

The Uruguay Round and Developing Countries

An Assessment

David Greenaway and Chris Milner



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COMMONWEALTH SECRETARIAT

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Foreword

The Uruguay Round agreements together with some important regional developments in recent years will significantly transform the trade policy framework in which Commonwealth developing countries will operate over the next decade. It will offer them new trading opportunities, particularly in the medium to long term. In the short term, however, they will face some transitional problems, mainly because of the erosion of preferential access they now enjoy in their major markets; and also from increased prices for agricultural products they import, as a result of liberalisation of trade in this sector. Governments of Commonwealth countries will need to formulate appropriate policy responses to realise the benefits from and adjust to the changes in the global trading system.

In response to a strong mandate from member governments, the Commonwealth Secretariat has been giving a great deal of attention in its work programme to assisting developing member countries in responding to the Uruguay Round and to other changes in the trading system. It has been doing this, *inter alia*, by undertaking a number of analytical and policy-oriented studies of interest to a wide cross-section of member countries.

This study, prepared for the Secretariat by Professor David Greenaway and Professor Chris Milner, University of Nottingham, provides an overall assessment of the implications of the Uruguay Round for a broad cross-section of developing member countries. It also makes recommendations on policy options available to them. It is hoped that the study will provide a good basis for member governments in assessing the policy implications of the impending changes in the international trading system in the context of their economies, and in formulating appropriate responses.

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Abbreviations

ACP	African, Caribbean and Pacific (States); the developing country signatories of successive Lomé Conventions	MFA	MultiFibre Arrangement (for management of trade in textile products)
ACS	Association of Caribbean States	MFN	most favoured nation (under GATT trade rules)
BIT	bilateral investment treaty	MTN	multilateral trade negotiations
CAP	Common Agricultural Policy of the European Union	NAFTA	North American Free Trade Agreement
CARIBCAN	Canada's Preferential Trade Scheme for the Commonwealth Caribbean	NIEs	newly industrialised economies (equivalent to NICs)
CARICOM	Caribbean Community	NGMTS	Negotiating Group on Maritime Transport Services (to restart the unfinished UR negotiations)
CARIFTA	Caribbean Free Trade Area	NTB	non-tariff barrier
CBERA	Caribbean Basin Economic Recovery Act	OECD	Organization for Economic Cooperation and Development
CBI	Caribbean Basin Initiative (which led to the CBERA)	OECS	Organization of Eastern Caribbean States (comprising Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines)
CET	common external tariff	OFA	Oils and Fats Agreement (of the OECS)
DMEs	developed market economies (effectively the members of the OECD)	Quad countries	Canada, European Union, Japan, United States
EC	European Community (renamed EU: European Union)	RUNS	Rural-Urban North-South
ECCM	Eastern Caribbean Common Market	SAP	structural adjustment programme
ECLAC	Economic Commission for Latin America and the Caribbean	SITC	Standard International Trade Classification
EDF	European Development Fund (the development agency of the EU)	STABEX	System for the Stabilisation of Export Earnings (for the ACP States under the Lomé Conventions)
EFTA	European Free Trade Association	SYSMIN	System for Stabilising Minerals (for the ACP States under the Lomé Conventions)
EPZ	external processing zone (generally equivalent to an FTZ)	TNCs	trans-national corporations
EU	European Union	TRIMs	trade related investment measures (subject to negotiation within UR)
FDI	foreign direct investment	TRIPs	trade-related intellectual property (issues) (subject to negotiation within UR)
FTA	free trade area	UNCTAD	United Nations Conference on Trade and Development
GAL	Guaranteed Access Level (for textiles or apparel under the CBERA)	UR	Uruguay Round of Multilateral Trade Negotiations
GATS	General Agreement on Trade in Services	US	United States of America
GATT	General Agreement on Tariffs and Trade	WTO	World Trade Organisation (successor body to GATT)
GDP	gross domestic product	WINBAN	Lobby group for the Windward Islands' banana producers. Replaced by WIBDECO
GOJ	Government of Jamaica		
GSP	Generalized System of Preferences		
IMF	International Monetary Fund		
IPA	intellectual property agreement		
IPR	intellectual property rights		
JAMPRO	Jamaica Promotions Corporation (for export promotion)		
JCTU	Jamaica Confederation of Trade Unions		
LDC	least developed country (a list of LDCs is defined by the UN)		

Executive Summary

Review of the Uruguay Round Agreement

- ❖ The Uruguay Round (UR) was the most ambitious and complex of all the post-war multilateral trade negotiations of the General Agreement on Tariffs and Trade (GATT). In excess of one hundred contracting parties negotiated across fifteen negotiating areas. The Round took seven years to complete and was finally signed in April 1994.
- ❖ Market access agreements are dominated by tariff changes. Tariffs have been eliminated in eleven sectors and, for industrial goods, have declined by an average of 38 per cent. The formula agreed also resulted in some further harmonisation, with deeper cuts in higher tariffs. Constraints on the use of non-tariff barriers, in particular voluntary export restraints, have also been tightened.
- ❖ For the first time, temperate zone agricultural products are being liberalised. The agreement involves a commitment to the tariffication of existing non-tariff barriers (NTBs), binding the resulting tariffs and reducing them over a six to ten-year period. Domestic support measures are to be reduced and export subsidies cut. As with the tariff reductions, concessions are made to developing countries with respect to transitional arrangements.
- ❖ After some thirty years of discriminatory protection, trade in textiles and clothing is to be liberalised, with the phase-out of the Multifibre Arrangement (MFA). This will take place over a ten-year period. Interim safeguard provisions will operate, under the aegis of the Textiles Monitoring Body.
- ❖ Tariff liberalisation has been secured for natural resource-based and tropical products. Deeper cuts will apply to higher tariffs, thereby securing some harmonisation.
- ❖ The multilateral trading system has been considerably strengthened by the agreements. Commitments include: a strengthened safeguards clause; tighter constraints on anti-dumping action; tighter constraints on the use of subsidies; and a clarification of the circumstances in which intervention in support of the balance of payments can take place.
- ❖ Two important constitutional changes are the trade policy review mechanism and the World Trade Organisation (WTO). The former gives WTO an explicit audit function whereby the trade policies of contracting parties will be reviewed on a regular basis (every two to seven years). The latter creates a new regime which will encompass GATT and the new post-Uruguay Round agreements.
- ❖ Services, trade related investment measures (TRIMs) and trade related intellectual property rights (TRIPs) are the so-called new issues. The services agreement is an important first step in bringing GATT disciplines to the fastest growing area of world trade. The General Agreement on Trade in Services (GATS) affirms the basic obligations of national treatment and non-discrimination and sets out a schedule for progressive liberalisation. The TRIMs agreement

affirms the applicability of existing GATT Articles to the more distorting TRIMs. For TRIPs, the basic principles of non-discrimination and national treatment have also been affirmed.

Liberalisation and Market Access

- ❖ Overall assessment of improvements in market access is difficult: in part because of an absence of information about the responsiveness of trade flows to changes in tariffs; in part because of the uncertainty relating to tariffication and quota elimination. Most empirical analyses therefore focus only on static benefits.
- ❖ Average tariff cuts in product groups of particular interest to developing countries range from 18 per cent to 69 per cent. In general, however, although the average cut is broadly similar for industrialised and developing countries, the distribution is such that they are skewed to some degree against products of particular interest to developing countries.
- ❖ Natural resource-based and tropical products continue to be of great interest to many Commonwealth Developing Countries (CDCs). Average tariffs on tropical products have fallen by around 40 per cent as a consequence of the Round, those on tropical non-agricultural products by 50 per cent and those on natural resource-based products by 20-40 per cent. These could represent real improvements in market access for many CDCs. The tariff cuts also result in some reduction in escalation.
- ❖ Temperate zone agricultural products are of less interest to CDCs. A relatively small number (like Cyprus and Malta) presently have a comparative advantage in some product areas, others have the potential to develop some productive capacity. Access should improve but only to a very limited degree.
- ❖ Textiles and clothing are typically the first rung on the ladder of industrialisation. Several of those CDCs which have developed an export capacity are subject to restraints under the MFA. Abolition of these source-specific quota restraints will lead to a loss of rents for those countries with substantial MFA quotas (basically the Newly Industrial Countries (NICs)) and stimulate product and technology upgrading. For the least developed countries which presently have modest quotas, and/or limited capacity to supply, it should eventually make for significant improvement in market access.
- ❖ Few CDCs have well-developed and diversified bases for exports of manufactures. Those which have will benefit from the tariff cuts on manufactures, as well as the commitments on VERs and anti-dumping. For those which do not at present have substantial capacity, the longer term potential to benefit from tariff cuts exists, though constraints on contingent protection (e.g. anti-dumping measures) are likely to be of more immediate benefit.
- ❖ Quite a number of CDCs earn in excess of 20 per cent of their foreign exchange earnings from services, in particular tourism. It is too early to assess what impact the services agreement will have since arrangements in tourism are already fairly liberal. However, the standstill on existing commitments as they relate to tourism and travel should be helpful.

Erosion of Preferential Access and Changes in Special and Differential Status

- ❖ CDCs benefit from several preferential access schemes, including the Generalised System of Preferences (GSP), Lomé Convention and the Caribbean Basin Initiative (CBI). Since all of

these schemes frame their preferences by reference to Most Favoured Nation (MFN) tariffs, liberalisation will erode these preference margins. This should leave developing countries worse off. However, since many of these preference schemes are hedged with qualifications, limits and so on, the impact of erosion will in some cases be modest.

- ❖ Developing countries have long enjoyed a 'right to protect', in particular through Article XVIII provisions. The Uruguay Round (UR) agreements do not diminish this right. As well as affirming it as a specific principle, they explicitly set out the circumstances in which it will apply.
- ❖ For the first time, the Round explicitly introduces a graduation criterion, which makes a distinction between the least developed and other developing countries. This is an important change of basic principles, which will affect the privileges from which all of the non-least developed and a number of less developed countries benefit in agricultural support, technical barriers, subsidies and safeguards.
- ❖ In general the introduction of an explicit graduation criterion should assist rather than threaten small developing countries since it protects them from bilateral/arbitrary provisions.

Adjustment Issues and Transitional Arrangements

- ❖ Trade liberalisation changes relative prices within an economy and thereby signals to factors of production the need to move from one sector to another. In a distortionless economy with smoothly operating markets, factors will move quickly from contracting to expanding sectors.
- ❖ In practice, the transition from one state to another may take time. The import substitute and export sectors may use capital and labour in different proportions, or they may use different types of labour. Another possibility is that there are locational differences between the sectors. When one has a mis-match of factor requirements, relocation may require time and resources.
- ❖ One possible response is non-intervention: leave markets to do their job and treat any adjustment costs as the price which society pays for change. However, this could trap unemployed factors in an under-full employment equilibrium for a protracted period, enhance the arguments of anti-liberalisation lobbies and galvanise their resistance to change.
- ❖ Adjustment policy can be defensive or positive. The former tends to be responsive and ad hoc. Its function is to slow up and resist adjustment pressures. The source-specific restraints of the MFA have their origins in this. By contrast, positive adjustment policies are market-augmenting and are designed to smooth the process of resource transfers. Such policies may take the form of labour retraining schemes and relocation schemes and other investments.
- ❖ The Uruguay Round agreements incorporate a range of adjustment measures, some of which are aimed at slowing adjustment in Developed Market Economies (DMEs), some in Less Developed Countries (LDCs). Examples of the former are the gradual phase out of the MFA and the gradual phase in of the agricultural reforms. Examples of the latter are the arrangements for complying with the new subsidies and TRIMs arrangements in LDCs.
- ❖ The Uruguay Round agreements in general encourage greater reliance on positive adjustment policies and less reliance on defensive adjustment. In terms of both reducing the misallocations

associated with defensive intervention and reducing the potential for trade friction, this is clearly desirable. The Trade Policy Review process offers opportunities for monitoring the use of such policies, reducing the probability that they are abused and offering the potential for learning from best practice.

The New Issues and Developing Countries

- ❖ For the first time TRIMs, TRIPs and services were included on the agenda. These proved to be controversial issues but agreements were reached on each.
- ❖ TRIMs are widely used in LDCs as an instrument of investment policy. The agreement will constrain recourse to these instruments by precluding the use (except by the least developed) of the most trade distorting of them. On the one hand this is a desirable development since it may help remove distortions. On the other hand, since TRIMs are typically a bargaining chip which LDCs use in negotiations with multinational enterprises (MNEs), the agreement removes a degree of freedom. Moreover, it does so without adding constraints to the restrictive business practices which many MNEs deploy.
- ❖ It is necessary to see TRIMs in the wider context of competition policy and to see their reform in this context. Alongside Uruguay Round-induced reforms, many CDCs are implementing investment, privatisation and competition reforms. The changes in the arrangements relating to TRIMs should be viewed as part of the process of putting in place the components of an export-oriented trade regime.
- ❖ The agreement on TRIPs will require policy changes within five years for most developing countries and eleven years for the least developed, to put in place some mechanisms for the protection of intellectual property rights (IPRs). In some respects the TRIPs agreement affirms the applicability of conventions and agreements already in place, most notably those under the World Intellectual Property Organisation (WIPO). The agreement also significantly upgrades the level of protection countries will be obliged to give. However, the country coverage is extended and the balance of proof in the case of infringement is shifted from the patent holder to the infringer.
- ❖ For many of the small and least developed CDCs, with small or undiversified manufacturing and export bases, the TRIPs agreement will involve legislative revisions or extensions. It is likely to have little immediate impact on trade and development strategies. For those CDCs with diversified industrial bases (e.g. India) or trade strategies directed towards exports of technologically intensive goods (e.g. Malaysia), the protection of IPRs will have a greater impact. Access to technology-intensive and knowledge-intensive products will become relatively more expensive.
- ❖ The short-term trade-off between reduced scope for reverse engineering and greater inducement to invest in the creation of intellectual property is a difficult one to judge. Longer term, however, greater protection should have appropriate incentive effects.
- ❖ The GATS extends the general principle of MFN and national treatment to services trade, although the actual commitments of the signatories to the agreement are confined to the sectors or trade included by each Contracting Party (CP) in its Schedules of Commitments. Moreover, most offers are accompanied by exceptions lists. Developing countries have tended

to make fewer offers, given the relative weakness of their service sectors. However, even the largest CPs have notified exceptions (e.g. maritime services in the case of the US, audio-visual services in the EU and some financial services in Japan.)

- ❖ DME offers have tended to cover commercial presence and movement of consumers but limited movement of persons to intracorporate transfers. Movement of persons, other than intracorporate transfers, is a major concern of CDCs, given the importance of remittances, but as yet remains constrained.
- ❖ The absence of improved access for non-executive labour does not mean that there is little scope for gains for CDCs from the GATS. If the import prices of services are driven down by liberalisation this will bring real income gains and have pro-competitive benefits. Moreover, where there is a latent comparative advantage, the potential for exploiting that is enhanced. However, in most human capital or technology-intensive activities, that comparative advantage does not at present exist. Attempts to create an environment where it does will have to have an eye to the structure and ownership of the wider infrastructure.

Systemic Issues and Commonwealth Developing Countries

- ❖ Export-oriented industrialisation, which has been pursued to great effect in East Asia, is not always built upon free trade policies but on neutral strategies which rely upon some degree of intervention targeted at the export sector. Several of the UR agreements will constrain such support, in particular the subsidies agreement. This proscribes recourse to export subsidies for all but the least developed and those countries with less than \$1,000 per capita. This could constrain the ability of some CDCs to follow the East Asian example.
- ❖ TRIMs have been widely used as a basis not only for influencing investment policy but also for redistributing rents from MNEs to governments. This is especially true of local content and trade-balancing requirements. There must be a strong presumption that at least some CDCs will be worse off as a consequence.
- ❖ Several UR agreements could impact on policy effectiveness. The safeguards agreement now permits discriminatory action under its emergency provisions. This is intended to encourage greater recourse to this device. There is, however, a danger that it is targeted at new exporters who in the process of specialisation are focusing on a relatively narrow range of products. Against this, however, the proscription of Voluntary Export Restraints (VERs) and the increased constraints on anti-dumping should improve the effectiveness of LDCs' outward-oriented policies.
- ❖ The creation of the WTO represents the first 'root and branch' reform of the world trade infrastructure since 1947. The mission of the WTO is one which should help developing countries pursue liberal trade policies as well as avoid discriminatory treatment. The WTO has also given a commitment to closer co-operation with the World Bank and IMF and this should help with policy co-ordination across the three agencies.
- ❖ The new trade policy review mechanism provides the WTO with a formal basis for regular audit of the trade policies of CPs. In bringing greater transparency to trade policies it should highlight departures from non-discrimination and help make enforcement of multilateral disciplines easier.

- ❖ Since the Round brings new obligations as well as new disciplines, to comply with these obligations, as well as exploit the new opportunities, CDCs will require further investment in infrastructure.

Introduction and Overview

The Uruguay Round is rightly regarded as having been the most ambitious, and most difficult, of all of the GATT Rounds so far. It may also turn out to be the last. The Agreement was seven years in the making, at the end of which the negotiators delivered a package which was certainly comprehensive and in some areas at least, possibly quite radical. As with previous Rounds, we will not really know what has been achieved for some years to come. It is only when new disciplines have been tried and tested, when liberalisation measures have been fully implemented and when the WTO is up and running that we can make unambiguous judgements about whether it was all worth it. Notwithstanding this, however, many features of the Agreement are sufficiently clear to permit analysis from the perspective of particular groups of countries which have particular interests or needs.

This report is directed at the interests of a particular group of countries with specific interests: namely the Commonwealth developing countries (CDCs). Although there have been some assessments of the Round from the perspective of developing countries, none has specifically addressed Commonwealth countries. This is a large group, 47 countries in total. It is also a very diverse group embracing least developed countries and NICs; small territories and large sub-continent; exporters of primary products and exporters of manufactures; low income and high income countries. They do, however, share one important thing in common: they are all members of the Commonwealth and as such share some common goals. This in itself gives the group an identity. Despite this, it is fairly obvious that their differences mean that they have fundamentally different interests in the out-

comes of the Round. For this reason, in the analysis which follows, we will for some purposes categorise countries into three broad sub-groups: exporters of primary products; newly industrialising countries, or NICs; and new exporting countries. The first are straightforwardly classified according to their dependence on primary products. The second are countries like Hong Kong, Singapore, Taiwan and Korea, only one of which is a CDC. The third group, the 'new NICs', includes rather more CDCs: Malaysia and Mauritius being good examples. Even this may be too broad when cross-classified with Uruguay Round negotiating areas. However, for some issues it does provide a helpful organising framework.

Our assessment of the implications of the Agreements for CDCs is structured as follows. In Section 2 we contextualise the assessment in two ways: first by reviewing the main elements of the Agreements; second by providing an overview of the trade patterns and trade structures of developing countries in general and Commonwealth countries in particular. Liberalisation and market access is the focus of Section 3. There we evaluate the scope for improved access across all major product areas. Section 4 addresses the issue of the extent to which preferential access is eroded by the Agreements and the way in which changes in Special and Differential provisions may impact. Since all trade reforms involve adjustment pressures to some degree or other, Section 5 tries to identify these pressures and the extent to which transitional arrangements may help ameliorate them. Section 6 looks at the detail of the new issues agreements on services, TRIPs and TRIMs. Although in the short run these are not likely to be a major concern, they do have potentially

important longer term implications. Many of the Uruguay Round Agreements involve systemic reforms. Indeed, arguably these are the really important issues from the standpoint of devel-

oping countries. We turn our attention to these in Section 7 where we look at constraints on domestic policy, the trade policy review mechanism and the WTO. Finally, Section 8 concludes.

A Review of The Uruguay Round Agreements

Table 1 sets out the UR negotiating groups and their agenda items. In all there were fifteen groups, though in the latter stages of the Round this was slimmed down to eight negotiating areas in an attempt to make trade-offs more transparent. The details of the negotiations, the evolution of bids and offers and the convergence to an agreement need not concern us here – reviews at various stages can be found in Greenaway (1993), Hoekman (1993), Rayner, Ingersent and Hine (1993). What is of greater interest is the final outcome. The main features are summarised in Table 2. Details are as follows:

2.1 Market Access

Given the experience which GATT has in tariff negotiations and the fact that they are relatively straightforward, the tariff accommodation took a surprisingly long time to reach – until July 1993 in fact. There are essentially three ingredients: a zero for zero component which will result in tariff-free trade in some eleven sectors¹; a liberalisation component reflected in the fact that mean tariffs on industrial goods will decline by some 38 per cent (on a trade-weighted basis); and a harmonisation component which results in higher tariffs being subject to deeper cuts. Notwithstanding the inevitable exemptions and the fact that tariffs are already at a relatively low base, this is an impressive achievement. As a result, the trade-weighted average tariff in industrial countries will decline from 6.4 per cent to 4 per cent and some 40 per cent of imports will enter duty free. Although it has not been widely

commented upon, another crucial outcome is that the proportion of tariffs which are bound in industrial countries will increase from 78 per cent to 97 per cent; even more significantly, the proportion bound in developing countries will increase from 21 per cent to 65 per cent.

As tariffs have declined over the post-war period, so reliance on NTBs has increased, most notably since the mid-1970s. Their discriminatory application (largely against Japan, the NICs and LDCs) and their opacity have been eroding the GATT foundations. Although there was a separate NTBs negotiating group, the issue crossed over with agriculture, safeguards and anti-dumping negotiations. The outcome involved important commitments, not the least of which was the prohibition on the use of voluntary export restraints (VERs), orderly marketing agreements and other extra legal instruments. The importance of this should not be underestimated and will be discussed further below.

2.2 Sectors

Agriculture was the single most contentious issue in the entire Round. The inability of the EU and US to reach an accommodation was the proximate cause of the December 1990 breakdown and threatened to undermine an agreement right up until the final days. Since this is the first occasion on which temperate zone agriculture has been subject to liberalisation under GATT, any outcome is arguably worthwhile: it ensures the issue is on the agenda for future negotiations. The market access agreement requires the tariffication of existing NTBs, the binding of the resultant tariffs and their reduction by 36 per cent over six years in DMEs and over ten years in LDCs, with

¹ These are: pharmaceuticals, construction equipment, medical equipment, farm equipment, spirits, wood, paper, toys.

Table 1: Uruguay Round Negotiating Groups

Negotiating Group	Negotiating Objectives
Market Access	
Tariffs	Reduction/elimination; bindings; credit elimination; equivalence; GATT consistency
Sectors	
Natural resource-based products	Tariff escalation; quantitative restrictions; access
Tropical products	Liberalisation; GSP versus MFN (most-favoured nation); reciprocity
Textiles and clothing	Integration into GATT
Agriculture	Market access; subsidies
GATT System	
Safeguards	Criteria; conditions; GATT compatibility
Subsidies and countervailing duties	Review of VI + XVI; disciplines
GATT Articles	II, XXIV, XXVII, XVII, XXV, XXXV, XII, XVIII
MTNs	Codes; developing countries
Functioning of the GATT System	Surveillance; ministerial activity; IMF/IBRD
Dispute settlement	Effectiveness; enforcement
New Issues	
Trade related intellectual property rights	Disciplines; disputes
Trade related investment measures	Disciplines
Services	Coverage; approach; investment; migration

the least developed being exempted. Domestic support measures are to be reduced by 20 per cent in DMEs and 13.3 per cent in LDCs, with an exemption for interventions which are decoupled from production, or which have a minimal impact on trade. Export subsidies are to be reduced by 36 per cent in value terms and 21 per cent in volume terms (on 1986-90 bases) in DMEs. Lower reductions of 24 per cent and 14 per cent are required of LDCs, with no further concessions from the least developed. However, there are special provisions relating to food aid and assistance for the least developed and net food importing LDCs. Although these reforms are to be phased in over a six to ten-year period, they represent a potentially very significant liberalisation in an erstwhile completely sheltered sector.

Trade in textiles and clothing has been subject to a legal derogation from GATT non-discrimination requirements for over 30 years. The web of quotas which comprise the MFA imposes significant costs on northern consumers

and southern producers (see Silberston, 1991, Trela and Whalley, 1990). The UR agreement commits Contracting Parties to a phased run-down of the MFA over the period 1995-2005 and the complete integration of textiles and clothing into the GATT system. Four phases are envisaged: 1995-98, 1999-2002, 2003-2005, post 2005. At the beginning of Phases I, II and III, Contracting Parties (CPs) will be required to have integrated products accounting for not less than 16 per cent, 17 per cent and 18 per cent respectively of their total imports of textiles and clothing. Post 2005, all products will be fully integrated. Annual growth rates for quotas of products still subject to MFA provisions within each phase have been set at 16 per cent, 25 per cent and 27 per cent above the growth rates in each of the previous phases. There will be a limited safeguard provision available for a maximum three-year duration, in instances where serious injury can be established. To oversee the phase out, ensure that the safeguards

Table 2: Uruguay Round Agreements

Negotiating Area	Outcomes
Market Access	
Tariffs	<ul style="list-style-type: none"> • Average tariffs on industrial products cut by 38% • Elimination of duties in 11 sectors • Increase in proportion of bound duties in DMEs and LDCs
Non-tariff measures	<ul style="list-style-type: none"> • Prohibition of grey area measures • Tariffication of NTBs in agriculture
Sectors	
Natural resource-based products	<ul style="list-style-type: none"> • Tariff reductions
Tropical products	<ul style="list-style-type: none"> • Tariff reductions
Textiles and clothing	<ul style="list-style-type: none"> • Four stage phase out of MFA • Transitional safeguards • Constraints on circumvention
Agriculture	<ul style="list-style-type: none"> • Tariffication of NTBs and gradual reduction thereof • Constraints on non-decoupled domestic support • Reduction in value and quantity of products subject to export subsidies • Affirmation of rights and obligations in sanitary and phytosanitary measures • Concessions for less developed and least developed
GATT System	
Safeguards	<ul style="list-style-type: none"> • Prohibition of grey area measures • Explicit sunset arrangements • Tighter criteria for application • Limited provision for discrimination
Subsidies and countervailing duties	<ul style="list-style-type: none"> • Traffic light system introduced • Disciplines on use of countervailing duties • Exemptions for least developed
GATT Articles	<ul style="list-style-type: none"> • Requirement that interventions under Articles XVIII B and XII be price-based • Clarification and reinforcement of Article XXIV criteria • Strengthening of procedures for calculating dumping margin under Article VI; as well as strengthening injury test and dispute settlement • Strengthening of provisions on rules of origin and pre-shipment inspection
MTNs	<ul style="list-style-type: none"> • New procedures for negotiation of compensation when bindings are modified to assist LDCs in negotiations
Functioning of the GATT System	<ul style="list-style-type: none"> • Commitment to sustain trade policy review mechanism • Creation of WTO and shift to biennial Ministerial meeting
New Issues	
TRIMs	<ul style="list-style-type: none"> • Prohibition of TRIMs inconsistent with Articles III and XI • Phase out of existing TRIMs • Concessions for LDCs

continued overleaf

Table 2: Uruguay Round Agreements *continued*

Negotiating Area	Outcomes
TRIPs	<ul style="list-style-type: none"> • General commitment to MFN where possible • Specific provisions on copyrights, trademarks, geographical indications, industrial designs, patents, layout designs of integrated circuits, trade sectors • Phased transition for LDCs
Services	<ul style="list-style-type: none"> • General commitment to MFN where possible • Arrangements for progressive liberalisation • Specific institutional provisions for: air transport, financial services, telecommunications

provision is not abused and look after the interests of special groups like the least developed and new entrants, a Textiles Monitoring Body will be established.

Natural resource-based products and tropical products are of obvious interest to LDCs. In both, further tariff liberalisation and a reduction in tariff escalation has been agreed. Indeed, the agreement on tropical products (together with the Trade Policy Review Mechanism (TPRM)) very early in the Round constituted an early harvest. The deeper cuts on processed tropical and natural resource-based products are especially welcome to developing countries.

2.3 GATT System

These negotiations were the least glamorous area of the entire UR negotiations, at least as judged by visibility and press coverage. Yet the agreements reached are among the most important. On safeguards, several commitments were made to strengthen Article XIX and encourage its use (in preference to recourse to extra-legal interventions). First there is an outright prohibition of grey area measures, a vitally important outcome given the proclivity of DMEs towards instruments like VERs. Second, the criteria for recourse to Article XIX have been tightened, with tougher injury tests and a scheduled commitment to phase out. Third, explicit arrangements for the termination of existing measures were agreed. Fourth, discriminatory

action is to be permitted under certain tightly defined circumstances. The last of these is a fundamental departure from the principle of non-discrimination and one which many LDCs are uneasy about. The potential for abuse is intended to be circumscribed by tougher criteria for application, a shorter termination date of four years and careful monitoring by the Safeguards Committee.

Subsidies and countervailing duties (CVDs) have been contentious for some time, in part because the Tokyo Round Code on the former has not worked effectively and in part because the latter, like anti-dumping, has become a form of contingent protection in DMEs. For the first time the UR agreement actually defines subsidies and identifies three categories: prohibited, actionable and non-prohibited. The first are specific export subsidies tied to export promotion and import substitution; the second are those which could cause injury to another (CP); the third are specific or non-specific subsidies which are unlikely to have important trade effects or which involve assistance to R and D, disadvantaged regions, environmental protection and so on. This traffic light approach should prove altogether more effective than the Tokyo Round Code. Moreover, it will be complemented by strengthened disciplines on the use and termination of CVDs. A very important exemption on the prohibited category is LDCs with a per capita GDP of less than \$1,000, i.e. this group of poorest countries can use export subsidies.

A whole series of GATT Articles were reviewed and in some cases amended. To constrain abuse of balance of payments intervention, it will henceforth be required that actions under Articles XII and XVIII be price-based. Article XXIV, which permits the establishment of regional trading arrangements, has had its criteria clarified and reinforced to make agreement to regional trading arrangements less automatic than at present. The arrangements regarding Article VII's provisions for customs valuation have been tightened. All of these are significant. However, potentially the most important development is the strengthening of anti-dumping provisions in Article VI. There is a growing body of evidence (e.g. Finger and Murray 1990, Messerlin 1990, 1991), to indicate that the US and EU are using anti-dumping procedures as an instrument of protection, rather than a fair trade measure. Moreover, the evidence strongly suggests that the interventions are being used in a discriminatory fashion against Japan and the NICs. The agreement strengthens the procedures for calculating the dumping margin, as well as strengthening the injury test whereby the appellant has to establish a clear causal connection between alleged dumping and injury. New terminal conditions are set and new dispute settlement procedures specified. Since many NICs and LDCs have been subject to anti-dumping action, more effective policing arrangements should be helpful.

The group of the Functioning of the GATT system (FOGs) was also unglamorous yet delivered two constitutional changes which will have a profound impact on the institutional arrangements governing world trade – the Trade Policy Review Mechanism (TPRM) and the World Trade Organisation (WTO). The TPRM gives GATT an explicit audit function. All CPs will have their trade policies reviewed on a regular basis, from every two years in the case of the large ones (the EU, Japan and USA), through to every seven years in the case of the smallest. An independent audit of this form will serve to assist in making more transparent the interventions of

all CPs. As such they are proving to be and will continue to be, an important source of pressure for reform.

The WTO is the first serious systemic reform of the institutional structure since the inception of GATT in 1947. Following clearance of all the major legislative hurdles, the agreement became operational in 1995. At its heart is a Ministerial Conference which will meet at least biennially. It embraces GATT, GATS, the new bodies like the Safeguards Committee and the Textile Surveillance Body and all of the UR agreements. The organisation is only open to those GATT CPs which signed up to the Uruguay Round. As with GATT it seeks to adopt resolutions by consensus, but is able to take a wide range of decisions on the basis of qualified majority. Unlike some other regimes (e.g. the European Union or the IMF) voting rights are not weighted; the system is one vote per CP. From a developing country standpoint this is rather important. Although the WTO will have enhanced powers over the GATT, these do not include sanctions; enforcement will be effected by authorisation of MFN withdrawal.

2.4 New Issues

For a time it looked as though the TRIMs negotiations might resolve themselves with a traffic light approach, like the subsidy agreement. In fact the key feature is essentially an affirmation of the applicability of existing disciplines, notably Articles III and XI. Those TRIMs which are inconsistent with these Articles are prohibited. They include some widely used investment measures like local content and trade-balancing requirements. The Agreement actually does provide an illustrative list. Pre-existing measures have to be phased out within two years (DMEs), five years (LDCs) or seven years (least developed). Arrangements for monitoring phase out and uncovering cases of instrument substitution will be put in place. More importantly, there is a commitment to evaluate the role of TRIMs in the wider context of competition policy in the

medium term. This is rather important given the symbiosis between TRIMs and other forms of anti-competitive interventions like restrictive business practices (see Morrissey and Rai, 1995).

The TRIPs agreement is a complicated one but given the inherently difficult nature of protection of intellectual property that was inevitable. The general provisions and basic principles do include national treatment and MFN. In addition specific provisions relate to: copyrights, trademarks, geographical indications, industrial designs, patents, layout designs of integrated circuits and trade secrets. The obligations on the part of governments to ensure enforcement are set out in each case. The transition period for DMEs is relatively short (one year), the assumption being that most have pre-existing regimes. The transition is somewhat longer for LDCs (at five years) and longest for the least developed (at 11 years). There will also be a longer transition for countries not having production capabilities in some areas (e.g. pharmaceuticals).

Services were controversial from the launch of the Round. Given the diversity of philosophies and of regulatory regimes, it was also a

complicated area for the negotiators. The General Agreement on Trade in Services (GATS) is more limited in scope than seemed possible but takes an important first step in bringing disciplines to the area. The agreement specifies a range of basic obligations which, as with TRIPs, include national treatment and MFN commitments. A schedule is established for progressive liberalisation and the specific institutional provisions required to accomplish this. Finally, for a number of sectors: financial services, telecommunications, air transport services, detailed schedules are provided.

2.5 Unfinished Business

Although the Uruguay Round was comprehensive, it was not all-embracing and there are a number of issues which did not make the agenda and will be for the next round to address. These issues include: environmental regulation; competition policy; investment measures; labour standards. Some of them are already issues in negotiations on regional trading arrangements and will certainly make it to the multilateral agenda in the near future.

Liberalisation and Market Access

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

3.1 Market Access for Developing Countries

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

The starting point for any evaluation should obviously be the average percentage reductions agreed in the Round, as applying to products of special export interest to LDCs. Table 3 disaggregates commodities into 11 manufacturing product groups and 7 product groups comprising primary products/agricultural products. For each product group, CDCs with a 'high' export interest are identified. 'High' in this context means

that the product group in question accounts for at least 20 per cent of foreign exchange earnings from industrial products and accounts for 5 per cent or more of total merchandise exports. As one would expect, there is a very significant presence in some groups like textiles and clothing, coffee, tea and sugar and less prominence in others, like electric machinery and non-electric machinery.

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

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

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

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

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

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

Source: Adapted from GATT (1994)

which were higher for LDCs. Thus, the extent to which there is protection from LDC imports in industrialised countries relative to imports from elsewhere has increased. As Stevens and Kennan (1994) show in an analysis of EU tariff reduc-

tions, this may be especially pronounced in the case of Sub-Saharan Africa. Moreover, the distribution of tariff reductions is non-random. The highest trade-weighted averages where LDCs are concerned continue to apply to textiles and

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

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

Source: UNCTAD Trade Control Measures Information System

Table 5: Product Areas of Export Interest to CDCs¹

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

Table 5: Product Areas of Export Interest to CDCs¹ *continued*

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

Key:

NRBTP: Natural resource-based and tropical products

TZAP: Temperate zone agricultural products

MP: Manufactured products

TC: Textiles and clothing

S: Services

Notes:

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

Source: Compiled from various UNCTAD data sources.

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

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

3.2 Improvements in Market Access in Specific Product Areas

As we saw in Section 2, the so-called developing countries are a very diverse group, with very diverse export interests. This is also true though, to a lesser extent, of CDCs. Although this group

does include NICs such as Singapore and New Exporting Countries (NECs) like Mauritius, Malaysia and Sri Lanka, it also includes a relatively large number of the least developed, a relatively large number of SSA countries and a relatively large number of small island economies (these of course being intersecting sets). In order to sharpen the focus of our analysis, we will evaluate UR reforms by reference to: tropical and natural resource-based products; temperate zone agricultural products; textiles and clothing; manufactures; services. (Details of the economic structure and trade patterns of CDCs are provided in Appendix Tables 1 to 4.)

Tropical and Natural Resource-Based Products

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

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

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

Source: UNCTAD Trade Control Measures Information System

a Including duty-free imports

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

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

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

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

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

Temperate Zone Agricultural Products

For the vast majority of CDCs, exports of temperate zone agricultural products are at present of minimal importance. Such crops may be grown but typically for domestic consumption. This is of course a product range where the major markets

have been very heavily protected. This certainly applies to the large DMEs (US, EU and Japan) and to a greater extent in many of the smaller DMEs. The capacity to produce for export does exist in quite a number of CDCs but, given the power and influence of agricultural lobbies in the major DMEs, it is no more than potential. For example, it is interesting to note that even those Commonwealth countries which have Association Agreements with the EU (Cyprus and Malta) which permit free trade in manufactures, were unable to extend product coverage to products under the common agricultural policy (CAP).

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

Textiles and Clothing

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

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

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

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

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

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

continued overleaf

Singapore and Malaysia which have enjoyed relatively large quotas under the MFA will in due course be subject to free and unfettered competition from lower wage economies like Bangladesh and Pakistan: countries which have had relatively small quotas. Not only will this mean that the quota rents presently enjoyed by those producers are dissipated, it will also mean

that they need to up-grade into higher value-added products and invest in increasingly capital-intensive techniques to remain competitive.

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

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

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

* Averages were computed using 1988 weights

Source: UNCTAD Trade Control Measures Information Systems

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

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

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

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

- i. All Producer Subsidy Equivalents cut by 15% in Japan, 10% elsewhere except for Centrally Planned Economics and Rest of the World where there is no change.
- ii. All border measures cut by 20% in high-income regions, 10% in low-income regions but no change in CNP.

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

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

The second potential difficulty from a developing country standpoint is that the transitional

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

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

Manufactures

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

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

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

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

Note:

- (1) The fact that a sector is identified as being covered by a particular country's schedule does not give an indication of either the extent of the liberalisation being offered in the sector in terms of sub-sectors or activities, or, for covered service activities, the degree of liberalisation that is being offered. For example, an offer made by a participant for "Business Services" may cover only one sub-sector (e.g. a large variety of Professional Services, Computer Services, Research and Development Services, Rental Services etc.)
- (2) Offers in financial services are subject to further negotiation to be terminated six months after entry into force of the WTO.

Source: GATT (1994)

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

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

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

Services

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

Under the GATS, some 94 countries submitted schedules of specific commitments. These are summarised in Table 9. Generally the commitments provide for a standstill on existing arrangements but they also include offers to lib-

eralise. This is certainly true of tourism and travel where LDCs have been prominent and active. However negotiations are in progress on offers in financial services, telecommunications, maritime services and movement of people.

Since negotiations are on-going, it is difficult to assess the impact of the services agreements with any real precision. Unless and until agree-

ments relating to movement of people are concluded, the GATS will have a negligible impact on the vast majority of CDCs. For those with some present capacity to provide services in the international market-place, the GATS offer a valuable framework for the exchange of concessions.

Erosion of Preferential Access and Changes In Special and Differential (S and D) Status

GATT 1947 is built upon a series of disciplines, rights and obligations. As one would expect, it also contains exceptions and exclusions to the basic disciplines. In general these are specific to particular economic circumstances. Thus a waiver on MFN is given under Article XXIV for countries entering into a regional trading arrangement; a waiver on the use of QRs is given to countries facing a balance of payments crisis (under Articles XII or XVIII B). The only group which has benefited from country-specific provisions are developing countries. These come in two forms of rights which have been established: a right to preferential access and a right to protect. The former permits developing countries to gain access to industrialised country markets; the latter allows them to make use of import restraints in ways that industrialised countries cannot. How will the Agreement affect these?

4.1 Erosion of Preferential Access

There are several preferential access schemes from which CDCs benefit. Some are on a bilateral basis. The most notable of the multilateral regimes are Lomé, the Caribbean Basin Initiative and the Generalised System of Preferences. The first is specific to the EU, the second to the US, whilst the third applies to the major OECD countries.

Since all of these schemes frame their preferences by reference to MFN tariffs, any reduction in the latter must inevitably erode the value of those preferences. Ultimately the degree of erosion of preference margins will depend upon the impact of final offers on MFN rates and the volume of imports which benefit from GSP under

the different schemes. As long as some positive value of LDC exports benefits from preferential access, the effect of tariff reduction must be to diminish those preferences. Other things being equal, this will leave developing countries worse off. Calculations by GATT suggest that the reductions in preference margins are significant, 82 per cent in Canada, 61 per cent in Japan, 50 per cent in the US and 32 per cent in the EU, with the highest losses occurring for agricultural products. This suggests that many CDCs will be worse off. The analysis by Stevens and Kennan (1994) of the impact of the EU changes suggests that this will certainly be the case where CDCs in Sub-Saharan Africa are concerned. The EU is the key market for this group of countries and their margin of preference will be eroded. Sorsa (1995) however feels that this possibility is exaggerated.

However, there are three important qualifications to make. First, as Langhammer and Sapir (1987) show, the degree to which developing countries benefit from GSP is limited by product specification restrictions, rules of origin, quantitative limits and so on. In practice, therefore, very little by way of preferential imports may actually be taken. This is especially true of agricultural products. Thus the base against which losses from preference reductions are measured may be a narrow one.

The second qualification relates to the impact of the tariff reductions on market demand. In the absence of perfectly inelastic demand schedules, some market expansion will occur: the more elastic is demand over the relevant range, the greater the increase. Clearly, if a market presence has already been established in non-preferential imports then benefits from

Table 10: Uruguay Round Agreements which include ‘special and differential’ commitments

Agreement	Less Developed			Least Developed		
	Right to Protect	Pref. Access	Transitional	Right to Protect	Pref. Access	Transitional
Agriculture						
• Domestic support	✓		✓	✓		
• Export subsidies	✓		✓	✓		
Textiles and clothing					✓	
Technical Barriers	✓			✓		
TRIMs	✓		✓	✓		
Anti-Dumping		✓			✓	
Customs Valuation			✓			✓
Subsidies						
• Domestic support	✓		✓	✓		✓
• Export subsidies	✓		✓	✓		
Safeguards	✓	✓	✓			
Services			✓			
TRIPs			✓			✓
Dispute Settlement				✓	✓	

higher imports will follow. This particular effect is, of course, bound up with the broader trade expansion effects and it is difficult to separate out. The key point is that it is not inevitable that preference erosion will leave CDCs worse off. The probability is that the small/least developed, which rely more heavily on preferences, will suffer rather more than the NICs and NECs.

Third, although many CDCs are most preferred suppliers in Europe, they do not enjoy this status elsewhere, for example in the US. Thus there may be potential gains from the rearrangement of tariff rates in these markets.

4.2 Graduation and the Right to Protect

The cornerstone of developing countries’ right to protect operates through Article XVIII. Clause XVIII B sanctions intervention in support of the balance of payments but on more lenient terms than Article XII. Clause XVIII C offers a right to protect in support of infant industries: a right which does not extend to industrialised countries.

The Final Act does affirm quite explicitly the principle of special and differential treatment at various points throughout the Agreement. In contrast to GATT 1947, however, two important points should be noted. First, S and D is affirmed explicitly in various contexts throughout as well as being affirmed as a specific principle. Table 10 lists the areas where a right to protect is explicitly provided for. As can be seen, the range is wider than under GATT 1947. In that sense, the Round has not diminished the right to protect of developing countries, indeed it may actually have extended it. However, this extension refers to the routes through which S and D can be accessed.

The second feature of the Agreement which must be highlighted is an explicit graduation provision. This is a profound change, with potentially significant economic effects. It means that for the first time a distinction is made between the least developed and other developing countries. Moreover, this is not a cosmetic distinction, it affects the privileges from which the countries concerned can benefit. Refer again to Table 10. As we can see, the distinction is

important in agricultural support, technical barriers, subsidies and safeguards. In some areas, the least developed will enjoy privileges which other developing countries will not; in other cases they will be given a longer period over which to phase out any specific measures.

Which countries are the 'least developed'? For the subsidies agreement, they are identified as the United Nations group of 47 least developed countries, with the addition of Bolivia, Cameroon, Congo, Côte d'Ivoire, Dominican Republic, Egypt, Ghana, Guatemala, Guyana, India, Indonesia, Kenya, Morocco, Nicaragua, Nigeria, Pakistan, Philippines, Senegal, Sri Lanka and Zimbabwe. The criterion used to identify this group is income per capita, with the cut-off being a GDP per capita of \$1,000 (nominal). From the standpoint of CDCs, quite a number fall into this category. Whether the least developed are better off or worse off is a matter of judgement: it depends upon whether or not one believes that the provisions were helpful in the past. This is controversial. For most of the period since World War II, there has been a long, and at times acrimonious, debate over the relative merits of import substitution and export-oriented trade strategies. A very large empirical literature has now been accumulated. Broadly speaking, the evidence in general suggests that trade policy regimes which have relied heavily on non-selective import substitution have been associated with poorer economic performance (see, for instance, Greenaway and Nam 1988). To that extent, an explicit graduation criterion may help constrain the proliferation of excessive reliance on inward-oriented trade policies. Note that this is not to say that import substitution cannot be helpful. The evidence suggests that it may be in the early stages of industrialisation. What is typically damaging is the cumulation of import restraints associated with 'second stage' development, which a graduation criterion may help

with. Then the issue becomes one of when to graduate. The criterion does mean that recourse to some instruments (like subsidies), which are in general more efficient than quotas or tariffs, begins to be constrained at a relatively low level of income, per capita. That could be damaging.

Future Evolution of S and D

Both dimensions of special and differential (S and D) treatment of developing countries have been affected by the Round. The right to access has been eroded by the liberalisation which is envisaged; the right to protect has been constrained. One should not think of these as unambiguously threatening from the standpoint of CDCs, however. Although one can find cases where preferential access under GSP or Lomé has been successful, in general these schemes are so constrained by qualification criteria, quotas, rules of origin and so on, as to have been of limited usefulness. A strong case can be made to the effect that many CDCs will be better off facing lower MFN tariffs and fewer NTBs, than they were with (apparent) preferential access. Regarding the right to protect, if this does indeed confer benefits then the introduction of a graduation criterion enhances the relative position of the least developed. As a consequence, these countries may actually find it easier to nurture infant industries and gain world market share than when competing on level terms with other developing countries, especially NICs.

Having established a graduation principle, it is safe to assume that these will be a permanent feature of the GATT infrastructure. It is actually a helpful development from the standpoint of targeting concessions and assistance and a multilaterally agreed and transparent criterion is preferable to the likely alternative, namely, opaque criteria being unilaterally applied by the major trading nations/blocs.

Adjustment Issues and Transitional Arrangements

Improvements in market access generally lead to potential for trade expansion. In turn, trade expansion results in changes in the allocation and utilisation of society's factors of production and results in trade expansion. In a smoothly functioning economic system, with markets which clear quickly, resource reallocation occurs smoothly and with little by way of transitional adjustment costs. In practice, however, rigidities and distortions may frustrate the process of adjustment, with consequential losses in real output. In such circumstances adjustment policies may be called for.

5.1 Trade Expansion and Adjustment Pressures

Trade liberalisation works by changing relative prices. Specifically the price of importables is lowered relative to exportables. This directs resources from areas in which an economy experiences a comparative disadvantage, to areas in which it enjoys a comparative advantage. In a smoothly functioning system, these resource transfers occur relatively smoothly and at minimal cost.

Typically, in the real world the transition from a protection-distorted equilibrium to a freer trade equilibrium involves the loss of some real output. Often this takes the form of some factors of production being unemployed, or underemployed for some period of time. Why might this occur? The most obvious reason is the presence of some barrier or barriers to factor mobility which prevents factors from transferring smoothly from one sector to another. One common problem is a mis-match in the factor requirements between expanding and contracting sectors. Industries may use capital and labour in different combi-

nations, so that the import substitute sector releases labour and capital in the 'wrong' proportions. This would require some change in capital:labour ratios to accommodate the factors released. This in turn may take some time. Even if, in aggregate terms, the capital:labour ratios across sectors appear to be similar, the mix of labour skills across activities may be different. In this case, one could only sustain full employment with appropriate retraining. This of course takes time and real resources.

Another common source of adjustment frictions is geographical mis-matches in terms of labour requirements. The expanding sector(s) may be concentrated in one region, the contracting sector in another. Relocation may not be straightforward, again requiring time and resources.

5.2 The Case for Adjustment Policy

It must be said that non-intervention is a policy option, though it is rarely characterised as such. The case for non-intervention runs as follows: markets deliver the appropriate relative price signals to direct resource reallocations. Agents, left to their own devices, will react to those price signals. Where factor mis-matches occur, agents will take the appropriate action, either voluntarily leaving the labour market, or withdrawing physical capital from production, or investing as appropriate in retraining/re-tooling. This may result in some temporary loss of output. However, this should not be viewed as a cost in itself but, rather, it should be seen as investment and offset against the long-run benefits associated with the higher output which the retrained labour/re-equipped capital will produce. Thought of in this way, adjustment

costs are simply the price which society pays for change.

This is a cogent argument. There are, however, economic, political economy and socio-political arguments which can be used to counter it. The first point to raise is one of time: how long does it actually take for factors to relocate from one sector to another? This is partly driven by socio-political factors: the US is a much more mobile society than the EU, or even the UK, despite the enormous differences in size. There is a large body of evidence to support the view that hysteresis can take hold in labour markets: in other words the skills of unemployed labour depreciate through time; this reduces the probability of re-employment, which results in further depreciation and so on. As a consequence the economy can get stuck in an under-employment 'equilibrium' for quite a long period of time. The transitional loss of output could therefore be very high.

This leads to the political economy point. In general, agents resist change. There are important asymmetries in the political market for trade policy formulation. Typically, those who benefit from tariff liberalisation (primarily consumers) are not well organised and cannot articulate their case effectively. Those who perceive themselves as bearing costs (producers) are typically well organised and politically effective. The longer it takes to transfer resources from one sector to another, the more persuasive the case that can be made to the effect that trade liberalisation 'causes' unemployment and therefore the stronger the pressures against trade reforms. Since the evidence strongly suggests that liberal trade reforms confer net benefits on society, it is unfortunate if transitional costs frustrate the reform process.

Finally, although it is a non-economic issue, it must be noted that there are social costs associated with factors of production, especially labour, being tied up in unemployment/under-employment for long periods (especially in the absence of safety nets in low per capita income countries).

5.3 Adjustment Policy

Broadly speaking, interventionist adjustment policy can be defensive or positive. The former tends to be responsive, ad hoc. From society's standpoint it is also sub-optimal since its function is generally to resist adjustment pressures. By contrast, positive adjustment policies tend to be aimed at promoting change by addressing the rigidities which are slowing the adjustment process.

Defensive adjustment measures have been extensively deployed by DMEs in the face of competitive pressures from NICs and other LDCs. GATT sanctions defensive adjustment under Article XIX: the safeguards clause. When faced with a sudden upsurge in imports and where this upsurge can be linked to 'serious injury', a Contracting Party can introduce temporary protective measures. However, one of the problems with Article XIX is that it has not been widely used. If CPs have recourse to this device it should be non-discriminatory and the parties affected have a right to negotiate compensation. As an alternative, many CPs have relied on unilateral measures like VERs or anti-dumping action. Not only are these discriminatory, they are very difficult to remove once they are introduced. The panoply of restraints which have regulated North-South trade in textiles and clothing for over thirty years is testimony to this. Through time these restraints have become more extensive in both their product and country coverage. There is little by way of evidence to indicate that they have promoted adjustment in textile and garment sectors in DMEs; quite a lot of evidence to suggest that they have frustrated to a degree the process of specialisation in LDCs.

By contrast, positive adjustment policies are market-augmenting: they are intended to smooth the process of resource transfers. Such policies can take the form of labour retraining schemes directed at changing the skill mix of labour displaced from the import substitute sector. It can also take the form of mobility grants aimed at encouraging labour to move from one part of the

country to another. The actual form of the intervention depends upon the perceived nature of the rigidities frustrating adjustment. Likewise the institutional arrangements for managing the policy will vary from one economy to another. We will return to the implications of this for adjustment policy in CDCs in the section below.

5.4 Transitional Arrangements in the Uruguay Round and Post-Uruguay Adjustment Policy

There are a number of aspects of the Round which have a bearing on these matters. Table 10 sets out those components which explicitly allow for a transitional implementation. These are of two forms: those which aim to slow adjustment in DMEs; and those which aim to slow adjustment in LDCs. Good examples of the former are the ten-year phase-out period for the MFA and the six-year phase-in period for reductions in agricultural support. These are essential provisions in that an agreement would never have been reached in their absence. However, they are also defensive. Not only will they slow up the process of adjustment in DMEs, they will also slow the pace at which LDCs can benefit from the arrangements. The key issue here for CDCs is to keep a watchful eye on implementation to ensure that the transitional arrangements are not abused. In the case of MFA phase-out, the Textiles Surveillance Board has been put in place as a watchdog and this should certainly be helpful. No such monitoring body exists for agriculture, however.

CDCs will also benefit from transitional arrangements which are essentially defensive.

For example, the phase-out period for TRIMs and phase-in period for agricultural reforms are longer than those permitted for DMEs. From a political economy standpoint this is important.

The GATT's key adjustment provision (Article XIX) has been revised in two rather crucial ways. First, discriminatory intervention will henceforth be permitted if a convincing case can be made which links a sudden increase in imports, from a particular source, to domestic injury. Developing countries are rightly concerned at this change and see it as an explicit threat. They see themselves as being targeted for discriminatory action. It is certainly true that the potential for abuse exists and the GATT Secretariat is aware of this. Accordingly the revision also includes far tighter constraints on the use of Article XIX, designed to ensure that action is genuinely based on a clear causal connection between an upsurge in imports and domestic injury. More importantly, the new provisions are designed to ensure that intervention is temporary. If they are deployed as a substitute for unilateral action via VERs and the like, this will be of obvious benefit to LDCs.

What of post-Uruguay Round positive adjustment policies? There is a growing recognition in many DMEs, especially in Western Europe, that labour market rigidities need to be dealt with constructively. Accordingly, far greater emphasis in public policy is being given to retraining and up-grading of skills. Moreover, more by way of public funding is being devoted to support such initiatives. Although it will take time, it is to be hoped that such measures will ameliorate some of the pressures for defensive adjustment policies.

The New Issues and Developing Countries

A number of the agreements in the Uruguay Round relate to issues that have not previously been covered by GATT Rounds. Since the areas covered by these agreements are of particular relevance to developing countries, in terms of the relative incidence of the measures (e.g. TRIMs), or the greater potential constraint on domestic policy (e.g. TRIPs), or the implications for the design of development strategies (e.g. services), we give special attention to these issues in this section.

6.1 TRIMs and Policies Towards Foreign Investment

Developing countries make far more extensive use of TRIMs than do industrialised countries (see Greenaway 1992). They are often seen as an important instrument of investment policy, in particular foreign investment policy; *quid pro quo*s for the special incentives and the protected or dominant position in the domestic market of the foreign investor. Some analysts have argued that there is a good economic case to be made for their use (see, for example, Balasubramanyam 1991). However, as we have seen, the TRIMs agreement outlaws the more trade-distorting measures (local content requirements, trade-balancing requirements, minimum export requirements) which are in fact the most widely deployed TRIMs. (These are covered by the illustrative list provided in the agreement and set out in Table 11.)

In time (five years for less developed and seven years for least developed countries), this part of the UR will remove a degree of freedom from policy-makers. One might argue that this is desirable to the extent that it constrains the use

of a potentially costly instrument of intervention. There are, however, political economic considerations to bear in mind here. It is most plausible to believe that the use of TRIMs by developing countries emerged out of a desire to redistribute rents from multinational enterprises (MNEs) and to counter the use of restrictive business practices by MNEs. Admittedly the need to do so may often have been created by other aspects of the policy regime; trade barriers that created rents and reduced competition on the domestic market. Although many developing countries now pursue more liberal trade policies, non-negligible trade barriers remain in many of the less and least developed countries. Constraining the use of TRIMs by these countries will certainly constrain policy options and alter their bargaining position with foreign investors, especially MNEs. Although the precise impact on trade, investment and welfare of the use of TRIMs or of their removal is not well researched, there must be a strong presumption that developing countries would in general be worse off as a result of this part of the Agreement (see Morrissey and Rai 1995) if GATT remains out of the competition policy field and/or if the developing countries do not explore new approaches to policy in this area.

Fortunately, there is a commitment in the Agreement to evaluate the role of TRIMs in the wider context of competition policy. This, as argued above, will be important given the symbiosis between TRIMs and forms of anti-competitive intervention such as restrictive business practices. Developing countries must, however, also be careful to use their trade and investment policies in a pro-competitive manner. Substitution of tariffs for quantitative import bar-

riers serves, for example, to maintain competition at the margin on local markets which may be dominated in that specific sector by foreign investment. Similarly, industrial and investment licensing procedures and decisions should not be determined only by considerations of the size of existing markets and claims by existing entrants of the 'appropriateness' of current capacity. Such procedures are likely to be subject to capture by existing market entrants with an incentive to restrict competitiveness. In the more liberal policy regimes now to be found in most developing countries, there needs to be a greater willingness to allow new investors/entrants to contest domestic markets rather than to rely on bureaucratic decisions about the number of firms that markets are judged to be able to support. This same principle needs also to be extended to the privatisation programmes currently under way in many developing countries.

Table 11 Illustrative list of TRIMs

1. TRIMs which are inconsistent with national treatment obligations in Article III to include:
 - a) purchase of inputs required whether specified in volume or value, or as a proportion of volume or value
 - b) requirements which link an enterprises purchases or use of imported inputs to the volume or value of local products that it exports
2. TRIMs which are inconsistent with the general elimination of QRs under Article XI and which restrict:
 - a) importation by an enterprise of products used in, or related to, its local production
 - b) access to foreign exchange limited to an amount related to the foreign exchange inflows attributable to the enterprise
 - c) exportation or sale for export products linked to a proportion of its local production

Finally, it must be recognised that the shift to more outward-oriented development strategies based on export promotion themselves alter the nature of the motivation for inward investment. Foreign investors, especially large-scale ones such as MNEs, are likely to place greater emphasis on

attributes such as political stability, the simplicity and clarity of the domestic policy environment, the quality of the infrastructure and access to competitively-priced intermediate and factor inputs, rather than on the rents available from protected domestic markets. The need to design trade-related investment policies that claw back rents from investors or which impose trade conditions on foreign investors, is thereby diminished. Of course in the competition for foreign investors many developing countries use investment incentives (e.g. duty exemptions, tax holiday etc.) as an additional attraction for investment.

There are, however, good reasons for governments not being driven into offering excessively costly incentives (in terms of additional expenditures or forsaken tax revenue), despite the obvious pressures to 'outbid' neighbouring countries for foreign investment. Excessively costly incentives or highly subsidised foreign investments risk inappropriate inward investment and undesirable allocation distortions. These are also likely to encourage governments to seek to constrain the costs of the incentives scheme by setting selectivity criteria, e.g. the use of lists of products or industries which are viewed as (actual or potential) export activities. Those developing countries with a relatively well-developed and diversified export base in manufactures may (but only may) have a greater awareness and experience of production and market opportunities for new exports. But for many less and least developed countries, with small industrial sectors and/or high dependence on primary exports, then the process of 'picking winners' in export markets is more difficult and potentially expensive if incorrect selections are made. Rather, the lowering of anti-export bias in the trade policy regime will provide the appropriate signal or incentive for export-oriented foreign investment; investment that is attracted by permanent local resource and factor endowments rather than by small domestic markets or transitory fiscal and other incentives. In recent years CDCs such as Malaysia, Mauritius and Cyprus have benefited

from foreign direct investment (FDI) driven by these considerations.

6.2 TRIPs and Technology Transfer

This Agreement will unambiguously require major policy changes by probably all developing countries, within five years in the case of developing countries and eleven years for least developed countries. Members will be required to apply the principles of MFN and national treatment to the protection of intellectual property rights (IPRs), which cover:

- ❖ copyright and related rights
- ❖ trademarks
- ❖ geographical indications
- ❖ industrial designs
- ❖ patents
- ❖ layout designs of integrated circuits
- ❖ protection of undisclosed information

Most of the areas are covered by the provisions already administered by the World Intellectual Property Organisation (WIPO) and the Agreement contains cross-references to these and to instruments in the Paris, Rome and Berne Conventions and to the Treaty on Intellectual Property in Respect of Integrated Circuits. Indeed, nothing in the TRIPs Agreement may derogate from those Conventions and certain exceptions provided in those Conventions may also apply to the TRIPs Agreement. But the TRIPs Agreement will extend the country coverage of the provisions, since membership of the WTO (and with it application of the TRIPs Agreement) will be made by countries that did not participate in the above Conventions. The Agreement will also extend the area of IPRs covered and extends the protection provided by the earlier Conventions. The most important new areas or extensions are:

- ❖ the granting of copyright protection to computer software;

- ❖ the reinforcement of the protection of data banks and phonogram producers;
- ❖ the requirement that patents must be available for all process and product inventions;
- ❖ the reversal of the burden of proof in civil legal actions from the patent holder to the accused patent infringer.

Thus most developing countries will be required to introduce and revise existing national laws in the area of IPRs, so as to enforce the provisions of the TRIPs Agreement. (There are provisions for countries to adopt measures that prevent or regulate anti-competitive licensing practices, or abuses of IPRs which adversely affect competition.)

For many of the small and least developed countries in the Commonwealth, with small or undiversified manufacturing and export bases, the TRIPs Agreement will involve legislative revisions or extensions but have little immediate impact on trade and development strategies. It will, however, have a more significant impact in the longer term. For example, a recent UNCTAD study estimates recurrent costs of \$750,000 per annum in Bangladesh to comply with the TRIPs Agreement, with no apparent immediate offsetting benefits. However, one obvious benefit is the avoidance of the kind of unilateral action which the US recently launched against China. For those countries with diversified industrial bases (e.g. India) or trade strategies directed towards the exporting of more technologically-intensive goods (e.g. Malaysia), then the protection of IPRs could have greater impact on trade and development strategies. This latter group of countries already invested in technologies which will now embody a new distribution and pricing of intellectual property. Import substitution of generic pharmaceutical products in countries such as India will become more costly. Similarly, the export competitiveness of 'imitated' products (designs or trademarks) in some of those markets where the

NICs have moved up the ladder of comparative advantage (e.g. textiles, electrical and electronic goods, software) will be eroded by the additional cost of acquiring technology. There is clearly a complex balance of issues involved here. Reverse engineering has been a key element in technology transfer and therefore the weak protection (or its absence) of IPR obligations by developing countries has contributed positively to industrialisation efforts. The correct 'pricing' of technology may, however, encourage the adoption of appropriate technologies and induce greater allocative efficiency in developing countries; the result in the longer term may be improved export performance. Of course this may also come for indirect reasons. Institutional devices for the protection of IPR provide incentives for intellectual property creation, which may in turn raise productivity in both the technology-exporters and technology-importers. Such dynamic benefits and reduced pressures for protection in the innovating countries would in turn be to the ultimate benefit of developing countries. Indeed, developing countries may already have, or expect to have in the longer run, an interest in the protection of their own intellectual property; arising for example out of research into crop varieties or more labour-intensive areas of innovation such as the production of computer software.

6.3 Services and Development Strategies

The GATS sets out principles to govern trade in services; extending the general principle (where possible) of MFN to services trade. 'Trade' in services covers:

- ❖ cross border movement
- ❖ movement of the consumer
- ❖ commercial presence or right of establishment
- ❖ movement of people

However, the actual commitments of the signatories to the Agreement are only confined to the specific sectors or types of 'trade' that are included in each of their Schedules of Commitment. Most of the offers are also accompanied by MFN exemption lists and vary widely in terms of sectoral coverage and of limitations to market access, national treatment and types of 'trade'. The implications therefore for different types of countries for access to their own and other markets will depend critically on the specifics of these Schedules. In some sectors (financial and maritime services and telecommunications) it is also the case that negotiations are not completed. Given also the need to have detailed information, country-by-country, on existing and planned regulatory regimes and on the data on service trade flows, cross-country cost differences and current barriers to 'trade', in order to make a meaningful assessment, then the impact on developing countries of liberalisation in services remains uncertain. Indeed, little or no quantitative research has been completed on this subject area.

The range of sectors offered by countries tends to be positively related to their level of development. Developing countries have tended to make fewer offers, given their weaker services sectors, and in the case of some least developed countries the offer only covers a single sector. There are, however, some major sectoral exclusions also in the case of the major industrial countries, e.g. maritime services (US), audio-visual (EU) and certain types of financial service (Japan).

The types of 'trade' or modes of supply most often covered in the offers of the developed countries are commercial presence, movement of consumers and movements of persons in the form of intracorporate transferees (i.e. managers and specialists) linked to commercial presence. Most developing countries are not in a position to benefit from this mode of exporting, when faced with high costs of establishment in developed countries and disadvantages in terms of endowments and technologies. The sectors of interest to developing countries, e.g. tourism,

Table 12: Net Earnings from Labour Services*: Selected Commonwealth Developing Countries (1992)

Country	Labour Service Net Earnings Million (US\$)	Labour Earnings as a Percentage of Merchandise Exports (%)
Antigua and Barbuda	10	62
Barbados	14	8.7
Bangladesh	912	43.5
Belize	15	9.6
Cyprus	57	6.4
Dominica	14	7.2
The Gambia	13	9
Grenada (1991)	19	85
India (1989)	2,498	15.5
Jamaica	173	16.5
Malta	22	2
Nigeria	56	0.5
St. Kitts and Nevis	12	37
St. Lucia	18	14.7
St. Vincent and the Grenadines	25	37.4
Singapore	181	0.3
Swaziland	78	12.8
Tanzania	165	40.3

* includes labour income, migrant transfers and workers' remittance

Source: GATT (1994)

construction, business services and maritime services, are included among developed country offers but few countries have offered access to categories of persons beyond intracorporate transferees. Movement of persons other than executives and specialists is required (and has been repeatedly requested by the developing countries) if they are to provide services in these sectors. (Negotiations on movement of persons as a mode of delivery continue.)

Table 12 demonstrates the importance of income from labour services to many Commonwealth developing countries. In the case of Bangladesh, for example, such labour earnings were equivalent to over 40 per cent of merchandise exports in 1992. The other important item on the export side is tourism. Table 13 indicates that many of the Commonwealth countries, especially the small island economies, have a net surplus on tourism. But there is not a uniform picture across all the countries in Table

13. Some of the primary product exporters are large net importers across-the-board. At the other extreme, some of the more industrialised countries in Asia have significant service exports across all the broad categories (including transport and other services which are typically debit items for CDCs). In between, the smaller economies reveal comparative advantage in travel (tourism) and/or labour income.

The absence of improved access for non-executive labour does not mean, however, that there is little scope for significant future gains for developing countries arising from the present GATS Agreement. Of course there would be much greater potential for gains from a more ambitious set of offers but the entry of services into the GATT framework provides greater opportunities for reaping these benefits in future. Benefits from the current Agreement may come in a number of ways, direct and indirect. Import services whose quality or price are driven down by

Table 13: Commercial Services trade balance of Developing Regions, 1992 (billions of US dollars)

		Total	Africa	Asia	Developing Regions Latin America & Caribbean
Total	Exports	174.2	15.9	96.5	38.7
	Imports	206.2	23.5	99.0	40.7
	Balance	-32.0	-7.6	-2.5	-2.0
Transport	Exports	49.0	4.8	27.8	9.4
	Imports	85.1	11.0	43.6	16.9
	Balance	-36.0	-6.2	-15.8	-7.5
Travel	Exports	59.9	5.7	31.6	17.0
	Imports	50.7	4.3	25.6	14.4
	Balance	9.2	1.4	6.0	2.6
Other Private Services and Income	Exports	66.3	6.4	37.1	12.4
	Imports	70.1	8.2	29.7	9.4
	Balance	-3.8	-1.8	7.4	3.0

Source: International Monetary Fund, *Balance of Payments Statistics Yearbook, Part 2, 1993*.

liberalisation will give income gains to consumers in developing countries and improve the competitiveness of domestic production at home and abroad.

Additionally, growth in international trade and production arising out of the UR Agreements on trade in goods is likely to bring about an increase in the demand for labour services, including countries such as Malaysia, from lower wage cost developing countries. Similarly, improved market access for goods and services within a particular region may create new opportunities for regional specialisation in services. Mauritius, for example, has recently created a freeport which aims to serve a regional warehousing and distribution centre for eastern and southern Africa.

The preceding discussion establishes that there are significant opportunities for gains for developing countries, even from the relatively limited multilateral liberalisation implied by the UR Agreement on services. This is in terms both of the cost of imported services and of the scope for growth of exporting in services in line with comparative advantage. It must be recognised, however, that this comparative advantage is not

likely at present to be in technology- and human capital-intensive services.

It follows that the competitiveness of those goods and services activities, for which developing countries do have a comparative advantage (and for which in the case of trade in goods the UR Agreement provides improved market access), will be influenced by the willingness of these countries to strengthen their services, infrastructure and to increase the competitiveness of supply through deregulation, privatisation, elimination of discrimination against foreign investment, and unilateral improvements in market access for foreign services. This may require revisions to investment codes that discriminate against foreign investors in the services sector, by reducing their eligibility for incentives relative to foreign investment in non-service sectors. Alternatively, it may require revisions to legislation that restrict or prevent foreign investment in specific service sectors, or reductions in the number of service-providing public enterprises in which government needs to retain full or partial ownership. Even where continued public ownership is desirable, monopoly power and resulting inefficiencies can be reduced by

allowing increased competition. This approach should also be applied to utility (water, electricity, telecommunications) parastatals where partial deregulation and increased opportunities for entry by private (local and foreign-owned) operators should be encouraged. For many developing countries, however, there is neither a need for public provision of specific services, nor the local expertise or resources to permit competitive local supplies. Consider the case of direct services to international traders such as trade insurance. In many low income developing

countries, creating a competitive trade insurance sector requires a regulatory environment that permits entry of foreign insurance and reinsurance firms. Any attempts at 'reserving' some of this insurance business to local firms almost certainly results in an implicit tax on trade in goods. Restrictions on the opportunities of developed economies to take advantage of their comparative advantage in a range of service activities have the effect of restricting developing economies' opportunities for trade expansion in goods.

Systemic Issues and Commonwealth Developing Countries

Most of the analysis pertaining to the UR has focused on changes in market access and any associated quantitative effects. This is understandable given the desire of commentators and analysts to give some 'precision', however spurious, to the outcome. One unfortunate by-product of this is that in many evaluations the systemic impacts of the Round are underplayed. Arguably, in the longer term perspective, these are at least as important as the market access effects. We will evaluate systemic issues for CDCs from four standpoints: the effect of the agreements on the menu of policy options facing CDCs; the mission and operation of the new WTO; the operation of the trade policy review mechanism; and any infrastructural requirements following from the Agreements.

7.1 The Uruguay Round and CDC Policy Options

Trade policy is central to industrialisation efforts in developing countries. The combination of instruments used is generally summarised as a trade strategy and there is a tendency to categorise these into import substituting industrialisation (ISI) and export oriented industrialisation (EOI).

The highly successful development strategies of the East Asian NICs have been almost universally labelled as EOI. With the exception of Hong Kong, these countries have most definitely not followed free trade policies. What they have tended to do is make increasing use through time of export promotion instruments and compensatory export incentives, against a backcloth of some import liberalisation (and therefore some continued import protection). Typically, there-

fore, they are 'neutrality' type strategies, i.e. they have used trade policy to create a situation where the price effects of import and export interventions are broadly offsetting.

Table 14 gives examples of some of the instruments of export promotion used by four successful East Asian NICs, three of which have been very successful. These are manifestly instruments of export promotion, some of which are general, some of which are specific. All are explicitly discriminatory in the sense that they are intended to favour exporting activity. One cannot say that the successful strategies of these countries is due entirely to the use of such export promotion instruments. That is manifestly not the case. However, insofar as these countries have had a role to play, how are other less developed and least developed countries which are hoping to follow their lead or being pressurised to do so, placed in the post UR environment?

The reforms which have most direct bearing are those relating to: subsidies and CVDs; TRIMs; TRIPs and possibly services. As we saw earlier, for the first time GATT will define a subsidy and the traffic light approach will prescribe the use of explicitly discriminatory subsidies, including those targeted at exports. The Agreement sets out what are defined as prohibited, actionable and non-actionable subsidies. For reference these are set out as Table 15. Prohibited subsidies are those which are explicitly geared to supporting exporting or import substituting activities. Actionable are those which are not necessarily contingent upon performance but can be shown to affect third parties. Non-actionable are those which are either non-specific or which are specific but geared to systemic support.

Table 14: Examples of Export Promotion Instruments in East Asia

Tax Incentives Specific to Export Industries in four Asian Economies

	<i>Malaysia</i>	<i>Philippines</i>	<i>Thailand</i>	<i>Korea</i>
Priority exports	All export industries are included in the 'pioneer' category; the following incentives are additional	Export Incentives Act does not specify whether the following incentives are additive	All export areas are 'promoted'. Following incentives related to exports (promoted as well as traditional exports)	All foreign exchange earning industries are defined within 'key' sectors; the following are additional incentives
Tax holidays	4-7 years' holidays for capital investments (instead of usual 2-5 years for pioneer industries)	et exemption if revenues exceed US\$5 million within 5 years from the registration	Exemption from <i>bt</i> and <i>et</i> on exportation of manufactures	<i>bt</i> exemption
Deductions	Expenses such as foreign advertising, export market research, transport costs deductible from tax base	<i>it</i> base reduced by a certain portion of export revenue, based also on domestic content	Not available	Not applicable due to total exemptions
Tax credit	Not available	Export producers: tax credit equivalent to the sales, compensating and specific taxes and raw material duties	7/8th of <i>cd</i> on raw materials	50 per cent for <i>it</i> and <i>cit</i>
Accelerated depreciation	Additional 40 per cent of the residual value of capital assets	Same as in priority industries	Same as in priority industries	Same as in priority industries

Note: et = export tax; it = import tax; cd = customs duty; bt – business tax; it – income tax; cit – corporate income tax

Source: Falvey and Gemmill (1990)

Table 15: Subsidies in the Uruguay Round Agreement

A Prohibited Subsidies

- i subsidies contingent upon export performance
- ii subsidies contingent upon the use of domestic over-imported goods

B Actionable Subsidies

- i subsidies which cause injury to the domestic industry of another member
- ii subsidies which result in nullification or impairment of benefits to other members
- iii subsidies which cause serious prejudice to the interest of another member

C Non-Actionable Subsidies

- i subsidies which are not specific
- ii subsidies which are specific but: provide assistance for research activities conducted by firms, higher education or research institutes; assistance to disadvantaged regions within the territory of a member; provide assistance for adaptation of facilities to new environmental requirement

Table 16: Illustrative List of PROHIBITED Export Subsidies

- a Provision by government of direct subsidies to a firm or industry contingent upon export performance
- b Currency retention schemes which involve a bonus on exports
- c Preferential transport and freight charges on export shipments
- d Preferential provision of government services to exporters
- e Full or partial remission of taxes or social welfare charges paid by exporters
- f Allowance of special deductions to exports or export performance
- g Exemption or remission of indirect taxes to exporters
- h Remission or drawback of import charges to exporters
- i Provision of export guarantee or insurance programmes, or of exchange risk insurance at rates which do not cover operating costs
- j Grants by governments of export credits at preferential rates

From a policy standpoint, the most interesting issue is which subsidies are prohibited. The Agreement does in fact set out an illustrative list, which is reproduced in Table 16. As is obvious, this list contains a number of instruments used by East Asian countries in support of their industrialisation efforts – explicit export subsidies, duty drawback, fiscal exemptions and tax holidays. This appears to be a major constraint on a wide menu of policy choices which others appear to have used to good effect, especially in the context of export processing zones (EPZs). Things are not quite as straightforward however. The agreement explicitly exempts the least developed and other LDCs with a per capita GDP of <\$1,000 from the prohibition on export subsidies. This is important for two reasons: first because it (appropriately) introduces an exemption; second because it clearly means that the GATT has introduced a graduation criterion (which is indeed echoed elsewhere in the agreement). Thus, although access to these instruments is constrained, the least developed can still rely upon them. The interesting policy

question then becomes: Is a graduation level of US \$1,000 sufficiently high? Is it the case that developing countries have typically passed the super-critical or take-off stage by that level of per capita income? This criterion will in fact mean that most CDCs are exempted. The exceptions are Jamaica, Botswana, Mauritius, Malaysia, Trinidad and Tobago, Malta, Cyprus, Hong Kong, and Singapore. Most of these are countries where industrialisation is sufficiently far advanced for this not to be seen as a major constraint on policy.

As discussed in Section 6, TRIMs and TRIPs are also areas where the UR imposes new constraints on policy-makers in developing countries.

So far, the discussion has focused on ways in which the agreement could constrain the use of the menu of policy instruments available to LDCs. The message seems to be: there is some scope but it will impact differentially on different groups of developing countries. The preservation of the special and differential principle, albeit in a more carefully targeted form, will allow developing countries full, unconstrained access to the kind of policy instruments available to the East Asian NICs in the past, at least up to some critical level of development. This is of course only one part of the story. Having access to those instruments does not guarantee success, both for internal and external reasons. Internally other pre-conditions need to be in place: the structure of internal relative prices needs to be appropriate, the necessary human and physical capital infrastructure needs to exist to facilitate take off, and so on. But even if these internal pre-conditions are in place, for the export promotion instruments to ‘work’, externally there needs to be secure market access for the policies to be effective. The UR has implications for this.

If an EOI policy is to be followed, market access is crucially important. The East Asian NICs have been successful. In the process however, they have found that market access has become constrained in a number of crucial areas, via a range of subtle and not so subtle interven-

tions. Will the same fate confront new exporters of manufactures, or does the UR do anything to reduce these constraints, thereby enhancing the potential effectiveness of instruments of export promotion?

There are in fact a number of UR agreements which could impact on policy effectiveness. Take first of all a potentially negative dimension, namely the agreement on safeguards. This now permits discriminatory emergency action. The intention of the change is to encourage CPs to take action under this route, rather than via grey area devices. We will not know, until the new mechanism is fully operative, just how tightly constrained its usage is. However, it has the potential for abuse, with the targeting of intervention at new exporters specialised in a particular product area or areas.

It is, however, important to see the new safeguards provisions alongside complementary changes, in particular the proscription of enforced export restraint via VERs, orderly marketing agreements and the like. There is evidence to suggest that rather than taking action through Article XIX, CPs have had recourse to these grey area measures. If the proscription is enforced and discriminatory action under Article XIX appropriately enforced, then this will reduce a major source of uncertainty to new exporters. VERs and the like have been systematically applied to the exports of new manufacturers perceived as being very competitive at the margin. Notwithstanding this, the fact remains that a discrimination route is available. If it is abused it is likely to be so by reference to new exporters. These tend to be most competitive at the margin, they also tend to specialise in a relatively narrow range of products, thereby increasing their vulnerability.

Similar comments pertain to anti-dumping. As we saw earlier, the evidence here is unequivocal: many DMEs have been using anti-dumping instruments as protective instruments rather than instruments of fair trade. In principle, the tightening up on Article VI and XVI provisions will reduce the scope for discrimination and should

remove another area of uncertainty with respect to potential market access. The whole area of anti-dumping is a difficult one. Whether or not the agreement makes a real difference to developing countries depends almost entirely on enforcement. It is one thing to put new measures in place, it is quite another to ensure they are enforced. It is in the nature of specialisation that new exporters of manufactures specialise in a narrow product range. Inevitably this makes them especially vulnerable to targeted measures in general and contingency measures in particular. Hopefully, the tighter definitions of injury and the closer monitoring of intervention will ultimately provide more secure access.

A key agreement in terms of improved market access is that on the textiles and clothing. The source-specific quotas which underpin the MFA have given guaranteed access to Western markets for older NICs such as Korea and Hong Kong, but frustrated entry for new producers. As countries like Mauritius and Bangladesh have established themselves, the basket entry mechanism has been deployed to constrain growth. Since textiles and clothing are one of the first rungs, (if not the first one) on the ladder of comparative advantage, this has been a serious constraint. As MFA quotas become progressively liberalised, access should improve.

In terms of policy effectiveness, the impact of the agriculture agreement is more difficult to judge. This pertains to temperate zone agricultural products and to that extent, would appear to be of interest primarily to industrialised countries. However, there are several reasons for believing it could have an impact on LDC producers. First, some LDCs are exporters of temperate zone products. Second, some tropical products substitute for temperate products (e.g. cane sugar for beet sugar). Third, insofar as the agreement reduces the likelihood of agricultural surpluses being dumped on developing country markets, it enhances the likely effectiveness of LDC supply management policies. Overall, the agriculture agreement should benefit LDC agricultural producers and help enhance the effects

Table 17: Impact of Uruguay Round Agreements on LDC Policy Options and Policy Effectiveness

Agreement	Constraints Policy Options of LCDs	Strengthens rights and obligations	Reduces Scope for Discrimination	Improves Market Access
Articles XII and XVIII ^a	✓	✓		
Article XXIV	✓			
Article XXXV				
<i>Agriculture:</i>				
<i>Market Access</i>	✓			✓
<i>Domestic Support</i>	✓			✓
<i>Export subsidies</i>	✓			✓
<i>Textiles and Clothing</i>				
Technical Barriers		✓	✓	✓
TRIMs	✓			
Anti-Dumping		✓	✓	✓
Customs Valuation				
Rules of Origin				
Subsidies and CVDs	✓		✓	
Safeguards		✓		✓
Services	✓	✓	✓	✓
TRIPs		✓		
Dispute Settlement			✓	
TPRM				
Tariff Liberalisation	✓			✓

of any supply policies. (This does not of course mean that there will necessarily be net benefits: if, as most models predict, world prices rise, LDCs as consumers are worse off.)

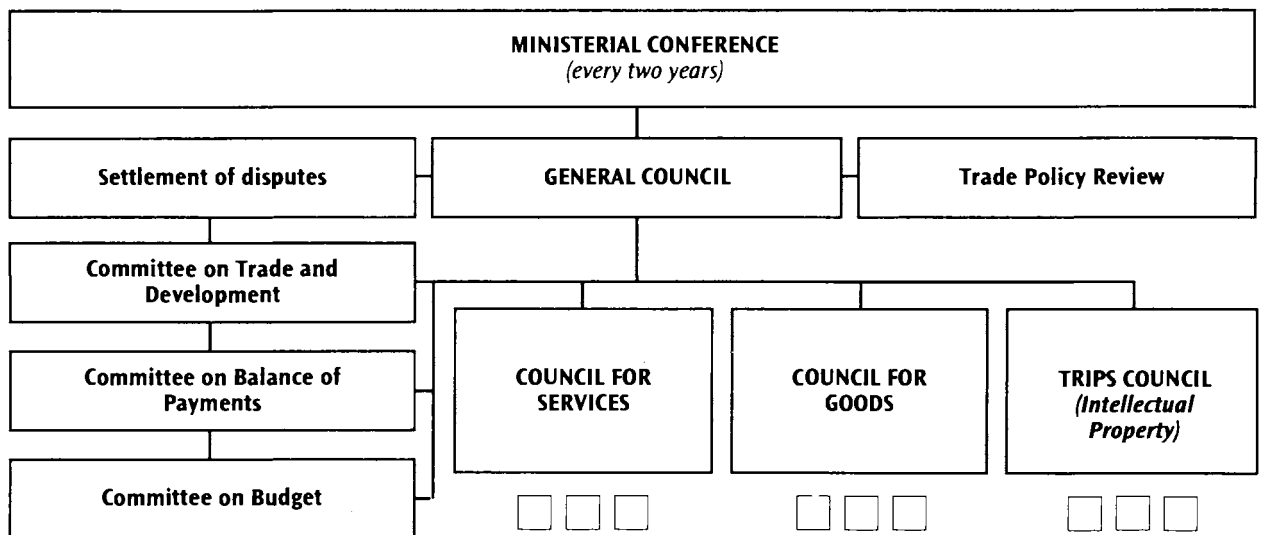
7.2 Operation of the New WTO

The linkages between trade strategy and economic performance are not wholly transparent. There is evidence which links openness to economic performance and exports to economic growth (see for instance Greenaway and Nam, 1988, Greenaway and Sapsford, 1994). It seems reasonably safe to argue from this evidence that whilst it is not entirely certain what causes economic growth, the (trade policy) factors which frustrate it are clearer. In particular, inward-oriented trade strategies which make extensive use

of direct controls appear to be inimical to growth. By contrast, trade regimes which are closer to neutrality and which offer support to exporters, appear to be associated with growth. It is likely, however, that this type of trade regime is a necessary but not sufficient condition for growth (the sufficiency conditions depending upon critical levels of human, physical and social capital). This is a plausible caricature of the East Asian story. Will the WTO facilitate LDCs following in the footsteps of the East Asian NICs? By encompassing the GATT and incorporating the GATS, Textile Surveillance Body (TSB) and so on, the WTO extends the fundamental GATT principles to a wider range of commercial activities.

Part II of the Uruguay Round Final Act sets out the first root and branch restructuring of the infrastructure servicing world trade since 1947.

Table 18: Structure of the WTO



□ Committees set up to administer the various arrangements

bility; the second is a commitment to closer cooperation with the IMF and World Bank. The combination of the two could result in better information about the current state of trade policy and the status/progress of any on-going reforms. The new decision-taking arrangements should give LDCs greater voice in the operation of the WTO. One member one vote is a device which helps ameliorate the effects of significant asymmetries in bargaining power, which self-evidently exist. This should help in, though not of course guarantee, providing some counter to that power.

Table 16 also indicates that a number of committees will report to the General Council, one of which is the Committee on Trade and Development (CTD). "...This shall periodically review the special provisions in Multilateral Trade Agreements in favour of the least developed countries Members and report to the General Council for appropriate action...". The creation of a Committee to oversee the operation of the Agreements is clearly of interest to developing countries. The crucial words above are however least developed, an emphasis which reflects the changing perspective towards special and differential treatment.

7.3 Operation of the Trade Policy Review Mechanism

At the mid-term review of the Round, in 1988, it was agreed to initiate the so-called trade policy review mechanism, initially on a trial basis. The Final Act ratified the commitment and the TPRM is now a fully functioning, and fully integrated, feature of the WTO. This is an important development from the standpoint of all contracting parties but especially developing countries.

Whilst there has always been an obligation on the part of contracting parties to notify trade measures and changes therein, to the Secretariat, the GATT never at any point had the authority, nor the mechanisms, to systematically review the trade policies of its signatories. What the TPRM does is to provide the WTO Secretariat with a basis for systematic audit of a CP's trade and industrial policies. The Secretariat gathers evidence from the country being audited and its trading partners. WTO also evaluates independently-generated evidence on the incidence and effects of trade policies. Once assembled, this is reported in a standard format, as illustrated in

Table 17. It is published, along with details of the Council's discussion of the report and the CP's response. Reports are prepared on a regular cycle: every two years for the big three, through to every seven years for the smallest CPs.

Table 19 **Required Structure For Trade Policy Review Reports**

I Economic Environment of the Contracting Party
II Trade Policy Regime: Framework and Objectives
❖ General Framework
❖ Structure of Trade Policy Formulation
❖ Trade Policy Objectives
❖ Trade Laws and Regulations
❖ Trade Agreements
III Foreign Exchange Regime and Foreign Direct Investment
❖ Exchange Rate Regime and Policy
❖ Foreign Direct Investment
IV Trade Policies and Practices by Measure
❖ Overview
❖ Measures Directly Affecting Imports
❖ Measures Directly Affecting Exports
❖ Measures Affecting Production and Trade
V Trade Policies and Practices by Sector
❖ Overview
❖ Agriculture
❖ Mining and Energy
❖ Industry
VI. Trade Disputes and Consultations
❖ Dispute Settlement Under GATT and Related Arrangements
❖ Dispute Settlement Outside GATT.

One of the most attractive features of the TPRM is that it brings greater transparency to trade policy. Moreover, it does so in a very effective manner. The GATT Secretariat has a reputation for independence, an asset which enhances the credibility of the information. Although there are no explicit enforcement criteria written into the TPRM agreement, there can be little doubt that the existence of the mechanism raises the

possibility of stronger third party enforcement. From the standpoint of all CPs, this is desirable. It is especially desirable for smaller CPs in general and developing countries in particular. This is so for two reasons. First, an independent audit of this form makes it easier to resist the predations of domestic interest groups. Second, independent audit of the large CPs makes discriminatory interventions on their part all the more obvious, thereby offering the offended party the prospect of due recourse. Moreover, because the audits are conducted on a regular basis, failure to remove/reduce illegal or extra-legal interventions can be exposed more readily.

7.4 Infrastructural Requirements

The Round brings new obligations on CPs, both to comply with the new disciplines and to take advantage of the market opening measures. Take the latter first. We have seen at various points the improvements in market access which will flow from the Agreement. To exploit these fully will require good market intelligence. The fixed costs of putting appropriate infrastructure in place for this appear to be relatively high. Thus, small island economies, like the Caribbean countries, may see this as a barrier. The success of countries like Mauritius, Cyprus and Malta in this respect shows, however, that we are not in fact dealing with major investments. With appropriate technical assistance and investment in human capital, agencies like the Mauritius Export Development and Investment Authority (MEDIA) can be up and running. Agencies like the Commonwealth Secretariat, World Bank and UNCTAD are in a strong position to advise here. Uruguay Round liberalisation means more open and more integrated markets; in turn that means that the costs of failing to exploit market opportunities are higher.

The agreements place on CPs a stronger obligation with respect to monitoring of policies and instruments. At the overall level, this applies most clearly to the TPRM process. It is also a by-product of specific agreements like those on

subsidies and TRIMs. However, the most significant commitments derive from the services and TRIPs agreements, especially the latter. Developing countries are given a phase-in period but ultimately they are obliged to put in place

appropriate mechanisms for the protection of IPRs. This will require primary legislation and significant investment in human capital. Again, this is an area where technical assistance will be required.

Conclusions

History will record the Uruguay Round as the most ambitious of all the post-war Rounds. Indeed, it may record a judgement of over-ambition. It is easy to see the Round as essentially a bilateral struggle between the US and EU, with most friction being generated by temperate zone agriculture. This is over-simplistic. The complexity of the Round was fashioned by the range of issues covered and the number of CPs involved. Both were influenced by the more active participation of developing countries in the agenda setting and negotiation of the issues, compared with previous Rounds. There were many issues on the Round's agenda which were essentially developing country issues. This is important to recognise in any overall assessment.

The interests of developing countries are diverse, given the range and structure of those countries which fall into that set. This is as true of CDCs as it is of developing countries in general. The eventual deals which were struck

were inevitably fashioned more by the major protagonists than by developing countries individually or collectively. Nevertheless there is much to be welcomed in the Round from a CDC perspective. Chief among these potential gains are improvements in market access, commitments to reduce dependence on source-specific quotas in DMEs, commitments to phase out the MFA and reduce protection in temperate zone agricultural products, and the general tightening up of disciplines, including those relating to dispute settlement. Equally there are some threats, particularly those which could arise from a sanctioning of discriminatory intervention under Article XIX and the greater competitive pressures resulting from the TRIPs and services agreements. Nonetheless, it must be the case that CDCs are better off with the Uruguay Round agreements and a strengthened set of disciplines and obligations governing world trade, not only in the long run but also in the short run.

Appendix Tables

Appendix Table 1: Level and Composition of GDP (1992)

Country	GDP (1992) millions (\$)	Distribution of GDP (%)			
		Agriculture	Industry	Manufacturing	Services
Caribbean					
Antigua and Barbuda					
The Bahamas					
Barbados					
Dominica					
Grenada					
Jamaica	3,294	5	44	20	51
St. Kitts and Nevis					
St. Lucia					
St. Vincent and the Grenadines					
Trinidad and Tobago	5,388	3	36	8	61
Guyana					
Belize					
Mediterranean					
Cyprus					
Malta					
Africa					
The Gambia	262	34		6	
Ghana	6,884	49	16	9	35
Nigeria	29,667	37	38		25
Sierra Leone	634	38	16	5	46
Botswana	3,700	5	52	4	43
Kenya	6,884	27	19	12	54
Lesotho	536	11	45	17	45
Malawi	1,671	28	22	15	50
Namibia	2,106	12	26	6	62
South Africa	103,651	4	42	25	54
Swaziland					
Tanzania	2,534.4	58	5		37
Uganda	2,998	57	11	4	32
Zambia	3,831	16	47	36	37
Zimbabwe	5,035	22	35	30	43
Seychelles					
Mauritius	2,566	11	33	23	56
Asia/Pacific					
Bangladesh	23,783	34	17	9	49
India	214,598	32	27	17	40
Maldives	12.1	31		5	
Pakistan	41,904	27	27	18	46
Sri Lanka	8,769	26	25	15	49

Appendix Table 1: Level and Composition of GDP (1992) *continued*

Country	GDP (1992) millions (\$)	Distribution of GDP (%)			
		Agriculture	Industry	Manufacturing	Services
Brunei Darussalem					
Malaysia	57,568				
Papua New Guinea	4,228	25	38	9	37
Singapore	46,025	0	38	28	62
Kiribati	52.7	27		2	
Nauru					
Solomon Islands	133.8			5	
Tonga					
Tuvalu					
Vanuatu	199.8	19		5	
Western Samoa					

Appendix Table 2: Commodity Composition of Imports to Commonwealth Developing Countries, 1990
(millions \$)

Country	Food	Fuel	Other Primary Commodities	Machinery/Transport Equipment	Other Manufacturers
Antigua and Barbuda	43.57	24.4	15.75	66.1	97.2
The Bahamas	255	1,918.6	149.5	259	419.2
Barbados	104.4	70.7	184.5	161.6	127.3
Dominica	20.8	5.35	43.2	26.7	11
Grenada	20.5	5.77	22.6	21.4	13.5
Jamaica	236.7	190.8	492.1	309.9	203.7
St. Kitts and Nevis	16.8	5.1	25.6	28.6	17.2
St. Lucia	40.2	12.4	13.9	46.2	108
St. Vincent and the Grenadines	25.4	5.5	6.8	22.2	62
Trinidad and Tobago	210.5	245	122.5	432.1	656.6
Guyana	42.1	63.1	12.3	57.1	127.9
Belize	61.3	18.1	0.5	47.5	71.2
Cyprus	235.9	269.6	841.3	712.8	563.5
Malta *1	155.7	95.1	306.1	607.8	585.3
The Gambia					
Ghana *2	56.2	150.9	28.3	302.3	537.8
Nigeria *2	608.3	16.1	1,542.8	1,607.2	253.8
Sierra Leone *3	46.8	33.2	5.3	32.7	34.8
Botswana *1					
Kenya	120.4	414.4	555.3	853.3	98
Lesotho					
Malawi *3	13.9	39.2	16.6	86.7	15.5
Namibia					
South Africa					
Swaziland					

continued overleaf

Appendix Table 2: Commodity Composition of Imports to Commonwealth Developing Countries, 1990
(millions \$) *continued*

Country	Food		Fuel		Other Primary Commodities		Machinery/Transport Equipment		Other Manufacturer	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Tanzania *1	80.8		152.5		104.2		681.6		575.7	
Uganda										
Zambia *4	53.1		207.6		35.7		345.2		403.2	
Zimbabwe	42		289.2		92.4		692.1		825.9	
Seychelles	30.5		37.4		42.2		39.5		22.9	
Mauritius *1	153.9		99		68.4		304.2		700.2	
Bangladesh	711.7		353.9		377.2		441.7		682.9	
India	1,147.4		9,716.7		15,283.4		6,848.3		2,904.3	
Maldives										
Pakistan	1,198.9		1,530		2,442.1		1,919.8		257.5	
Sri Lanka	62.3		434.9		147.4		745.1		1,915	
Brunei Darussalam	194.2		6.6		46		39.6		255.9	
Malaysia	1,693.4		1,495.7		1,132.4		14,675.6		10,250.2	
Papua New Guinea *1	223		74.4		30.6		613.2		531	
Singapore	3,370.7		9,319.2		15,333.7		28,222		9,914.1	
Kiribati	7.2		2.9		2.1		5.1		9.7	
Nauru										
Solomon Islands	15.1		11.7		3		22.8		38.9	
Tonga	0		0		11.4		11.3		33.3	
Tuvalu *3	0.8		0.4		0.2		0.6		1.3	
Vanuatu	11.1		7.5		4.3		32.6		41.1	
South African Customs Union	581		95.6		848.1		7,333.7		8,189.3	

KEY: *1 = 1989; *2 = 1987; *3 = 1985; *4 = 1982

Appendix Table 3: Commodity Composition of Exports from Commonwealth Developing Countries, 1990
(millions \$)

Country	Fuels		Other Primary Commodities		Machinery/Transport Equipment		Other Manufacturers	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Antigua and Barbuda	5.3	27	1.4	7	4.7	24	8.1	42
The Bahamas	2,149.2	77	73.3	3	13.2	0.5	545	20
Barbados	0	0	3.6	0.5	30.8	5	639	95
Dominica	0	0	33.2	58	1.2	2	22.7	40
Grenada	0	0	26.2	91	1.6	6	1	3
Jamaica	105.9	13	60.8	7	19.6	2	646.4	78
St. Kitts and Nevis	0	0	0.5	2	9.4	34	17.5	64
St. Lucia	0	0	80.8	40	9.2	5	110	55
St. Vincent and the Grenadines	0	0	64.1	76	3.6	4	16.8	20
Trinidad and Tobago	1,295.6	65	116.9	6	18.6	1	548.3	28
Guyana	0	0	272.7	94	5	2	12.1	4

Appendix Table 3: Commodity Composition of Exports from Commonwealth Developing Countries, 1990
(millions \$) *continued*

Country	Fuels		Other Primary Commodities		Machinery/Transport Equipment		Other Manufacturers	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Belize	3.5	3	87.6	75	2.7	2	22.3	20
Cyprus	4.8	1	135.1	14	115	12	696.6	73
Malta *1	15.4	2	36.6	4	42.3	50	379.5	44
The Gambia								
Ghana *2	462.1	64	15.1	2	0	0	243.6	34
Nigeria *2	5,493.2	93	302.9	5	0	0	77.2	2
Sierra Leone *3	0	0	69.4	8.5	0	0	12.5	15
Botswana *1								
Kenya	28	3	539.8	48	109	10	443.1	39
Lesotho								
Malawi *3	0	0	23	56	4.4	11	13.6	33
Namibia								
South Africa								
Swaziland								
Tanzania *1	10.2	3	261	78	2.3	1	62.7	18
Uganda								
Zambia *4	0	0	979.3	99	0	0	1.7	1
Zimbabwe	10.9	1	849	56	54	4	606.1	40
Seychelles	29.5	61	16.6	34	1.9	4	0.7	1
Mauritius *1	0	0	359.4	28	0	0	934	72
Bangladesh	15.2	1	300.4	25	16.9	2	858.5	72
India	3,516.3	20	2,565.4	14	4,180.7	23	7,677.8	43
Maldives								
Pakistan	72.4	2	685.4	12	55.7	1	4,758.9	85
Sri Lanka	40.5	2	922.7	35	77.9	3	1,611.6	61
Brunei Darussalem	1,746.6	97	7.96	1	24.9	1	12.3	1
Malaysia	5,397.9	23	2,100	0	10,512.5	44	5,924.8	25
Papua New Guinea *1	1.3	1	1,262.7	90	50.1	4	94	6
Singapore	10,063.7	17	4,695	8	29,920.4	1	14,285.4	24
Kiribati	0	0	2.1	42	0	0	2.9	58
Nauru								
Solomon Islands	0	0	61.3	97	0	0	2.1	3
Tonga	0	0	1.8	30	0	0	4.2	70
Tuvalu *3	0	0	11.2	100	0	0	0	0
Vanuatu	0	0	11.2	100	0	0	0	0
Western Samoa								
South African Customs Union	1,181.7	13	2,781.4	30	343	4	4,987.8	53

KEY: *1 = 1989; *2 = 1987; *3 = 1985; *4 = 1982

Appendix Table 4: Direction of Total Exports from Commonwealth Developing Countries, 1992, millions (\$)

Country	EC	US	Other OECD	Developing countries
Caribbean				
Antigua and Barbuda				
The Bahamas	224.3	551.9	722.1	48.9
Barbados	44.02	28.82	7.21	70.01
Dominica	46.37	4.46	1.11	60.22
Grenada	36.2	7.27	1.66	4.91
Jamaica	328.7	585.8	264.9	161.4
St. Kitts and Nevis				
St. Lucia				
St. Vincent and the Grenadines	68.45	4.36	17.88	35.19
Trinidad and Tobago	114	887.2	62.1	742.3
Guyana	16,401	111.82	46.89	35.52
Belize	37.49	64.17	7.16	27.05
Mediterranean				
Cyprus	411.3	15.3	29	405.7
Malta				
Africa				
The Gambia	175.84	1	34.96	17.59
Ghana	613.6	93.1	101.1	187.9
Nigeria	4,691	4,818	859	1,839
Sierra Leone	70.15	45.85	1.73	3.06
Botswana				
Kenya	598.5	71	92.1	552.6
Lesotho				
Malawi	206.42	58.18	89.13	95.09
Namibia				
South Africa	7,601	1,632	2,342	5,344
Swaziland				
Tanzania	191.6	10.9	40.3	192.3
Uganda	124.91	12.36	10.23	25.72
Zambia	240.2	64.6	235.1	572.1
Zimbabwe	562.6	103.8	168.2	695.9
Seychelles	31.4	0.9	0.9	63.5
Mauritius	984.81	121.64	41.85	87.99
Asia/Pacific				
Bangladesh	734.9	734	177.8	401.9
India	5,684	3,696	2,908	6,074
Maldives	1,035.1	83.73	41.44	172.8
Pakistan	2,043	932.6	1,068.4	3,219.2
Sri Lanka	810.9	779.5	267.5	569.7
Brunei Darussaleem				
Malaysia	6,055	7,594	7,065	20,000
Papua New Guinea	251.4	63.1	1,072.2	364.6

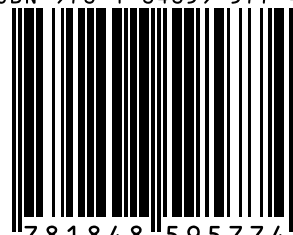
Appendix Table 4: Direction of Total Exports from Commonwealth Developing Countries, 1992, millions (\$)
continued

Country	EC	US	Other OECD	Developing countries
Singapore	7,111	10,509	5,258	26,406
Kiribati				
Nauru				
Solomon Islands				
Tonga	20.08	2.09	51.39	50.14
Tuvalu	0.83	4.18	14.22	0.93
Vanuatu	14.08	4.91	8.13	8.9
Western Samoa	0.51	0.64	19.72	6.43

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