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**POST-URUGUAY ROUND MARKET ACCESS BARRIERS
FOR INDUSTRIAL PRODUCTS**

by

Marc Bacchetta

Economic Research and Analysis Division
World Trade Organization
Geneva, Switzerland

Bijit Bora

Research Section, Trade Analysis Branch
Division on International Trade in Goods and Services, and Commodities
United Nations Conference on Trade and Development
Geneva, Switzerland



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Chief
Trade Analysis Branch
Division on International Trade in Goods and Services, and Commodities
United Nations Conference on Trade and Development
Palais des Nations
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ABSTRACT

This paper examines the landscape of border protection remaining after the Uruguay Round. It is unique in many respects. First, it uses both applied and bound rates. Second, it examines the structure of protection from the perspective of both the importer and exporter. The general conclusion of the paper is that significant levels of protection still need to be addressed. The paper examines the degree to which preferential agreements will have an effect on the tariff structure and finds that in the specific context of least developed countries (LDC) market access into developed countries there is a large difference between the preferential and the most favoured nation (MFN) rates. The paper concludes with some suggestions for improving the literacy level of the policy debate on trade policy, by improving the quality and accessibility of protection and trade data.

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I. INTRODUCTION

Market access issues remain one of the most important elements on the agenda of the multilateral trade system. Despite the success of the past rounds of multilateral negotiations there are still a number of different types of border barriers in place that affect the market access of exporters. Both the World Trade Organization (WTO) and United Nations Conference on Trade and Development (UNCTAD) secretariats have a long history of research on the pattern and effects of border protection.

The WTO has recently issued a special study entitled “Market access: unfinished business – Post-Uruguay Round inventory and issues” that describes post-Uruguay Round market access conditions for goods and services. The first section of the WTO study discusses market access for industrial products. Its focus is on tariffs bound at the WTO. Bound rates are the ones that are negotiated upon by the Members and which, once agreed upon, represent commitments on the part of those Members. Basic tariff statistics are presented for a sample of countries including all developed countries and a representative sample of developing countries. The study also compares bound and applied tariffs and provides some statistics on non-tariff barriers and contingent protection. However, it does not cover preferential tariffs nor other rules and disciplines.

UNCTAD has been focusing on border protection and its use from the perspective of developing countries. It has a long history in this field including the publicly available database on tariffs called Trade Analysis and Information System (TRAINS). Its recent work has been on developing, jointly with the World Bank, a more user-friendly and powerful software for trade and protection analysis. In addition to this software development, UNCTAD

will be releasing a joint study with the World Bank on border barriers to trade, as they affect 155 countries.

The purpose of this paper is to combine the efforts of the two secretariats and examine the landscape of market access barriers in the multilateral trade system with the best available data. The paper highlights a number of key issues with respect to border protection, but perhaps more importantly, emphasizes the need to improve both the quality and the availability of protection data.

The first part of this paper will focus on tariffs bound at the WTO. In the second part, bound rates will be compared with the *rates actually applied* by the countries in the sample, while the third part will discuss *preferential tariff* rates granted by some countries to their partners in regional or other agreements from the perspective of a country as an exporter. In the last part, a brief overview of the pattern of non-tariff barriers will be provided.

The Uruguay Round produced significant improvements in market access for industrial products.

- First, both developing and developed countries agreed to significantly increase their share of industrial product imports, whose tariff rates are bound. For developed countries, the share of industrial tariff lines subject to bound tariffs increased from 78 per cent to 99 per cent. For developing countries, the increase in coverage was even more impressive, rising from 21 per cent to 73 per cent;
- Second, the average tariff on developed countries’ imports of industrial products

was cut by 40 per cent on imports from all sources, and by 37 per cent on imports from developing countries. For developing countries, the reductions averaged 25 per cent on industrial products imported from developed countries, and 21 per cent on industrial products imported from developing countries. These tariff reductions, it should be noted, were negotiated line by line, rather than through the use of a formula approach;

- Third, substantial progress was made with regard to non-tariff barriers. Voluntary export restraints (VERs) are now prohibited and the Multifibre Arrangement will be phased out by 2005.

However, despite these and earlier reductions in tariff levels in successive General Agreement on Tariffs and Trade (GATT) rounds, tariffs still constitute an important source of distortions and economic costs.

- Developed countries' tariffs continue to show relatively important dispersions in rates and significant peaks on products such as textiles, clothing and leather products:

- (i) In the textiles and clothing sectors, non tariff barriers will not be fully phased out before 31 December 2004. Even after the phasing out of the MFA quotas, however, trade in textiles and clothing products will still be impeded by relatively high tariffs in the main

on textiles and clothing is approximately 9 per cent for the United States, 8 per cent for the European Union and just below 7 per cent for Japan;

- (ii) There are also many tariff peaks within these averages. Moreover, for products such as textiles, clothing, leather, leather products and metals, most developed countries' tariffs increase with the level of processing;

- Developing country tariffs are often either not bound or bound at relatively high levels;
- Preferential rates in the context of both reciprocal and non-reciprocal are important in the context of market access, especially in the case of LDCs;
- Certain contingent protection instruments have increasingly been used. Following a drop from 325 in 1992 to 156 in 1995, the total number of initiations of anti-dumping investigations has strongly increased over the last four years, reaching an all time high of 340 investigations in 1999. While in the late 1980s, developing countries typically accounted for around 10 per cent of all anti-dumping investigations, since 1995 they are responsible for approximately 50 per cent the initiations;
- The frequency of non-tariff measures provides some information on the types of measures that need to be addressed to im-

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