQF to be substantially diluted. The small print in question is the possibility of temporarily excluding 3 per cent of imports during the implementation phase.

For the USA there are two possible 'banner headlines' which report diametrically opposite (and of course oversimplified) stories. From one perspective, the 3 per cent tolerance presents only a limited danger. A majority of the LDCs from which the USA imports might not see even a single item excluded. For the rest, the USA would not be able to exclude whole sectors. Hard choices would need to be made over which to exclude and which to liberalise.

The other, very different, banner headline is that the USA could exclude from DFQF a high proportion of its imports from a small group of mainly Asian LDCs. If its exclusions were concentrated on the sensitive items imported to the largest value, it could avoid granting DFQF to 50 per cent of the value of its current imports from Bangladesh, 54 per cent of those from Cambodia, 74 per cent of those from Haiti and 53 per cent of those from Nepal. If it were to start offering LDC access to Laos (which it does not at present) it could exclude over half current imports by value. If, instead, it concentrated on the most sensitive items (even those imported to low values, probably because of the high tariffs) the figures would be less dramatic, but the impact in stymieing LDC export diversification could be even greater.

Only one of these banner headlines applies to Japan: the Hong Kong tolerance of 3 per cent is unlikely to affect substantially the effect of DFQF on *current imports*. The reason for emphasising the effect on current imports is that this difference with the USA

arises mainly because Japan currently imports a much narrower range of goods. Whereas the USA bought sufficient items from half of the LDCs from which it imported to allow one or more to be excluded under the 3 per cent rule, for Japan the figure is only 15 per cent.

### **Creative thinking**

The assumption made in this report is that the choice of the term 'the tariff line level' in the Hong Kong Declaration (Annex F 36(a)(ii)) rather than, say, 'the HS 6 level' means that implementation will be by reference to a level of product disaggregation that is set at the discretion of each state and not by international agreement. This opens up the possibility that states could manipulate their product nomenclature in order to alter their scope for excluding items.

Since countries are able to set their own 8–10 digit product codes, they have available to them the possibility of creating more codes on goods that are imported from LDCs. The larger the number of NTLs imported, the more that can be excluded under the 3 per cent rule. Since the extent of such action is wholly unpredictable, it is beyond the scope of this chapter to tackle it. But it should be borne in mind, and we return to the issue below.

### **Illegitimate restrictions**

It has been suggested that developed countries might use the ambiguity in the Hong Kong Declaration to flout not only its spirit (for example by creating new 8-digit items) but also its letter (for example, by setting its exclusions in relation to HS 6 sub-heads or in relation to value). There is certainly plenty of evidence from past practice (thrown up not least by successful challenges to developed country practice in the WTO's dispute settlement facility) that members use any vagueness in commitments, deliberately or unwittingly, to do things that are subsequently demonstrated to be contrary to the commitments they have made. Will they do the same with DFQF?

The answer must be that they almost certainly will, but since the range of possible abuses is infinite, it is not something that can be measured in this chapter. If, for example, countries were to interpret 'tariff line level' in a different way from current practice, they could just as easily claim that it meant the 4-digit as the 6-digit level of the Harmonised System. Yet the impact of these two similar abuses would be quite different.

What the report can do is to draw readers' attention to what might be done to limit the abuse. And the key question that needs to be addressed is whether or not the DFQF commitment is actionable and enforceable within the WTO. No definitive answer to this question is given *within* the text of the Ministerial Declaration; it needs to be clarified during the rest of the Doha negotiations. If the commitment is not actionable, there is little that LDCs or their supporters can do to prevent DFQF being diluted other than lobbying.

If the commitment is enforceable, it will be the first time that a tariff regime other than the MFN level has been binding on WTO members. It would allow any LDC that

felt its access had been infringed to take the errant Quad state to dispute settlement. The task of defining any vagueness in the phraseology of the Hong Kong Declaration would then lie ultimately with the Appellate Body. This might throw up some interesting cases. At present, for example, Myanmar is denied GSP treatment by three of the four Quad states. This is possible because the GSP is an autonomous voluntary regime.<sup>22</sup> If the requirement to provide DFQF to countries which are listed as LDCs by the UN becomes a binding requirement on developed country members, this latitude will disappear.

## **Impact on Other Poor Countries**

### **Non-LDC developing countries**

The terms of reference specifically ask us to consider the impact of full DFQF implementation on non-LDC developing countries. Clearly, in general terms the implementation of DFQF will erode some developing country preferences and, in other cases, place LDCs at a competitive advantage to other developing countries.

To go beyond such generalities, however, it is necessary to know:

- Which items currently exported by LDCs to each Quad market currently pay a tariff (which will be removed by DFQF);
- What future exports from LDCs might be stimulated by DFQF;
- Which other developing countries exports these items;
- The terms under which non-LDC developing countries export.

This chapter has provided information only on the first of these. As can be seen from the analysis above, there are a large number of LDC exports to the USA that currently face positive (and often high) tariffs, and there is potential for non-LDC developing countries to lose their competitive position as a result of DFQF. But this list needs to be further elaborated to identify precisely which developing countries export the items in question and to assess their terms of access under existing agreements. In the case of Japan, too, DFQF will tend to remove tariffs on some imports from LDCs. The list is shorter than for the USA, possibly because other non-tariff barriers limit market entry. For the EU and Canada there seems little prospect of the Hong Kong initiative adversely affecting developing countries – because the improvement in the access terms of LDCs has largely been completed already.

## **Impact on AGOA**

Analyses of AGOA indicate that by far and away the most substantial impact has been in the area of clothing exports, particularly by lesser developed countries. And a critical element in the growth of exports has been the derogation on the rules of origin that allows them to use non-originating cloth. While exports from South Africa and Mauritius (which do not benefit from the derogation) have increased, they have not done so to the same extent as those from lesser developed countries.

DFQF will not affect the relative preference given to lesser developed African countries through the derogation on the rules of origin. But it will reduce the tariff advantage that African countries receive over non-African LDCs. It will tend to reduce Africa's relative attraction, therefore, as a location for clothing exports to the USA – but only to the extent that non-African countries can compete successfully using originating cloth. If they fail to use originating cloth they will not benefit from any DFQF tariff cuts.

The major problem of DFQF for African exporters is that it may be implemented during the same period that their clothing industries are being hit, first, by the expiry of the Multifibre Arrangement (MFA) and, second, by the buoyancy of Chinese exports. All three changes need to be taken into consideration at the same time. Since some non-African LDCs are also being hit by the MFA expiry and Chinese competitiveness (for example Bangladesh) the interplay of factors affecting relative competitiveness will be complex. Clearly, DFQF cannot help African countries to cope with the difficult situation in which they find themselves. Whether it will contribute significantly to a further decline in their exports remains to be seen. These exports may collapse anyway regardless of DFQF. Or, if they do not, the remaining advantage of AGOA for lesser developed countries of the rules of origin may be sufficient to allow them to maintain their position relative to non-beneficiary LDCs.

### **What Next?**

The analysis in this chapter suggests that while the 3 per cent tolerance built into the Hong Kong Declaration must dilute its impact to some extent, it does not make it a nugatory gesture. There is reason, therefore, to build on it both within the remainder of the Doha Round and outside. Such 'building' should focus on:

- Removing vagueness in the Hong Kong Declaration in order to close off possible 'escape routes' for developed countries wishing to evade their commitments; and
- Dealing with the many other aspects of market entry that limit poor country exports to rich countries.

### **Closing escape routes**

The two most obvious required measures are to make implementation of DFQF independent of the Doha Round's conclusion, and to make it a binding requirement for developed country Members. As the Hong Kong Declaration stands, DFQF need not be put into effect until the start of the implementation period for the Doha Round. This means that if the Doha Round does not reach a conclusion in the near future, DFQF will be deferred indefinitely.

It also means that LDCs may be under an obligation to approve an otherwise unsatisfactory Doha text in order to secure DFQF. Whereas this report concludes that DFQF is better than nothing, it does not necessarily make a case that it is sufficiently good to warrant LDCs agreeing to a Doha text that they might otherwise oppose. There will be

no significant improvement in access to the EU and Canadian markets; there may be other, more powerful barriers to the Japanese market; and the outlook for a group of Asian exporters to the USA is for only a limited improvement in market access.

So long as DFQF remains a voluntary commitment, LDCs must expect that developed countries will find many imaginative ways to avoid liberalising on sensitive items. To be worthwhile (and especially to make it worth compromising in other negotiating areas) it must be a binding commitment against which errant members can be taken to dispute settlement. To avoid any doubt on this matter (especially since at present only MFN tariffs are binding) there needs to be an explicit agreement to this effect.

One area in which negotiation might be worthwhile, and which is therefore worthy of further consideration, concerns the extent to which the application of anti-surge safeguard measures (whether within the DFQF initiative or elsewhere in the eventual Doha text) could give developed countries the confidence to move to 100 per cent duty-free coverage immediately on implementation. This chapter has shown that if exclusions were to be concentrated on the most sensitive items (which seems likely, if only for reasons of practicality in implementation) the items concerned would in the main be imported to small values at present. The use of an anti-surge device, or the application of country-specific TQs, would provide Quad states with an insurance against rapid increases in imports from LDCs.

## Extending DFQF

A binding DFQF commitment is sufficiently attractive to make it a no-cost option for LDCs (i.e. one for which they do not need to make concessions elsewhere). Whether or not it is worth making compromises to acquire it depends partly on the nature of what is sought in return (which is unpredictable), and partly on whether or not the start made in the Hong Kong Declaration can be reinforced by ancillary measures; it also depends on how far LDCs can alter practice to evade restrictions.

For the EU and Canada, the impact of DFQF will depend on how far it builds on the current regimes. Apart from increasing the certainty of the current autonomous preferences, the main avenues through which conditions for LDC exports might be improved lie in the commitments other than DFQF, for example on rules of origin. These are mentioned in the Hong Kong Declaration, but in an unspecific form. The task of specifying required changes more concretely could be seen as a matter for the agenda when the Doha negotiations resume.

A critical question for Japan is over the interpretation of what the Hong Kong Declaration requires during the implementation phase in respect of goods not currently imported from LDCs. Are there other items in which LDCs have a supply capacity but which are not imported because tariffs are currently very high? If so, will Japan choose to exclude these? We have assumed that any exclusion of a non-imported item would be at the 'expense' of another item that would otherwise have been excluded. This assumption makes it unlikely that the exclusion of non-traded products would reduce the imme-

diate impact of DFQF, although it might reduce the potential for future LDC export diversification. But the Hong Kong text is somewhat ambiguous on this point, and further clarification during the Doha negotiations is desirable.

In the case of the USA, the key to determining whether reality is closer to the benign or the adverse banner headline is in forecasting the extent of product substitution that can take place. Far more items will be liberalised than not. And often the liberalised and not liberalised items will be in the same sub-sector. To the extent that LDCs can shift their export basket *in the light of* any exclusions that the USA does make, the second 'shock horror' headline will overstate the limitations allowed by the 3 per cent rule. To the extent that they cannot diversify, the headline may not overstate the case.

These conclusions point to the next research steps required to obtain a greater understanding of the potential impact of a Doha agreement on LDC exports to each of the Quad. For the EU and Canada the next step is to identify more clearly other changes to import regimes (such as on the rules of origin and cumulation within them) that are needed if Doha is to result in any significant improvement on the *status quo*. For the USA, the key research task is to assess the scope for substitution between 8-digit items within product groups. If it is great, the impact of DFQF is likely to be substantial. If it is limited, the impact could be heavily diluted. And for Japan the task is the same as for the EU and Canada – but writ large. Why does the country import so few items from LDCs, and are there additional barriers to effective access that could be tackled under Doha?

## Appendix Tables

Appendix A3.1. USA: Relative Importance of Imports from Bangladesh Compared to Quad Average (HS6)

| HS6    | Description                                                                                                                                                                                                                  | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 630221 | printed bed-linen of cotton (excl. knitted or crocheted)                                                                                                                                                                     | 0.0001                               | 0.5                                               | 0.02                                         |
| 621120 | ski suits (excl. knitted or crocheted)                                                                                                                                                                                       | 0.0002                               | 0.1                                               | 0.1                                          |
| 640411 | sports footwear, incl. tennis shoes, basketball shoes, gym shoes, training shoes and the like, with outer soles of rubber or plastics and uppers of textile materials                                                        | 0                                    | 0.02                                              | 0.2                                          |
| 630231 | bed-linen of cotton (excl. printed, knitted or crocheted)                                                                                                                                                                    | 0.001                                | 0.1                                               | 0.6                                          |
| 640419 | footwear with outer soles of rubber or plastics and uppers of textile materials (excl. sports footwear, incl. tennis shoes, basketball shoes, gym shoes, training shoes and the like, and toy footwear)                      | 0.001                                | 0.1                                               | 0.8                                          |
| 640291 | footwear covering the ankle, with outer soles and uppers of rubber or plastics (excl. incorporating a protective metal toe-cap, waterproof footwear of heading 6401, sports footwear, orthopaedic footwear and toy footwear) | 0.0002                               | 0.02                                              | 1                                            |
| 611011 | jerseys, pullovers, cardigans, waistcoats and similar articles, of wool, knitted or crocheted (excl. wadded waistcoats)                                                                                                      | 0.01                                 | 0.4                                               | 3                                            |
| 610342 | men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. swimwear and underpants)                                                                                         | 0.02                                 | 0.3                                               | 5                                            |
| 620193 | men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits)                          | 0.2                                  | 2.0                                               | 11                                           |
| 611120 | babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)                                                                                                                                       | 0.02                                 | 0.2                                               | 11                                           |
| 581091 | embroidery of cotton on a textile fabric ground, in the piece, in strips or as motifs (excl. burnt-out embroidery and embroidery with a cutaway ground)                                                                      | 0                                    | 0.0002                                            | 12                                           |

### Appendix A3.1 (continued)

| HS6    | Description                                                                                                                                                                                            | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
|        |                                                                                                                                                                                                        |                                      |                                                   |                                              |
| 630221 | printed bed-linen of cotton (excl. knitted or crocheted)                                                                                                                                               | 0.0001                               | 0.5                                               | 0.02                                         |
| 620722 | men's or boys' nightshirts and pyjamas of man-made fibres (excl. knitted or crocheted, vests, singlets and underpants)                                                                                 | 0.01                                 | 0.1                                               | 13                                           |
| 611019 | 'jerseys, pullovers, cardigans, waistcoats and similar articles, of fine animal hair, knitted or crocheted (excl. from hair of kashmir "cashmere" goats and quilted articles)'                         | 0.003                                | 0.02                                              | 13                                           |
| 620293 | women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits) | 0.1                                  | 0.8                                               | 13                                           |
| 610910 | t-shirts, singlets and other vests of cotton, knitted or crocheted                                                                                                                                     | 1.4                                  | 8.3                                               | 17                                           |
| 620113 | men's or boys' overcoats, raincoats, car-coats, capes, cloaks and similar, of man-made fibres (excl. knitted or crocheted)                                                                             | 0.01                                 | 0.04                                              | 25                                           |
| 611430 | special garments for professional, sporting or other purposes, n.e.s., of man-made fibres, knitted or crocheted                                                                                        | 0.03                                 | 0.1                                               | 29                                           |
| 621230 | corselettes of all types of textile materials, whether or not elasticated, incl. knitted or crocheted                                                                                                  | 0.002                                | 0.01                                              | 30                                           |
| 611519 | panty hose and tights of textile materials, knitted or crocheted (excl. of synthetic fibres and hosiery for babies)                                                                                    | 0.001                                | 0.002                                             | 39                                           |
| 620333 | men's or boys' jackets and blazers of synthetic fibres (excl. knitted or crocheted, and wind-jackets and similar articles)                                                                             | 0.02                                 | 0.04                                              | 41                                           |
| 610510 | men's or boys' shirts of cotton, knitted or crocheted (excl. nightshirts, t-shirts, singlets and other vests)                                                                                          | 0.7                                  | 1.3                                               | 52                                           |

### Appendix A3.1 (continued)

| HS6    | Description                                                                                                                                                                                                                                     | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 420292 | travel bags, toilet bags, rucksacks, shopping bags, map cases, tool bags, sports bags, make-up boxes, cutlery boxes, cases for binoculars, cameras, video cameras, musical instruments or arms and similar containers, with an outer surface of | 0.03                                 | 0.1                                               | 55                                           |
| 611030 | jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excl. wadded waistcoats)                                                                                                              | 4.0                                  | 7.2                                               | 55                                           |
| 620469 | women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, panties and swimwear)                                          | 0.1                                  | 0.1                                               | 59                                           |
| 620463 | women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, panties and swimwear)                                                                                                  | 0.7                                  | 1.1                                               | 60                                           |
| 620291 | women's or girls' anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles, of wool or fine animal hair (excl. knitted or crocheted, suits, ensembles, jackets, blazers and trousers)                                        | 0.1                                  | 0.1                                               | 61                                           |
| 620530 | men's or boys' shirts of man-made fibres (excl. knitted or crocheted, nightshirts, singlets and other vests)                                                                                                                                    | 1.7                                  | 2.6                                               | 64                                           |
| 610230 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of man-made fibres, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divide  | 0.4                                  | 0.6                                               | 65                                           |
| 620462 | women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted or crocheted, panties and swimwear)                                                                                                            | 5.1                                  | 7.9                                               | 65                                           |
| 610990 | t-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. cotton)                                                                                                                                                    | 0.3                                  | 0.4                                               | 70                                           |
| 611212 | track-suits of synthetic fibres, knitted or crocheted                                                                                                                                                                                           | 0.03                                 | 0.04                                              | 72                                           |

**Appendix A3.1 (continued)**

| HS6    | Description                                                                                                                                                                                                                                            | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 610610 | women's or girls' blouses, shirts and shirt-blouses of cotton, knitted or crocheted (excl. t-shirts and vests)                                                                                                                                         | 0.3                                  | 0.4                                               | 77                                           |
| 621600 | gloves, mittens and mitts of all types of textile materials (excl. knitted or crocheted and for babies)                                                                                                                                                | 0.0003                               | 0.0004                                            | 78                                           |
| 621133 | men's or boys' track suits and other garments n.e.s. of man-made fibres (excl. knitted or crocheted)                                                                                                                                                   | 0.2                                  | 0.2                                               | 88                                           |
| 620342 | men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted or crocheted, underpants and swimwear)                                                                                                                  | 7.7                                  | 8.6                                               | 90                                           |
| 611130 | babies' garments and clothing accessories of synthetic fibres, knitted or crocheted (excl. hats)                                                                                                                                                       | 0.1                                  | 0.1                                               | 90                                           |
| 620892 | women's or girls' vests, briefs, panties, negliges, bathrobes, dressing gowns, housecoats and similar articles of man-made fibres (excl. knitted or crocheted, slips, petticoats, nightdresses and pyjamas, brassieres, girdles, corsets and singlets) | 0.03                                 | 0.04                                              | 90                                           |
| 620343 | men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, underpants and swimwear)                                                                                                         | 1.2                                  | 1.3                                               | 92                                           |
| 620213 | women's or girls' overcoats, raincoats, car-coats, capes, cloaks and similar, of man-made fibres (excl. knitted or crocheted)                                                                                                                          | 0.04                                 | 0.04                                              | 96                                           |
| 610822 | women's or girls' briefs and panties of man-made fibres, knitted or crocheted                                                                                                                                                                          | 0.7                                  | 0.6                                               | 106                                          |
| 610130 | overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of man-made fibres, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers and trousers)                     | 0.4                                  | 0.4                                               | 107                                          |

### Appendix A3.1 (continued)

| HS6    | Description                                                                                                                                                                                                                                    | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 611020 | jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excl. wadded waistcoats)                                                                                                                      | 4.2                                  | 3.6                                               | 117                                          |
| 620423 | women's or girls' ensembles of synthetic fibres (excl. knitted or crocheted, ski overalls and swimwear)                                                                                                                                        | 0.01                                 | 0.01                                              | 123                                          |
| 610520 | men's or boys' shirts of man-made fibres, knitted or crocheted (excl. nightshirts, t-shirts, singlets and other vests)                                                                                                                         | 0.3                                  | 0.2                                               | 133                                          |
| 620349 | men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, underpants and swimwear)                                         | 0.1                                  | 0.04                                              | 136                                          |
| 621143 | women's or girls' track suits and other garments n.e.s. of man-made fibres (excl. knitted or crocheted)                                                                                                                                        | 0.2                                  | 0.2                                               | 142                                          |
| 621210 | brassieres of all types of textile materials, whether or not elasticated, incl. knitted or crocheted                                                                                                                                           | 1.0                                  | 0.7                                               | 148                                          |
| 610463 | women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. panties and swimwear)                                                                                                 | 0.2                                  | 0.1                                               | 150                                          |
| 611692 | gloves, mittens and mitts, of cotton, knitted or crocheted (excl. impregnated, coated or covered with plastics or rubber, and for babies)                                                                                                      | 0.03                                 | 0.02                                              | 152                                          |
| 611220 | ski-suits, knitted or crocheted                                                                                                                                                                                                                | 0.001                                | 0.001                                             | 170                                          |
| 610220 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of cotton, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divided skirts) | 0.2                                  | 0.1                                               | 184                                          |

**Appendix A3.1 (continued)**

| HS6    | Description                                                                                                                                                                                                                                     | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 420299 | travel, shopping & tool bags, jewellery or cutlery boxes and similar containers, with outer surface of vulcanized fibre or paperboard; cases for binoculars, cameras, musical instruments or arms, and similar containers (with outer surface o | 0.0003                               | 0.0001                                            | 186                                          |
| 620191 | men's or boys' anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles, of wool or fine animal hair (excl. knitted or crocheted, suits, ensembles, jackets, blazers and trousers)                                           | 0.1                                  | 0.04                                              | 193                                          |
| 420222 | handbags, whether or not with shoulder straps, incl. those without handles, with an outer surface of plastic sheeting or textile materials                                                                                                      | 0.004                                | 0.002                                             | 200                                          |
| 620323 | men's or boys' ensembles of synthetic fibres (excl. knitted or crocheted, ski ensembles and swimwear)                                                                                                                                           | 0.02                                 | 0.01                                              | 214                                          |
| 610620 | women's or girls' blouses, shirts and shirt-blouses of man-made fibres, knitted or crocheted (excl. t-shirts and vests)                                                                                                                         | 0.2                                  | 0.1                                               | 226                                          |
| 620453 | women's or girls' skirts and divided skirts of synthetic fibres (excl. knitted or crocheted and petticoats)                                                                                                                                     | 0.2                                  | 0.1                                               | 267                                          |
| 611231 | men's or boys' swimwear of synthetic fibres, knitted or crocheted                                                                                                                                                                               | 0.02                                 | 0.01                                              | 273                                          |
| 610892 | women's or girls' negliges, bathrobes, dressing gowns, housejackets and similar articles of man-made fibres, knitted or crocheted (excl. vests, slips, petticoats, briefs and panties, nightdresses, pyjamas, brassieres, girdles, corsets and  | 0.2                                  | 0.1                                               | 275                                          |
| 620459 | women's or girls' skirts and divided skirts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted and petticoats)                                                                             | 0.1                                  | 0.02                                              | 302                                          |
| 620439 | women's or girls' jackets and blazers of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, wind-jackets and similar articles)                                                               | 0.03                                 | 0.01                                              | 320                                          |

### Appendix A3.1 (continued)

| HS6    | Description                                                                                                                                                                                                               | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 610120 | overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of cotton, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers and trousers) | 0.2                                  | 0.05                                              | 328                                          |
| 610832 | women's or girls' nightdresses and pyjamas of man-made fibres, knitted or crocheted (excl. t-shirts, vests and negliges)                                                                                                  | 0.3                                  | 0.1                                               | 342                                          |
| 610443 | women's or girls' dresses of synthetic fibres, knitted or crocheted (excl. petticoats)                                                                                                                                    | 0.03                                 | 0.01                                              | 343                                          |
| 610453 | women's or girls' skirts and divided skirts of synthetic fibres, knitted or crocheted (excl. petticoats)                                                                                                                  | 0.01                                 | 0.003                                             | 348                                          |
| 620520 | men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other vests)                                                                                                                       | 11.5                                 | 3.1                                               | 372                                          |
| 610343 | men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. swimwear and underpants)                                                                            | 1.4                                  | 0.3                                               | 456                                          |
| 620211 | women's or girls' overcoats, raincoats, car-coats, capes, cloaks and similar, of wool or fine animal hair (excl. knitted or crocheted)                                                                                    | 0.1                                  | 0.02                                              | 480                                          |
| 620640 | women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excl. knitted or crocheted and vests)                                                                                                             | 1.8                                  | 0.4                                               | 483                                          |
| 620822 | women's or girls' nightdresses and pyjamas of man-made fibres (excl. knitted or crocheted, vests and negliges)                                                                                                            | 0.1                                  | 0.01                                              | 724                                          |
| 620930 | babies' garments and clothing accessories of synthetic fibres (excl. knitted or crocheted and hats)                                                                                                                       | 0.3                                  | 0.05                                              | 725                                          |
| 621111 | men's or boys' swimwear (excl. knitted or crocheted)                                                                                                                                                                      | 1.5                                  | 0.2                                               | 810                                          |

### Appendix A3.1 (continued)

| HS6    | Description                                                                                                                                             | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 620630 | women's or girls' blouses, shirts and shirt-blouses of cotton (excl. knitted or crocheted and vests)                                                    | 4.8                                  | 0.5                                               | 915                                          |
| 620312 | men's or boys' suits of synthetic fibres (excl. knitted or crocheted, track suits, ski suits and swimwear)                                              | 0.04                                 | 0.004                                             | 924                                          |
| 620433 | women's or girls' jackets and blazers of synthetic fibres (excl. knitted or crocheted, wind-jackets and similar articles)                               | 0.3                                  | 0.03                                              | 1116                                         |
| 620444 | women's or girls' dresses of artificial fibres (excl. knitted or crocheted and petticoats)                                                              | 0.1                                  | 0.01                                              | 1356                                         |
| 610722 | men's or boys' nightshirts and pyjamas of man-made fibres, knitted or crocheted (excl. vests and singlets)                                              | 0.1                                  | 0.005                                             | 1517                                         |
| 620341 | men's or boys' trousers, bib and brace overalls, breeches and shorts, of wool or fine animal hair (excl. knitted or crocheted, underpants and swimwear) | 0.2                                  | 0.01                                              | 1531                                         |
| 620443 | women's or girls' dresses of synthetic fibres (excl. knitted or crocheted and petticoats)                                                               | 0.4                                  | 0.02                                              | 1628                                         |
| 611241 | women's or girls' swimwear of synthetic fibres, knitted or crocheted                                                                                    | 0.6                                  | 0.03                                              | 2145                                         |
| 611219 | track-suits of textile materials, knitted or crocheted (excl. cotton or synthetic fibres)                                                               | 0.001                                | 0                                                 | 2254                                         |
| 620331 | men's or boys' jackets and blazers of wool or fine animal hair (excl. knitted or crocheted, and wind-jackets and similar articles)                      | 0.03                                 | 0.0004                                            | 7176                                         |
| 611693 | gloves, mittens and mitts, of synthetic fibres, knitted or crocheted (excl. impregnated, coated or covered with plastics or rubber, and for babies)     | 0.04                                 | 0.001                                             | 7226                                         |
| 620413 | women's or girls' suits of synthetic fibres (excl. knitted or crocheted, ski overalls and swimwear)                                                     | 0.03                                 | 0.0004                                            | 9039                                         |

### Appendix A3.1 (continued)

| HS6    | Description                                                                                                                                                                                                                                     | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 620311 | men's or boys' suits of wool or fine animal hair (excl. knitted or crocheted, track suits, ski suits and swimwear)                                                                                                                              | 0.2                                  | 0.002                                             | 10768                                        |
| 611511 | pantry hose and tights of synthetic fibres, knitted or crocheted, measuring per single yarn < 67 decitex                                                                                                                                        | 0.001                                | 0                                                 | 31035                                        |
| 620419 | women's or girls' suits of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, ski overalls and swimwear)                                                                                     | 0.003                                | 0                                                 | 79172                                        |
| 620431 | women's or girls' jackets and blazers of wool or fine animal hair (excl. knitted or crocheted, wind-jackets and similar articles)                                                                                                               | 0.1                                  | 0.0001                                            | 165354                                       |
| 040510 | butter (excl. dehydrated butter and ghee)                                                                                                                                                                                                       | 0.0003                               |                                                   | (b)                                          |
| 521041 | plain woven fabrics of cotton, containing > 50 % to < 85 % cotton by weight, mixed principally or solely with man-made fibres and weighing =< 200 g per m2, made of yarn of different colours                                                   | 0.0005                               |                                                   | (b)                                          |
| 521049 | woven fabrics of cotton, containing > 50 % to < 85 % cotton by weight, mixed principally or solely with man-made fibres and weighing =< 200 g per m2, made from yarn of different colours (excl. those in three-thread or four-thread twill, in | 0.003                                |                                                   | (b)                                          |

<sup>a</sup>Displayed to a maximum of four decimal places. '0' denotes that the share is less than one-ten-thousandth of 1 per cent

<sup>b</sup>HS6 sub-head not imported from Bangladesh by other Quad markets

Source: Statistics Canada, Eurostat, Japanese Ministry of Finance and USITC.

### Appendix A3-2. USA: Relative Importance of Imports from Cambodia Compared to Quad Average (HS6)

| HS6    | Description                                                                                                                                                                                                                                     | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 420292 | travel bags, toilet bags, rucksacks, shopping bags, map cases, tool bags, sports bags, make-up boxes, cutlery boxes, cases for binoculars, cameras, video cameras, musical instruments or arms and similar containers, with an outer surface of | 0.0002                               | 0.01                                              | 2                                            |
| 620469 | women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, panties and swimwear)                                          | 0.0005                               | 0.1                                               | 4                                            |
| 620113 | men's or boys' overcoats, raincoats, car-coats, capes, cloaks and similar, of man-made fibres (excl. knitted or crocheted)                                                                                                                      | 0.0001                               | 0.003                                             | 5                                            |
| 620193 | men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits)                                             | 0.1                                  | 0.7                                               | 8                                            |
| 610230 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of man-made fibres, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divide  | 0.04                                 | 0.2                                               | 17                                           |
| 620463 | women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, panties and swimwear)                                                                                                  | 0.2                                  | 1.1                                               | 19                                           |
| 620293 | women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits)                                          | 0.03                                 | 0.1                                               | 24                                           |
| 610822 | women's or girls' briefs and panties of man-made fibres, knitted or crocheted                                                                                                                                                                   | 0.02                                 | 0.1                                               | 25                                           |
| 621133 | men's or boys' track suits and other garments n.e.s. of man-made fibres (excl. knitted or crocheted)                                                                                                                                            | 0.05                                 | 0.1                                               | 42                                           |

# Appendix A3.2 (continued)

| HS6    | Description                                                                                                                                                                                                                                | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 610130 | overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of man-made fibres, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers and trousers)         | 0.2                                  | 0.4                                               | 50                                           |
| 611120 | babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)                                                                                                                                                     | 0.04                                 | 0.1                                               | 54                                           |
| 611430 | special garments for professional, sporting or other purposes, n.e.s., of man-made fibres, knitted or crocheted                                                                                                                            | 0.1                                  | 0.1                                               | 68                                           |
| 611231 | men's or boys' swimwear of synthetic fibres, knitted or crocheted                                                                                                                                                                          | 0.002                                | 0.003                                             | 73                                           |
| 460210 | basketwork and other articles made directly from vegetable plaiting materials or from goods of heading 4601, plus articles of loofah (excl. wall coverings of heading 4814; twine, cord and rope; footwear and headgear and parts thereof) | 0.0001                               | 0.0001                                            | 75                                           |
| 610990 | t-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. cotton)                                                                                                                                               | 0.2                                  | 0.2                                               | 76                                           |
| 620433 | women's or girls' jackets and blazers of synthetic fibres (excl. knitted or crocheted, wind-jackets and similar articles)                                                                                                                  | 0.03                                 | 0.03                                              | 109                                          |
| 610520 | men's or boys' shirts of man-made fibres, knitted or crocheted (excl. nightshirts, t-shirts, singlets and other vests)                                                                                                                     | 0.2                                  | 0.1                                               | 110                                          |
| 620213 | women's or girls' overcoats, raincoats, car-coats, capes, cloaks and similar, of man-made fibres (excl. knitted or crocheted)                                                                                                              | 0.01                                 | 0.01                                              | 141                                          |
| 620343 | men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, underpants and swimwear)                                                                                             | 0.2                                  | 0.1                                               | 143                                          |
| 610463 | women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. panties and swimwear)                                                                                             | 0.2                                  | 0.1                                               | 155                                          |

### Appendix A3.2 (continued)

| HS6    | Description                                                                                                                                                                                                                                    | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 611019 | 'jerseys, pullovers, cardigans, waistcoats and similar articles, of fine animal hair, knitted or crocheted (excl. from hair of Kashmir "cashmere" goats and quilted articles)'                                                                 | 0.002                                | 0.001                                             | 156                                          |
| 610910 | t-shirts, singlets and other vests of cotton, knitted or crocheted                                                                                                                                                                             | 1.0                                  | 0.6                                               | 167                                          |
| 611030 | jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excl. wadded waistcoats)                                                                                                             | 3.2                                  | 1.8                                               | 181                                          |
| 611011 | jerseys, pullovers, cardigans, waistcoats and similar articles, of wool, knitted or crocheted (excl. wadded waistcoats)                                                                                                                        | 0.2                                  | 0.1                                               | 193                                          |
| 610220 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of cotton, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divided skirts) | 0.2                                  | 0.1                                               | 202                                          |
| 621210 | brassieres of all types of textile materials, whether or not elasticated, incl. knitted or crocheted                                                                                                                                           | 0.4                                  | 0.2                                               | 213                                          |
| 610343 | men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. swimwear and underpants)                                                                                                 | 0.1                                  | 0.05                                              | 214                                          |
| 620722 | men's or boys' nightshirts and pyjamas of man-made fibres (excl. knitted or crocheted, vests, singlets and underpants)                                                                                                                         | 0.01                                 | 0.002                                             | 340                                          |
| 620930 | babies' garments and clothing accessories of synthetic fibres (excl. knitted or crocheted and hats)                                                                                                                                            | 0.03                                 | 0.01                                              | 369                                          |
| 611020 | jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excl. wadded waistcoats)                                                                                                                      | 10.9                                 | 2.2                                               | 507                                          |
| 610443 | women's or girls' dresses of synthetic fibres, knitted or crocheted (excl. petticoats)                                                                                                                                                         | 0.1                                  | 0.03                                              | 517                                          |

### Appendix A3.2 (continued)

| HS6    | Description                                                                                                                                                                                                               | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 610510 | men's or boys' shirts of cotton, knitted or crocheted (excl. nightshirts, t-shirts, singlets and other vests)                                                                                                             | 2.4                                  | 0.4                                               | 616                                          |
| 610433 | women's or girls' jackets and blazers, of synthetic fibres, knitted or crocheted (excl. wind-jackets and similar articles)                                                                                                | 0.001                                | 0.0001                                            | 635                                          |
| 610610 | women's or girls' blouses, shirts and shirt-blouses of cotton, knitted or crocheted (excl. t-shirts and vests)                                                                                                            | 1.7                                  | 0.3                                               | 670                                          |
| 610120 | overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of cotton, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers and trousers) | 0.3                                  | 0.04                                              | 726                                          |
| 620342 | men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted or crocheted, underpants and swimwear)                                                                                     | 7.2                                  | 0.9                                               | 786                                          |
| 621143 | women's or girls' track suits and other garments n.e.s. of man-made fibres (excl. knitted or crocheted)                                                                                                                   | 0.2                                  | 0.03                                              | 813                                          |
| 620462 | women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted or crocheted, panties and swimwear)                                                                                      | 17.2                                 | 2.0                                               | 842                                          |
| 610342 | men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. swimwear and underpants)                                                                                      | 0.2                                  | 0.02                                              | 883                                          |
| 620459 | women's or girls' skirts and divided skirts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted and petticoats)                                                       | 0.2                                  | 0.02                                              | 898                                          |
| 610620 | women's or girls' blouses, shirts and shirt-blouses of man-made fibres, knitted or crocheted (excl. t-shirts and vests)                                                                                                   | 0.8                                  | 0.1                                               | 1120                                         |

**Appendix A3.2 (continued)**

| HS6    | Description                                                                                                                                                                                                                                            | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 620640 | women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excl. knitted or crocheted and vests)                                                                                                                                          | 1.0                                  | 0.1                                               | 1173                                         |
| 620822 | women's or girls' nightdresses and pyjamas of man-made fibres (excl. knitted or crocheted, vests and negliges)                                                                                                                                         | 1.1                                  | 0.1                                               | 1187                                         |
| 620530 | men's or boys' shirts of man-made fibres (excl. knitted or crocheted, nightshirts, singlets and other vests)                                                                                                                                           | 0.4                                  | 0.03                                              | 1258                                         |
| 620319 | men's or boys' suits of textile materials (excl. of wool, fine animal hair or synthetic fibres, knitted or crocheted, track suits, ski suits and swimwear)                                                                                             | 0.0003                               | 0                                                 | 1416                                         |
| 621111 | men's or boys' swimwear (excl. knitted or crocheted)                                                                                                                                                                                                   | 1.1                                  | 0.1                                               | 1429                                         |
| 620191 | men's or boys' anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles, of wool or fine animal hair (excl. knitted or crocheted, suits, ensembles, jackets, blazers and trousers)                                                  | 0.1                                  | 0.004                                             | 1441                                         |
| 620520 | men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other vests)                                                                                                                                                    | 3.1                                  | 0.2                                               | 1606                                         |
| 620892 | women's or girls' vests, briefs, panties, negliges, bathrobes, dressing gowns, housecoats and similar articles of man-made fibres (excl. knitted or crocheted, slips, petticoats, nightdresses and pyjamas, brassieres, girdles, corsets and singlets) | 0.1                                  | 0.01                                              | 1700                                         |
| 610453 | women's or girls' skirts and divided skirts of synthetic fibres, knitted or crocheted (excl. petticoats)                                                                                                                                               | 0.5                                  | 0.03                                              | 1781                                         |
| 611130 | babies' garments and clothing accessories of synthetic fibres, knitted or crocheted (excl. hats)                                                                                                                                                       | 0.4                                  | 0.02                                              | 1817                                         |

## Appendix A3.2 (continued)

| HS6    | Description                                                                                                                                                                                                                                    | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 610892 | women's or girls' negliges, bathrobes, dressing gowns, housejackets and similar articles of man-made fibres, knitted or crocheted (excl. vests, slips, petticoats, briefs and panties, nightdresses, pyjamas, brassieres, girdles, corsets and | 0.3                                  | 0.02                                              | 1893                                         |
| 620453 | women's or girls' skirts and divided skirts of synthetic fibres (excl. knitted or crocheted and petticoats)                                                                                                                                    | 1.6                                  | 0.1                                               | 2030                                         |
| 620443 | women's or girls' dresses of synthetic fibres (excl. knitted or crocheted and petticoats)                                                                                                                                                      | 0.3                                  | 0.01                                              | 2120                                         |
| 611241 | women's or girls' swimwear of synthetic fibres, knitted or crocheted                                                                                                                                                                           | 1.1                                  | 0.05                                              | 2353                                         |
| 620630 | women's or girls' blouses, shirts and shirt-blouses of cotton (excl. knitted or crocheted and vests)                                                                                                                                           | 2.8                                  | 0.1                                               | 3481                                         |
| 620444 | women's or girls' dresses of artificial fibres (excl. knitted or crocheted and petticoats)                                                                                                                                                     | 0.1                                  | 0.001                                             | 5722                                         |
| 620211 | women's or girls' overcoats, raincoats, car-coats, capes, cloaks and similar, of wool or fine animal hair (excl. knitted or crocheted)                                                                                                         | 0.04                                 | 0.001                                             | 6607                                         |
| 620339 | men's or boys' jackets and blazers of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, and wind-jackets and similar articles)                                                             | 0.001                                | 0                                                 | 7632                                         |
| 610832 | women's or girls' nightdresses and pyjamas of man-made fibres, knitted or crocheted (excl. t-shirts, vests and negliges)                                                                                                                       | 3.8                                  | 0.04                                              | 8477                                         |
| 620419 | women's or girls' suits of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, ski overalls and swimwear)                                                                                    | 0.02                                 | 0.0002                                            | 8551                                         |
| 620312 | men's or boys' suits of synthetic fibres (excl. knitted or crocheted, track suits, ski suits and swimwear)                                                                                                                                     | 0.1                                  | 0.0004                                            | 27880                                        |

### Appendix A3.2 (continued)

| HS6    | Description                                                                                                                                                                                                                                       | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 610210 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles, of wool or fine animal hair, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts) | 0.1                                  | 0.0003                                            | 31424                                        |
| 610469 | women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials, knitted or crocheted (excl. of wool, fine animal hair, cotton or synthetic fibres, panties and swimwear)                                            | 0.01                                 | 0                                                 | 33485                                        |
| 620333 | men's or boys' jackets and blazers of synthetic fibres (excl. knitted or crocheted, and wind-jackets and similar articles)                                                                                                                        | 0.1                                  | 0.0003                                            | 35468                                        |
| 620413 | women's or girls' suits of synthetic fibres (excl. knitted or crocheted, ski overalls and swimwear)                                                                                                                                               | 0.5                                  | 0.001                                             | 74065                                        |
| 610722 | men's or boys' nightshirts and pyjamas of man-made fibres, knitted or crocheted (excl. vests and singlets)                                                                                                                                        | 2.0                                  | 0.003                                             | 74763                                        |
| 420212 | trunks, suitcases, vanity cases, attache-cases, briefcases, school satchels and similar containers, with an outer surface of plastics or textile materials                                                                                        | 0.0001                               | 0                                                 | (b)                                          |
| 610431 | women's or girls' jackets and blazers, of wool or fine animal hair, knitted or crocheted (excl. wind-jackets and similar articles)                                                                                                                | 0.004                                | 0                                                 | (b)                                          |
| 620111 | men's or boys' overcoats, raincoats, car-coats, capes, cloaks and similar, of wool or fine animal hair (excl. knitted or crocheted)                                                                                                               | 0.003                                | 0                                                 | (b)                                          |
| 620311 | men's or boys' suits of wool or fine animal hair (excl. knitted or crocheted, track suits, ski suits and swimwear)                                                                                                                                | 0.2                                  | 0                                                 | (b)                                          |
| 620331 | men's or boys' jackets and blazers of wool or fine animal hair (excl. knitted or crocheted, and wind-jackets and similar articles)                                                                                                                | 0.003                                | 0                                                 | (b)                                          |

### Appendix A3.2 (continued)

| HS6    | Description                                                                                                                                             | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 620341 | men's or boys' trousers, bib and brace overalls, breeches and shorts, of wool or fine animal hair (excl. knitted or crocheted, underpants and swimwear) | 0.01                                 | 0                                                 | (b)                                          |
| 630221 | printed bed-linen of cotton (excl. knitted or crocheted)                                                                                                | 0.001                                | 0                                                 | (b)                                          |

<sup>a</sup>Displayed to a maximum of four decimal places. '0' denotes that the share is less than one-ten-thousandth of 1 per cent

<sup>b</sup>HS6 sub-head not imported from Cambodia by other Quad markets

Source: Statistics Canada, Eurostat, Japanese Ministry of Finance and USITC.

### Appendix A3.3. USA: Relative Importance of Imports from Haiti Compared to Quad Average (HS6)

| HS6    | Description                                                                                                                                                                                                                                    | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 420292 | travel bags, toilet bags, rucksacks, shopping bags, map cases, tool bags, sports bags, make-up boxes, cutlery boxes, cases for binoculars, cameras, video cameras, musical instruments r arms and similar containers, with an outer surface of | 0.0003                               | 0.001                                             | 43                                           |
| 611120 | babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)                                                                                                                                                         | 0.001                                | 0.001                                             | 47                                           |
| 420222 | handbags, whether or not with shoulder straps, incl. those without handles, with an outer surface of plastic sheeting or textile materials                                                                                                     | 0.0001                               | 0                                                 | 1082                                         |
| 620349 | men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, underpants and swimwear)                                         | 0.001                                | 0                                                 | 1332                                         |
| 620520 | men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other vests)                                                                                                                                            | 0.02                                 | 0.001                                             | 1857                                         |
| 610910 | t-shirts, singlets and other vests of cotton, knitted or crocheted                                                                                                                                                                             | 24.6                                 | 0.6                                               | 3937                                         |
| 610610 | women's or girls' blouses, shirts and shirt-blouses of cotton, knitted or crocheted (excl. t-shirts and vests)                                                                                                                                 | 0.05                                 | 0.001                                             | 4517                                         |
| 610822 | women's or girls' briefs and panties of man-made fibres, knitted or crocheted                                                                                                                                                                  | 0.01                                 | 0.0002                                            | 5096                                         |
| 620630 | women's or girls' blouses, shirts and shirt-blouses of cotton (excl. knitted or crocheted and vests)                                                                                                                                           | 0.004                                | 0.0001                                            | 5112                                         |
| 610510 | men's or boys' shirts of cotton, knitted or crocheted (excl. nightshirts, t-shirts, singlets and other vests)                                                                                                                                  | 1.0                                  | 0.02                                              | 6151                                         |
| 611610 | gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber, knitted or crocheted                                                                                                                                        | 0.2                                  | 0.003                                             | 6167                                         |

### Appendix A3.3 (continued)

| HS6    | Description                                                                                                                                    | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 620463 | women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, panties and swimwear) | 0.2                                  | 0.004                                             | 6597                                         |
| 620443 | women's or girls' dresses of synthetic fibres (excl. knitted or crocheted and petticoats)                                                      | 0.001                                | 0                                                 | 10316                                        |
| 620530 | men's or boys' shirts of man-made fibres (excl. knitted or crocheted, nightshirts, singlets and other vests)                                   | 0.3                                  | 0.003                                             | 10476                                        |
| 610832 | women's or girls' nightdresses and pyjamas of man-made fibres, knitted or crocheted (excl. t-shirts, vests and negliges)                       | 0.2                                  | 0.001                                             | 18551                                        |
| 611030 | jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excl. wadded waistcoats)             | 2.3                                  | 0.01                                              | 35787                                        |
| 620343 | men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, underpants and swimwear) | 2.5                                  | 0.005                                             | 51886                                        |
| 620640 | women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excl. knitted or crocheted and vests)                                  | 0.03                                 | 0                                                 | 67185                                        |
| 610990 | t-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. cotton)                                                   | 6.0                                  | 0.004                                             | 142127                                       |
| 611430 | special garments for professional, sporting or other purposes, n.e.s., of man-made fibres, knitted or crocheted                                | 1.1                                  | 0.001                                             | 147103                                       |
| 611020 | jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excl. wadded waistcoats)                      | 31.2                                 | 0.01                                              | 261176                                       |
| 610520 | men's or boys' shirts of man-made fibres, knitted or crocheted (excl. nightshirts, t-shirts, singlets and other vests)                         | 1.1                                  | 0.0004                                            | 262240                                       |
| 621143 | women's or girls' track suits and other garments n.e.s. of man-made fibres (excl. knitted or crocheted)                                        | 0.6                                  | 0.0001                                            | 404827                                       |

**Appendix A3.3** (continued)

| HS6    | Description                                                                                                                                                                                                                                    | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 621210 | brassieres of all types of textile materials, whether or not elasticated, incl. knitted or crocheted                                                                                                                                           | 0.1                                  | 0                                                 | 437098                                       |
| 610342 | men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. swimwear and underpants)                                                                                                           | 1.8                                  | 0.0002                                            | 1106039                                      |
| 610463 | women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. panties and swimwear)                                                                                                 | 1.7                                  | 0.0001                                            | 1179274                                      |
| 621133 | men's or boys' track suits and other garments n.e.s. of man-made fibres (excl. knitted or crocheted)                                                                                                                                           | 0.1                                  | 0                                                 | 2667878                                      |
| 610230 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of man-made fibres, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divide | 0.1                                  | 0                                                 | 3479933                                      |
| 620462 | women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted or crocheted, panties and swimwear)                                                                                                           | 0.6                                  | 0                                                 | 7183245                                      |
| 610453 | women's or girls' skirts and divided skirts of synthetic fibres, knitted or crocheted (excl. petticoats)                                                                                                                                       | 0.2                                  | 0                                                 | 10223023                                     |
| 610343 | men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. swimwear and underpants)                                                                                                 | 0.1                                  | 0                                                 | 13671784                                     |
| 620342 | men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted or crocheted, underpants and swimwear)                                                                                                          | 3.3                                  | 0                                                 | 22703115                                     |
| 581092 | embroidery of man-made fibres on a textile fabric base, in the piece, in strips or as motifs (excl. burnt-out embroidery and embroidery with a cutaway ground)                                                                                 | 0.1                                  | 0                                                 | (b)                                          |

### Appendix A3.3 (continued)

| HS6    | Description                                                                                                                                                                                                                                             | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 610130 | overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of man-made fibres, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers and trousers)                      | 2.4                                  | 0                                                 | (b)                                          |
| 610220 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of cotton, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divided skirts)          | 0.2                                  | 0                                                 | (b)                                          |
| 610722 | men's or boys' nightshirts and pyjamas of man-made fibres, knitted or crocheted (excl. vests and singlets)                                                                                                                                              | 0.04                                 | 0                                                 | (b)                                          |
| 610892 | women's or girls' negliges, bathrobes, dressing gowns, housejackets and similar articles of man-made fibres, knitted or crocheted (excl. vests, slips, petticoats, briefs and panties, nightdresses, pyjamas, brassieres, girdles, corsets and blazers) | 0.002                                | 0                                                 | (b)                                          |
| 611219 | track-suits of textile materials, knitted or crocheted (excl. cotton or synthetic fibres)                                                                                                                                                               | 0.0001                               | 0                                                 | (b)                                          |
| 611241 | women's or girls' swimwear of synthetic fibres, knitted or crocheted                                                                                                                                                                                    | 0.02                                 | 0                                                 | (b)                                          |
| 611692 | gloves, mittens and mitts, of cotton, knitted or crocheted (excl. impregnated, coated or covered with plastics or rubber, and for babies)                                                                                                               | 0.4                                  | 0                                                 | (b)                                          |
| 611693 | gloves, mittens and mitts, of synthetic fibres, knitted or crocheted (excl. impregnated, coated or covered with plastics or rubber, and for babies)                                                                                                     | 0.1                                  | 0                                                 | (b)                                          |
| 620193 | men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits)                                                     | 0.1                                  | 0                                                 | (b)                                          |
| 620213 | women's or girls' overcoats, raincoats, car-coats, capes, cloaks and similar, of man-made fibres (excl. knitted or crocheted)                                                                                                                           | 0.01                                 | 0                                                 | (b)                                          |

### Appendix A3.3 (continued)

| HS6    | Description                                                                                                                                                                                                                                            | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 620333 | men's or boys' jackets and blazers of synthetic fibres (excl. knitted or crocheted, and wind-jackets and similar articles)                                                                                                                             | 0.001                                | 0                                                 | (b)                                          |
| 620433 | women's or girls' jackets and blazers of synthetic fibres (excl. knitted or crocheted, wind-jackets and similar articles)                                                                                                                              | 0.0004                               | 0                                                 | (b)                                          |
| 620444 | women's or girls' dresses of artificial fibres (excl. knitted or crocheted and petticoats)                                                                                                                                                             | 0.001                                | 0                                                 | (b)                                          |
| 620453 | women's or girls' skirts and divided skirts of synthetic fibres (excl. knitted or crocheted and petticoats)                                                                                                                                            | 0.01                                 | 0                                                 | (b)                                          |
| 620822 | women's or girls' nightdresses and pyjamas of man-made fibres (excl. knitted or crocheted, vests and negliges)                                                                                                                                         | 0.02                                 | 0                                                 | (b)                                          |
| 620892 | women's or girls' vests, briefs, panties, negliges, bathrobes, dressing gowns, housecoats and similar articles of man-made fibres (excl. knitted or crocheted, slips, petticoats, nightdresses and pyjamas, brassieres, girdles, corsets and singlets) | 0.003                                | 0                                                 | (b)                                          |
| 621010 | garments made up of felt or nonwovens, whether or not impregnated, coated, covered or laminated (excl. babies' garments and clothing accessories)                                                                                                      | 0.02                                 | 0                                                 | (b)                                          |
| 621220 | girdles and panty girdles of all types of textile materials, whether or not elasticated, incl. knitted or crocheted (excl. belts and corselets made entirely of rubber)                                                                                | 0.03                                 | 0                                                 | (b)                                          |
| 621600 | gloves, mittens and mitts of all types of textile materials (excl. knitted or crocheted and for babies)                                                                                                                                                | 0.01                                 | 0                                                 | (b)                                          |

<sup>a</sup>Displayed to a maximum of four decimal places. '0' denotes that the share is less than one-ten-thousandth of 1 per cent

<sup>b</sup>HS6 sub-head not imported from Haiti by other Quad markets

Source: Statistics Canada, Eurostat, Japanese Ministry of Finance and USITC.

#### Appendix A3.4. USA: Relative Importance of Imports from Nepal Compared to Quad Average (HS6)

| HS6    | Description                                                                                                                                                                                                                                     | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 640420 | footwear with outer soles of leather or composition leather and uppers of textile materials (excl. toy footwear)                                                                                                                                | 0.0002                               | 0.02                                              | 1                                            |
| 420292 | travel bags, toilet bags, rucksacks, shopping bags, map cases, tool bags, sports bags, make-up boxes, cutlery boxes, cases for binoculars, cameras, video cameras, musical instruments or arms and similar containers, with an outer surface of | 0.03                                 | 0.1                                               | 21                                           |
| 610343 | men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. swimwear and underpants)                                                                                                  | 0.0003                               | 0.001                                             | 28                                           |
| 610431 | women's or girls' jackets and blazers, of wool or fine animal hair, knitted or crocheted (excl. wind-jackets and similar articles)                                                                                                              | 0.002                                | 0.01                                              | 31                                           |
| 611012 | 'jerseys, pullovers, cardigans, waistcoats and similar articles, of hair of kashmir "cashmere" goats, knitted or crocheted (excl. quilted articles)'                                                                                            | 0.01                                 | 0.02                                              | 32                                           |
| 620331 | men's or boys' jackets and blazers of wool or fine animal hair (excl. knitted or crocheted, and wind-jackets and similar articles)                                                                                                              | 0.001                                | 0.002                                             | 41                                           |
| 420229 | handbags, whether or not with shoulder strap, incl. those without handle, with outer surface of vulcanized fibre or paperboard, or wholly or mainly covered with such materials or with paper                                                   | 0.001                                | 0.001                                             | 59                                           |
| 620469 | women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, panties and swimwear)                                          | 0.002                                | 0.003                                             | 73                                           |
| 610990 | t-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. cotton)                                                                                                                                                    | 0.01                                 | 0.01                                              | 95                                           |

### Appendix A3.4 (continued)

| HS6    | Description                                                                                                                                                                                                                                     | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 640299 | footwear with outer soles and uppers of rubber or plastics (excl. covering the ankle or with upper straps or thongs assembled to the sole by means of plugs, waterproof footwear of heading 6401, sports footwear, orthopaedic footwear and toy | 0.001                                | 0.001                                             | 98                                           |
| 650300 | felt hats and other felt headgear, made from the hat bodies, hoods or plateaux of heading 6501, whether or not lined or trimmed (excl. made by assembling strips or pieces of felt, and toy and carnival headgear)                              | 0.001                                | 0.001                                             | 120                                          |
| 650590 | hats and other headgear, knitted or crocheted, or made up from pieces, but not strips, of lace, felt or other textile fabrics, whether or not lined or trimmed (excl. hair-nets, headgear for animals, and toy and fancy-dress headgear)        | 0.2                                  | 0.2                                               | 127                                          |
| 610120 | overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of cotton, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers and trousers)                       | 0.01                                 | 0.003                                             | 175                                          |
| 610110 | overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of wool or fine animal hair, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers and trousers)     | 0.01                                 | 0.003                                             | 198                                          |
| 420232 | wallets, purses, key pouches, cigarette cases, tobacco pouches and similar articles carried in the pocket or handbag, with an outer surface of plastic sheeting or textile materials                                                            | 0.04                                 | 0.02                                              | 234                                          |
| 611011 | jerseys, pullovers, cardigans, waistcoats and similar articles, of wool, knitted or crocheted (excl. wadded waistcoats)                                                                                                                         | 0.1                                  | 0.1                                               | 244                                          |
| 620349 | men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, underpants and swimwear)                                          | 0.02                                 | 0.01                                              | 264                                          |

### Appendix A3.4 (continued)

| HS6    | Description                                                                                                                                                                                                                                       | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 640419 | footwear with outer soles of rubber or plastics and uppers of textile materials (excl. sports footwear, incl. tennis shoes, basketball shoes, gym shoes, training shoes and the like, and toy footwear)                                           | 0.005                                | 0.002                                             | 274                                          |
| 620431 | women's or girls' jackets and blazers of wool or fine animal hair (excl. knitted or crocheted, wind-jackets and similar articles)                                                                                                                 | 0.001                                | 0.0004                                            | 374                                          |
| 620422 | women's or girls' ensembles of cotton (excl. knitted or crocheted, ski overalls and swimwear)                                                                                                                                                     | 0.004                                | 0.001                                             | 377                                          |
| 420299 | travel, shopping & tool bags, jewellery or cutlery boxes and similar containers, with outer surface of vulcanized fibre or paperboard; cases for binoculars, cameras, musical instruments or arms, and similar containers                         | 0.003                                | 0.001                                             | 385                                          |
| 610130 | overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of man-made fibres, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers and trousers)                | 0.03                                 | 0.01                                              | 397                                          |
| 620193 | men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits)                                               | 0.001                                | 0.0002                                            | 434                                          |
| 620510 | men's or boys' shirts of wool or fine animal hair (excl. knitted or crocheted, nightshirts, singlets and other vests)                                                                                                                             | 0.001                                | 0.0002                                            | 478                                          |
| 610210 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles, of wool or fine animal hair, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts) | 0.03                                 | 0.01                                              | 485                                          |
| 620343 | men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, underpants and swimwear)                                                                                                    | 0.2                                  | 0.04                                              | 506                                          |

# Appendix A3.4 (continued)

| HS6    | Description                                                                                                                                                                                              | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 620111 | men's or boys' overcoats, raincoats, car-coats, capes, cloaks and similar, of wool or fine animal hair (excl. knitted or crocheted)                                                                      | 0.001                                | 0.0002                                            | 534                                          |
| 420212 | trunks, suitcases, vanity cases, attache-cases, briefcases, school satchels and similar containers, with an outer surface of plastics or textile materials                                               | 0.003                                | 0.0005                                            | 542                                          |
| 611019 | 'jerseys, pullovers, cardigans, waistcoats and similar articles, of fine animal hair, knitted or crocheted (excl. from hair of kashmir "cashmere" goats and quilted articles)'                           | 0.02                                 | 0.004                                             | 546                                          |
| 620463 | women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, panties and swimwear)                                                           | 0.1                                  | 0.02                                              | 632                                          |
| 620291 | women's or girls' anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles, of wool or fine animal hair (excl. knitted or crocheted, suits, ensembles, jackets, blazers and trousers) | 0.01                                 | 0.001                                             | 938                                          |
| 620211 | women's or girls' overcoats, raincoats, car-coats, capes, cloaks and similar, of wool or fine animal hair (excl. knitted or crocheted)                                                                   | 0.02                                 | 0.002                                             | 1205                                         |
| 420222 | handbags, whether or not with shoulder straps, incl. those without handles, with an outer surface of plastic sheeting or textile materials                                                               | 0.1                                  | 0.01                                              | 1245                                         |
| 611120 | babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)                                                                                                                   | 0.1                                  | 0.005                                             | 1254                                         |
| 620113 | men's or boys' overcoats, raincoats, car-coats, capes, cloaks and similar, of man-made fibres (excl. knitted or crocheted)                                                                               | 0.001                                | 0.0001                                            | 1546                                         |
| 620439 | women's or girls' jackets and blazers of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, wind-jackets and similar articles)                        | 0.03                                 | 0.002                                             | 1614                                         |
| 620459 | women's or girls' skirts and divided skirts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted and petticoats)                                      | 0.01                                 | 0.001                                             | 1815                                         |

# Appendix A3.4 (continued)

| HS6    | Description                                                                                                                                                                                           | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 620191 | men's or boys' anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles, of wool or fine animal hair (excl. knitted or crocheted, suits, ensembles, jackets, blazers and trousers) | 0.01                                 | 0.0003                                            | 1862                                         |
| 620910 | babies' garments and clothing accessories of wool or fine animal hair (excl. knitted or crocheted and hats)                                                                                           | 0.0002                               | 0                                                 | 3102                                         |
| 610610 | women's or girls' blouses, shirts and shirt-blouses of cotton, knitted or crocheted (excl. t-shirts and vests)                                                                                        | 0.7                                  | 0.02                                              | 4044                                         |
| 620453 | women's or girls' skirts and divided skirts of synthetic fibres (excl. knitted or crocheted and petticoats)                                                                                           | 0.3                                  | 0.01                                              | 4476                                         |
| 610910 | t-shirts, singlets and other vests of cotton, knitted or crocheted                                                                                                                                    | 1.7                                  | 0.04                                              | 4594                                         |
| 611693 | gloves, mittens and mitts, of synthetic fibres, knitted or crocheted (excl. impregnated, coated or covered with plastics or rubber, and for babies)                                                   | 0.01                                 | 0.0002                                            | 5139                                         |
| 621210 | brassieres of all types of textile materials, whether or not elasticated, incl. knitted or crocheted                                                                                                  | 0.001                                | 0                                                 | 5772                                         |
| 560221 | felt, not impregnated, coated, covered or laminated, of wool or fine animal hair, n.e.s. (excl. needleloom felt and stitch-bonded fibre fabrics)                                                      | 0.0005                               | 0                                                 | 6007                                         |
| 620630 | women's or girls' blouses, shirts and shirt-blouses of cotton (excl. knitted or crocheted and vests)                                                                                                  | 3.3                                  | 0.04                                              | 7950                                         |
| 611030 | jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excl. wadded waistcoats)                                                                    | 1.1                                  | 0.01                                              | 8331                                         |
| 610342 | men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. swimwear and underpants)                                                                  | 0.1                                  | 0.002                                             | 8398                                         |

### Appendix A3.4 (continued)

| HS6    | Description                                                                                                                                                                                                                                    | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 610510 | men's or boys' shirts of cotton, knitted or crocheted (excl. nightshirts, t-shirts, singlets and other vests)                                                                                                                                  | 3.3                                  | 0.04                                              | 8473                                         |
| 620462 | women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted or crocheted, panties and swimwear)                                                                                                           | 13.1                                 | 0.2                                               | 8593                                         |
| 620443 | women's or girls' dresses of synthetic fibres (excl. knitted or crocheted and petticoats)                                                                                                                                                      | 0.2                                  | 0.002                                             | 9260                                         |
| 610463 | women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. panties and swimwear)                                                                                                 | 0.1                                  | 0.001                                             | 10640                                        |
| 620342 | men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted or crocheted, underpants and swimwear)                                                                                                          | 15.0                                 | 0.1                                               | 13642                                        |
| 611020 | jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excl. wadded waistcoats)                                                                                                                      | 10.0                                 | 0.1                                               | 14243                                        |
| 620520 | men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other vests)                                                                                                                                            | 2.3                                  | 0.01                                              | 16557                                        |
| 620293 | women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excl. suits, ensembles, jackets, blazers, trousers and tops of ski suits)                                         | 0.1                                  | 0.001                                             | 19197                                        |
| 610220 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of cotton, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divided skirts) | 0.1                                  | 0.0005                                            | 23498                                        |
| 620444 | women's or girls' dresses of artificial fibres (excl. knitted or crocheted and petticoats)                                                                                                                                                     | 0.3                                  | 0.001                                             | 30821                                        |
| 620433 | women's or girls' jackets and blazers of synthetic fibres (excl. knitted or crocheted, wind-jackets and similar articles)                                                                                                                      | 1.1                                  | 0.003                                             | 32522                                        |

### Appendix A3.4 (continued)

| HS6    | Description                                                                                                                                                                                                                                    | Share of US imports (%) <sup>a</sup> | Avg. share of other Quad imports (%) <sup>a</sup> | US share as percentage of average Quad share |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------------------|
| 620640 | women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excl. knitted or crocheted and vests)                                                                                                                                  | 0.4                                  | 0.001                                             | 38235                                        |
| 610620 | women's or girls' blouses, shirts and shirt-blouses of man-made fibres, knitted or crocheted (excl. t-shirts and vests)                                                                                                                        | 0.02                                 | 0                                                 | 45751                                        |
| 621143 | women's or girls' track suits and other garments n.e.s. of man-made fibres (excl. knitted or crocheted)                                                                                                                                        | 0.3                                  | 0.001                                             | 48089                                        |
| 610230 | women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles of man-made fibres, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divide | 0.1                                  | 0.0002                                            | 64078                                        |
| 620620 | women's or girls' blouses, shirts and shirt-blouses of wool or fine animal hair (excl. knitted or crocheted and vests)                                                                                                                         | 0.02                                 | 0                                                 | 431091                                       |
| 610422 | women's or girls' ensembles of cotton, knitted or crocheted (excl. ski ensembles and swimwear)                                                                                                                                                 | 0.2                                  | 0                                                 | 4539419                                      |
| 620530 | men's or boys' shirts of man-made fibres (excl. knitted or crocheted, nightshirts, singlets and other vests)                                                                                                                                   | 1.0                                  | 0                                                 | 5287676                                      |
| 580390 | gauze (excl. that of cotton and narrow woven fabrics of heading 5806)                                                                                                                                                                          | 0.0002                               | 0                                                 | (b)                                          |
| 611519 | panty hose and tights of textile materials, knitted or crocheted (excl. of synthetic fibres and hosiery for babies)                                                                                                                            | 0.001                                | 0                                                 | (b)                                          |
| 620413 | women's or girls' suits of synthetic fibres (excl. knitted or crocheted, ski overalls and swimwear)                                                                                                                                            | 0.0004                               | 0                                                 | (b)                                          |
| 621120 | ski suits (excl. knitted or crocheted)                                                                                                                                                                                                         | 0.0002                               | 0                                                 | (b)                                          |

<sup>a</sup>Displayed to a maximum of four decimal places. '0' denotes that the share is less than one-ten-thousandth of 1 per cent

<sup>b</sup>HS6 sub-head not imported from Nepal by other Quad markets

Source: Statistics Canada, Eurostat, Japanese Ministry of Finance and USITC

# Annex 1

## Annex F

### Special and Differential Treatment

#### LDC Agreement-specific Proposals

#### **23) Understanding in Respect of Waivers of Obligations under the GATT 1994**

(i) We agree that requests for waivers by least-developed country Members under Article IX of the WTO Agreement and the Understanding in respect of Waivers of Obligations under the GATT 1994 shall be given positive consideration and a decision taken within 60 days.

(ii) When considering requests for waivers by other Members exclusively in favour of least-developed country Members, we agree that a decision shall be taken within 60 days, or in exceptional circumstances as expeditiously as possible thereafter, without prejudice to the rights of other Members.

#### **36) Decision on Measures in Favour of Least-Developed Countries**

We agree that developed-country Members shall, and developing-country Members declaring themselves in a position to do so should:

(a) (i) Provide duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability.

(ii) Members facing difficulties at this time to provide market access as set out above shall provide duty-free and quota-free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period. In addition, these Members shall take steps to progressively achieve compliance with the obligations set out above, taking into account the impact on other developing countries at similar levels of development, and, as appropriate, by incrementally building on the initial list of covered products.

(iii) Developing-country Members shall be permitted to phase in their commitments and shall enjoy appropriate flexibility in coverage.

(b) Ensure that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access.

Members shall notify the implementation of the schemes adopted under this decision every year to the Committee on Trade and Development. The Committee on Trade and

Development shall annually review the steps taken to provide duty-free and quota-free market access to the LDCs and report to the General Council for appropriate action.

We urge all donors and relevant international institutions to increase financial and technical support aimed at the diversification of LDC economies, while providing additional financial and technical assistance through appropriate delivery mechanisms to meet their implementation obligations, including fulfilling SPS and TBT requirements, and to assist them in managing their adjustment processes, including those necessary to face the results of MFN multilateral trade liberalisation.

### **38) Decision on Measures in Favour of Least-Developed Countries**

It is reaffirmed that least-developed country Members will only be required to undertake commitments and concessions to the extent consistent with their individual development, financial or trade needs, or their administrative and institutional capacities.

Within the context of coherence arrangements with other international institutions, we urge donors, multilateral agencies and international financial institutions to coordinate their work to ensure that LDCs are not subjected to conditionalities on loans, grants and official development assistance that are inconsistent with their rights and obligations under the WTO Agreements.

### **84) Agreement on Trade-Related Investment Measures**

LDCs shall be allowed to maintain on a temporary basis existing measures that deviate from their obligations under the TRIMs Agreement. For this purpose, LDCs shall notify the Council for Trade in Goods (CTG) of such measures within two years, starting 30 days after the date of this declaration. LDCs will be allowed to maintain these existing measures until the end of a new transition period, lasting seven years. This transition period may be extended by the CTG under the existing procedures set out in the TRIMs Agreement, taking into account the individual financial, trade, and development needs of the Member in question.

LDCs shall also be allowed to introduce new measures that deviate from their obligations under the TRIMs Agreement. These new TRIMs shall be notified to the CTG no later than six months after their adoption. The CTG shall give positive consideration to such notifications, taking into account the individual financial, trade, and development needs of the Member in question. The duration of these measures will not exceed five years, renewable subject to review and decision by the CTG.

Any measures incompatible with the TRIMs Agreement and adopted under this decision shall be phased out by year 2020.

### **88) Decision on Measures in Favour of Least-Developed Countries – Paragraph 1**

Least-developed country Members, whilst reaffirming their commitment to the fundamental principles of the WTO and relevant provisions of GATT 1994, and while complying with the general rules set out in the aforesaid instruments, will only be required to undertake commitments and concessions to the extent consistent with their individual development, financial and trade needs, and their administrative and institutional capabilities. Should a least-developed country Member find that it is not in a position to comply with a specific obligation or commitment on these grounds, it shall bring the matter to the attention of the General Council for examination and appropriate action.

We agree that the implementation by LDCs of their obligations or commitments will require further technical and financial support directly related to the nature and scope of such obligations or commitments, and direct the WTO to coordinate its efforts with donors and relevant agencies to significantly increase aid for trade-related technical assistance and capacity building.

## Notes

- 1 *User Guide: TradeMap*, Geneva: International Trade Centre, Market Analysis Section, November 2005, p. 8.
- 2 [http://www.wto.org/english/docs\\_e/legal\\_e/itadec\\_e.doc](http://www.wto.org/english/docs_e/legal_e/itadec_e.doc)
- 3 To a minimum value of US\$1 million and, necessarily, at the HS6 level of aggregation because countries do not apply identical nomenclatures at the 8- and 10-digit levels.
- 4 The data for Japan and USA are freely available from the websites listed in the references for this chapter. Those for Canada, by contrast, had to be specifically ordered and purchased for this study.
- 5 The tariff data for Canada are downloadable in machine-readable form from the website listed in the references. Access to tariff data in UNCTAD's TRAINS database is by subscription only.
- 6 Or any item for which the notes given in the source used for the tariff data are not sufficient to establish the tariff applicable.
- 7 They are: Burkina Faso, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Rwanda, São Tomé and Príncipe, Seychelles, the Solomon Islands, Somalia, and Tuvalu (*UK Tariff 2006*, Volume 1, pp. 62 and 61).
- 8 It also accords LDC treatment to the two countries from which it did not import anything in 2004.
- 9 A superior tranche of the General Preferential Tariff (GPT), which is the Canadian equivalent of the GSP.
- 10 No AVE could be calculated from the data obtained for eight imports from Bangladesh and 12 from Nepal. Since the existence of a specific duty tends to denote that the item is sensitive, all these unknowns have been assumed to be highly sensitive.
- 11 This assumes that the 17 excluded items are the eight 'unknown' tariffs plus the nine known highest AVs or AVEs (all of which are AVs of 30 per cent or more; no AVEs are this high).
- 12 I.e. the 17 highest-value items among the 114 exports which have a specific/unknown duty or an AV/AVE of 15 per cent or more
- 13 In order to make the comparison with other Quad countries, the table has had to aggregate the 8-digit items imported by the USA from Bangladesh into 6-digit groups. It has then compared the relative importance of these 6-digit groups in the total imports of each Quad country. Of course, each Quad country may be importing different 8-, 9- or 10-digit items within these 6-digit groups, but this is an unavoidable simplification. The 'average Quad share' is obtained by calculating for each HS6 group its share in the imports of each Quad country and then averaging these shares.
- 14 Which is a summary of Table A3.1 – as are Tables 3.6–3.8 of Tables A3.2–A3.4.
- 15 These are the two items for which the tariff applicable cannot be ascertained.
- 16 In this case the calculation of the highest tariffs is especially problematic because of data gaps. The 13 'highest-tariff items' comprise the 12 'unknown' tariffs plus the one known highest AV
- 17 We have not included the other two alternative assumptions on product selection made for Interpretation 1. Assumption 3 is necessarily country specific and so unsuitable for Interpretation 2. Assumption 2 is less plausible under Interpretation 2. The highest tariff peaks are much higher than the lowest. Given that the exclusions selected in relation to Bangladesh will, on the assumption in the report, apply to all other LDCs it seems less likely that the USA would choose items with lower tariff peaks, some of which may be much less substantial imports from other LDCs, whilst allowing full DFQF to all LDCs on items facing higher tariffs.
- 18 The eight specific-duty items exported by Bangladesh for which it has not been possible to calculate AVEs are assumed to be high-tariff, and are included among the 48.
- 19 These results are influenced by the high number of specific duties (in the case of Interpretation 1 they exceed the maximum number of items the USA could exclude from the most sensitive import sources). All AVEs need to be treated with caution. Nonetheless, they provide the best approximation to what the USA's exclusion list would look like if it were concentrated exclusively on the items that apparently face the highest tariffs.
- 20 Japan also grants LDC treatment to the two countries from which it did not import anything in 2004.
- 21 In practice this means that the exclusions are all items facing an ad valorem or AVE tariff of over 10 per cent plus the highest-value imports facing a 10 per cent tariff.
- 22 Although Myanmar could, presumably, bring a case of discrimination in relation to one of its LDC competitors being treated more favourably.

## References

- Canadian Border Services Agency, [http://www.cbsa-asfc.gc.ca/general/publications/customs \\_tariff-e.html](http://www.cbsa-asfc.gc.ca/general/publications/customs_tariff-e.html)
- Eurostat. *Intra- and Extra-EU Trade*, Supplement 5/2003 (DVD). Luxembourg: Office for Official Publications of the European Communities.
- Japanese Ministry of Finance. Trade Statistics of Japan, [http://www.customs.go.jp/toukei/info/index\\_e.htm](http://www.customs.go.jp/toukei/info/index_e.htm), data downloaded February 2006.
- Statistics Canada. Data on Canadian Imports Statistics 2004, supplied on request, February 2006, Ottawa: Statistics Canada.
- UNCTAD. Trade Analysis and Information System (TRAINS), powered by the World Integrated Trade Solution (WITS), Geneva: United Nations Conference on Trade and Development, <http://wits.worldbank.org>, data downloaded February 2006).
- UK Tariff (2006). *Integrated Tariff of the United Kingdom*, 2006 edition, London: TSO.
- USITC. Interactive Tariff and Trade DataWeb. Washington, DC: United States International Trade Commission, [http://dataweb.usitc.gov/scripts/user\\_set.asp](http://dataweb.usitc.gov/scripts/user_set.asp), data downloaded February 2006).