47291

E

Distr.: GENERAL

EDECO/TD/12/067.96
31 January 1996

UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

Original : ENGLISH

ECONOMIC COMMISSION FOR AFRICA

First session of the Conference of African Ministers Responsible for Trade, Regional Cooperation, Integration and Tourism

Technical Committee of Experts

Addis Ababa, Ethiopia
7-13 February 1996

ECONOMIC COMMISSION FOR AFRICA

First session of the Conference of African Ministers Responsible for Trade, Regional Cooperation, Integration and Tourism

Ministerial Meeting

Addis Ababa, Ethiopia
14-16 February 1996

THE IMPACT OF THE URUGUAY ROUND ON TRADE PREFERENCES: TOWARD A FORWARD-LOOKING TRADE AGENDA FOR AFRICAN COUNTRIES

96-128

CONTENTS

		Page
	Introduction	**1**
I.	**Africa's Export Interests**	**2**
II.	**Preferential Schemes: Concept, Rationale, Performance and Utility**	**6**
III.	**What Has The Uruguay Round Done To Trade Preferences?**	**13**
	Recommendations And Conclusion: Toward A Forward-Looking Trade Agenda For African Countries	**19**

ABBREVIATIONS

ACP	African, Caribbean and Pacific Countries
CAP	Common Agriculture Policy
DMEC	Developed Market Economy Country
EEC	European Economic Community
EU	European Union
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GSP	Generalised System of Preferences
IMF	International Monetary Fund
LDC	Least Developed Country
MFA	Multifibre Arrangement
MFN	Most Favoured Nation
MTN	Multilateral Trade Negotiation
NRBP	Natural Resource-Based Product
NTM	Non-Tariff Measure
OAU	Organisation of African Unity
OECD	Organisation for Economic Cooperation and Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
WTO	World Trade Organisation

EXECUTIVE SUMMARY

Prepared as a contribution by the General Secretariat of the Organisation of African Unity (OAU) to the discussion of African trade policy issues and options in preparation for UNCTAD IX, this paper is primarily concerned with the main elements of a forward-looking trade agenda for African countries against the background of both limitations on trade preferential schemes as well as new opportunities emerging in the international trading system as a result of the Uruguay Round Agreements.

The paper's analysis point to the following recommendations as essential components of a forward-looking trade agenda for African countries.

Policy Reform at the National Level

A trade agenda that is responsive to new and emerging challenges must begin with policy reform at the national level. In line with commitments already undertaken by African governments in the *1995 Cairo Agenda for Action*. the key issues that need to be addressed include macroeconomic policies which favour tradeables, the promotion of small and medium-scale enterprises as vehicles of non-traditional exports, and institutional issues of trade promotion and efficiency.

While it should be acknowledged that several African countries have been implementing difficult policy adjustment measures aimed at getting their macro-economic fundamentals right and introducing policies of economic liberalisation aimed at opening their economies to world markets, it is further recommended that these reform efforts should be better focused and targeted to enhance export prospects.

Export Diversification

At the heart of a forward-looking trade agenda for African countries should be renewed efforts at export diversification. Here, again, the realisation of this potential will depend on such factors as national policies, the availability of foreign direct investment and the related benefits of transfer of new technologies and skills.

These supply-side factors will be critical in enhancing productivity and competitiveness in the manufacturing sector as market access conditions in the developed country economies especially for textiles, clothing and leather are expected to be less favourable following the Uruguay Round Agreements.

The role of foreign direct investment and transfer of technology will be crucial to any strategy of export diversification. African governments should engage their development partners on this important issue within the framework of the Agreement on Trade-Related Investment Measures and Agreement on Trade-Related Intellectual Property Rights of the Final Act of the Uruguay Round.

The services sector, especially tourism in the short- to medium-term, also provides scope for export diversification provided foreign investment including joint ventures, training, transfer of technology and access to marketing networks are forthcoming.

As regards commodities, provided more effective use is made of remaining preferences, there is some scope for African countries to expand their export interest in agriculture and natural resource-based products under post-Uruguay Round market conditions in spite of higher tariffs and erosion of preferential margins.

Trade Preferential Schemes

There is need in Africa for a return to the original objectives of trade preferences as formulated within UNCTAD in the 1970s - i.e as a basis of change, a stimulus to export diversification, rather than simply the basis of preserving the export status quo by deriving economic rents from preferential access for commodities and other traditional exports.

The proper place for preferential arrangements in a forward-looking trade agenda for African countries should be to utilise the benefits of their dynamic effects especially in the manufacturing sector as some newly industrialising countries have done with impressive results.

In this regard, there is need for African countries to provide the supply response necessary to take full advantage of even the reduced margins of preferential arrangements, provisions for special and differential treatment and other derogations in the post Uruguay Round context.

The Impact of the Uruguay Round on Trade Preferences: Toward a Forward-Looking Trade Agenda for African Countries[1]

INTRODUCTION

1. Prepared as a contribution by the General Secretariat of the Organisation of African Unity (OAU) to the discussion of African trade policy issues and options in preparation for UNCTAD IX, this paper is primarily concerned with the main elements of a forward-looking trade agenda for African countries against the background of both limitations on trade preferential schemes as well as new opportunities emerging in the international trading system as a result of the Uruguay Round Agreements.

2. Accordingly, preferential arrangements are used in this paper as a window through which the global trade horizon can be surveyed to identify the issues at stake for African countries in a post-Uruguay Round world. This window is being used because trade preferences - especially within the framework of the Lomé Convention - has been the cornerstone of Africa's trade strategy in recent decades.

3. The main argument of the paper is that a forward-looking trade agenda must address urgently, decisively and comprehensively other well-known African trade-related policy issues including macroeconomic policies that favour tradeables, the diversification of exports and the related question of foreign direct investment in the export sector, the promotion of small- and medium-scale enterprises as vehicles of non-traditional exports, and institutional issues of trade promotion and efficiency. To this extent, this paper is also a contribution to the reassessment of the proper place of preferential arrangements in Africa's trade strategy.

4. In this regard, the position taken in this paper is that there is need in Africa for a return to the original objectives of trade preferences as formulated within UNCTAD in the 1970s - i.e as a basis of change, a stimulus to export diversification, rather than simply the basis of preserving the export status quo by deriving economic rents from preferential access for commodities and other traditional exports.

5. The paper is divided into three main sections. As a background, the first section outlines Africa's export interests in world trade in merchandise and services. The second section opens the window on preferential schemes to examine the concept, rationale, performance and utility of these arrangements. And,

---

[1] The research for this paper was carried out at UNCTAD in Geneva in December 1995. The assistance of the staff of the Technical Cooperation Programme on the GSP and Other Trade Laws, International Trade Division, in locating relevant data and other information is acknowledged.

in the third section, the impact of the Uruguay Round Agreements interests is assessed to underscore the main components of a forward-looking trade agenda for expanding African trade and exports in the emerging global trading regime.

I. AFRICA'S EXPORT INTERESTS[2]

6. Africa's export interests can be analysed from two perspectives. Current export interests reflect the goods and services countries in the region are currently capable of producing and supplying relatively competitively on international markets.

7. Potential export interests reflect not only horizontal production possibilities at basically the same level of technological sophistication but also shifts in production possibilities and comparative advantage, owing to increases in technological capabilities and other factor endowments.

8. This section provides background information and data on the region's export structure and performance, destination of exports and current and potential export interests.

Africa's Export Structure and Performance

9. Among developing regions, Africa has experienced relative declining shares in world exports since the 1980s in contrast to the steady upward surge of the Asian region and to a lesser degree Latin America and the Caribbean.

10. Another depressing statistic is that the African region and least-developed countries (which include 32 African states out of 47 countries) have the lowest shares of manufactures in their non-fuel exports (approximately 40 per cent and 31 per cent respectively). Indeed, for the least-developed countries and the African region, agricultural products constitute their largest category of exports. The proportion of ores and metals in the exports of least-developed countries is the highest for all groups of counties shown in Table 1.

Destination of Exports

11. Information and data on the main destinations of non-fuel merchandise exports is also provided in Table 1 which shows that the three major developed market economy countries (DMECs) - the European union, the United States and Japan - account as destinations for as much as 73.1 per cent and 68.2 per cent of

---

[2] The data used in this section is largely drawn from UNCTAD, *A Preliminary Analysis of the Results of the Uruguay Round and their Effects on the Trading Prospects of Developing Countries* (Geneva: UNCTAD TD/B/WG.4/13, 1994). The data on African countries does not include South Africa.

African and least developed countries exports. The share of the EU market alone as a destination for Africa's exports is about 57 per cent.

Products of Current and Potential Export Interest to African countries

(1) The Agricultural sector

12. Tables 2 and 3 show the importance of African countries' trade in a number of agricultural product sectors in terms of the market size, the global context of their participation in this trade, and the contribution of the various product groups to total earnings from exports to DMECs.

13. Imports of agricultural products into these markets from developing countries as a group amounted to US$ 72 billion in 1992 and represented 24 per cent of all agricultural imports.

14. Much of the interest of African countries in expanding their trading opportunities in the agricultural sector lies in products which are produced mainly in tropical climates which have traditionally accounted for substantial shares of their export earnings. (See tables 2 and 3).

15. Nevertheless, African countries have also demonstrated an interest in exports of "temperate-zone products" including cereals, vegetables and fruits (as can be observed in tables 2 and 3). Provided production is efficient, costs are competitive and institutional issues of trade promotion and efficiency are addressed, there is some scope to expand this interest under the post-Uruguay Round market conditions despite higher tariffs for agricultural products and erosion of preferential margins on some products.

16. Product groups of particular export interest to African countries are coffee, tea, cocoa and spices; (worth over US$ 1.1 billion to Africa in 1992); vegetables and fruits - tropical and non-tropical (also worth over US$ 1.1 billion); tobacco (worth US$ 700 million); and sugar (worth close to US$ 650 million).[3]

(2) Natural Resource-Based Products

17. African countries' interest in expanding trading opportunities in natural resource-based products (NRBPs) is also reflected in tables 2 and 3.

18. DMECs imports of products in this category from all developing countries amounted to nearly US$ 44 billion (27 per cent of all imports in this sector in 1992) and they represented

---

[3] These values have been computed from the data in Table 3.

more than ten per cent of the value of imports of all products.
19. Africa's exports in these sectors were worth over US$ 9.7 billion in 1992. Here, again, there is some scope for African countries to expand exports particularly of fishery products and non-ferrous metals in spite of less favourable post-Uruguay Round market access conditions. But caution is warranted. Past experience suggest the need for coordination among commodity producers to manage commodity markets and minimise terms of trade losses.

(3) Manufactures

20. It is evident from Tables 4 and 5 that Africa's export interest in manufactures can best be described as embryonic compared with the advances made by developing countries in other regions. The most prominent sectors that have emerged in Africa are leather, clothing and non-metallic mineral manufactures.

21. As can be noticed in Table 5, the two sectors which contributed most to Africa's export earnings from manufactures (non-metallic minerals and clothing) also coincided with the sectors of their highest market share.

22. The contribution of each product group to non-fuel export earnings provides a good indication of sectors where African countries have current as well as potential export interest.

23. As table 5 also shows, for the African region in particular, export earnings increased in all product groups with the strongest performance in clothing and semi-manufactures. Although only a handful of African countries (including Egypt, Kenya, Mauritius and Tunisia) account for most of this achievement, this performance is commendable as these product groups are critical to the diversification of exports in the short- to medium-term.

24. The most dynamic sectors in world trade, in terms of average growth rates of imports by the DMECs, can be used as indicators of potential export interest to African and other developing countries.

25. Table 6 provides information on growth rates in manufactured imports of DMECs from the world and from developing countries.

26. Between 1980 and 1992, there were fourteen sectors with growth rates in imports from Africa of 10 per cent or more, and 10 sectors in which growth rates in imports from Africa exceeded import growth from the world by at least 5 percentage points although these are associated with rather low trade volumes and market shares. Nonetheless, this is still significant because in contrast with Asia, the rapid expansion in imports from Asia occurred in sectors where Asian countries already had significant market shares.

27. While the differential growth rates in imports from developing regions may reflect current regional differences in comparative advantage, sectors in which African countries have been able to expand their manufactured exports to DMECs provide some guidance as potential areas of export interest.

28. Here, again, the realisation of this potential will depend on such factors as national policies, foreign direct investment and the related benefits of transfer of new technologies and skills. These supply-side factors will be critical to enhancing productivity and competitiveness in the manufacturing sector as market access conditions in the DMECs especially for textiles, clothing and leather are expected to be less favourable following the Uruguay Round Agreements.

Services of Current and Potential Export Interest

29. For most African countries, services do not yet make a net contribution to the external sector as can be seen from Tables 7 and 8.

30. Still, African countries show a combined positive position on travel and earnings derived from nationals working abroad. In such cases, trade in services involves movement of persons across national frontiers, either as providers of services (i.e. skilled and unskilled labour) or as purchasers of services (i.e. travel/tourism). These are sectors in which many African countries clearly have an interest. There is also scope for expanding these interests in the movement of natural persons, travel and tourism under the Uruguay Round's General Agreement on Trade in Services (GATS).

31. The relative importance of labour services income from selected developing countries is shown in Table 9.

Observations

32. Four observations can be made from the foregoing analysis.

(a) Provided national macroeconomic policies favour tradeables, production is efficient, costs are competitive, institutional issues of trade promotion and efficiency are addressed and effective use of preferential trade arrangements (where applicable) are made, there is some scope for African countries to expand their export interests in agriculture and NRBPs under the post-Uruguay Round market conditions in spite of higher tariffs and erosion of preferential margins.

(b) But past experience of negative terms of trade outcomes for commodities with low world price-elasticities suggest that appropriate care and effort should be directed at more effective management of commodity markets.

(c) While exports of agricultural products and ores and metals remain a major component of foreign exchange earnings, African countries should also aim to increase their market share of the most dynamic sectors in world trade in manufactures.

(d) Notwithstanding the undoubted potential for the expansion of intra-African, South-South trade and trade with the economies in transition, it seems likely in the short- to medium-term that trade expansion with the DMECs - especially in the context of the linkages with direct investment in the most dynamic export sectors - will remain critical.

33. The foregoing observations are among critical components of a forward-looking trade agenda for African countries. The section which follows opens a window on preferential schemes to provide elaboration on their proper place on this agenda.

II. PREFERENTIAL SCHEMES: CONCEPT, RATIONALE, PERFORMANCE AND UTILITY

Concept

34. It can be taken as a stylised fact that trade liberalisation on a multilateral basis provides the foundation for maximum efficiency gains from trade to global economic welfare. Indeed, the various rounds of post-war trade negotiations have been aimed at building upon this foundation with freer trade as the goal.

35. Be that as it may, preferential schemes are special arrangements under which relatively low tariffs are placed by developed countries on many developing country exports without seeking reciprocal trade concessions. The objective of these arrangements is to encourage and stimulate export diversification and expansion of the developing countries and so increase their market share in international trade.

36. To this extent, trade preferences are a tool of trade policy. The application of relatively low tariffs and other special measures on the exports of developing countries to developed country markets are the main characteristics of the tool.

37. Preferential arrangements which apply to African countries are - in order of importance in terms of both the value and volume of exports involved - the Lomé Convention, the Mediterranean Agreement, and the Generalised System of Preferences (GSP).

38. Under the Lomé Convention (which is now in its fourth successive compact), the European Union (EU) offers special trade preferential status to 69 African, Caribbean and Pacific (ACP)

countries.[4] The African countries in this group are sub-Sahara states (with the exception of South Africa which is currently negotiating its own agreement with the EU). The Convention also covers non-trade related aspects of development assistance.

39. The North African states (except Libya) have separate, bilateral arrangements with the EU under the Mediterranean Agreement on terms that are less favourable than the Lomé Convention.

40. In the hierarchy of trade preferential arrangements open to African countries, the Lomé Convention and Mediterranean Agreement rank higher than the GSP in regard to both coverage and depth of tariff cuts. It follows therefore, that in the EU market - which on average is the destination of over 60 per cent of African non-fuel merchandise exports - African countries are only nominal beneficiaries of the EU's own GSP scheme (see the previous section).

41. Under the GSP, the preference-giving countries are mainly the Organisation for Economic Cooperation and Development (OECD) states.[5] There are sixteen separate schemes which are similar but not identical. In 1994, there were 166 developing country GSP beneficiaries among which were virtually all African countries.

42. In terms of relevance to Africa, however, Japan and the United States are the destinations of approximately 10 per cent on average of African non-fuel merchandise exports. The other OECD countries account for only 3 per cent - on average - of these exports.

43. The lion share of the EU, Japan, and the United States as the destination of Africa's exports is a dominant feature of the structure of exports of all developing countries. Accordingly, the EU, Japan and the United States maintain the three largest trade preferential schemes which account for over 80 per cent of

---

[4] Under the Lomé Convention, ACP countries are granted almost unlimited duty-free access (subject to rules of origin and other criteria) for most categories of industrial products. But for agricultural products, they are granted duty-free access for products not covered by the Common Agricultural Policy (CAP). For products covered by the CAP which include most import sensitive sectors of the EU, they are granted reduction of customs duties and/or reduction or non-application of variable levels with or without tariff, quotas or marketing time-tables. See UNCTAD, *Market Access Opportunities under the European Union GSP, the Mediterranean Agreement and the Lomé Convention* (Geneva: UNCTAD Paper for the Afro-Arab Trade Fair, Johannesburg, South Africa, October 1995, p.3).

[5] Some Central and East European countries are both preference givers and beneficiaries.

imports from all beneficiaries under both special preferential arrangements such as the Lomé Convention and the Mediterranean Agreement and on GSP-covered terms.

Rationale

44. In regard to rationale and underlying principles, the expectation - as already noted - is that preferential arrangements will substantially contribute to economic growth and development as well as accelerate the integration of the developing countries into the global economy.

45. In the case of the Lomé Convention and the Mediterranean Agreement, their antecedents can be traced to Article I of the GATT of 1947 which provides for exemptions to the reciprocity requirement of the MFN principle to accommodate the range of trade preferences maintained by the colonial powers at the time.

46. In addition, the special needs of developing countries are recognised in a number of GATT decisions (now incorporated in the Final Act of the Uruguay Round) related to special and differential treatment.

47. In the same vein, the principles and objectives of the GSP as formulated in Resolution 21 (II) of UNCTAD II held in New Delhi, India, in 1968, are as follows:

> ... the principles and objectives of the generalised, non-reciprocal, non-discriminatory system of preferences in favour of the developing countries, including special measures in favour of the least advanced among developing countries, should be: (a) to increase their export earnings; (b) to promote their industrialisation; (c) to accelerate their rates of economic growth.[6]

48. Negotiated at a time when the major Western powers wished to preserve and maintain influence in their former colonies within the context of the Cold War, the original trilogy of principles and objectives emphasised the concessionary character of the GSP and its developmental rationale.

Performance

49. In terms of performance, trade generated by preferential schemes has steadily increased. Between 1976 (when all the major schemes were in force) and 1993, the total value of preferential imports from developing countries taken as a group rose from US$ 10.4 billion to US$ 79 billion, at an annual average growth rate

---

[6] See UNCTAD, *Policy Review: Towards Revitalisation of the GSP* (Geneva: TD/B/SCP/13, 1995, p. 4).

of 12.7 percent.[7] This growth in preferential trade also increased the capacity of developing countries to import, in particular, from developed countries.

50. But there are some worrying features in the overall trend in the growth of preferential trade. Preferential imports for the period 1976-1993 from the 47 countries classified by UNCTAD as least developed (LDCs), among which are 32 sub-Sahara African states, were on average lower than those for all beneficiaries taken together. They rose by 11.6 per cent annually for all OECD schemes as opposed to 12.7 per cent for all beneficiary countries.[8]

51. Another feature of preferential schemes which give cause for concern is that a handful countries account for an undue proportion of GSP-covered and other preferential imports to OECD countries (as a group) although these beneficiaries were affected by limitations in the form of quotas, tariff ceilings and maximum country amounts.[9]

52. In 1992, the twelve largest beneficiaries in the EU scheme (Brazil, China, Hong Kong, India, Indonesia, Republic of Korea, Malaysia, Mexico, Pakistan, Philippines, Singapore and Thailand) provided 80 percent of preferential imports; the seven largest in the Japanese scheme (Brazil, China, Indonesia, Republic of Korea, Malaysia, Taiwan (Province of China) and Thailand) accounted for 75 per cent of preferential imports to Japan; and the six largest in the US scheme (Brazil, Indonesia, Malaysia, Mexico, Philippines and Thailand) supplied 71 percent of American preferential imports.

53. It therefore follows that on the supply-side, most African countries have not demonstrated the capacity to utilise existing preferences effectively. Although several factors account for this, few dynamic gains have been registered in the manufacturing export sector which remains in an embryonic state as section I

---

[7] *Ibid*, p.6. This growth rate falls to 8.4 per cent when adjusted for inflation.

[8] *Ibid;* see also UNCTAD, *Handbook of International Trade and Development Statistics 1993* (Geneva: UNCTAD, 1994, p. vi).

[9] See UNCTAD, *Policy Review: Towards Revitalisation of the GSP*, p. 6; Michael Davenport, *Possible Improvements to the Generalised System of Preferences* (Geneva: UNCTAD/ITD/8, 1994, Table 12); and Parvin Alizadeh *et al*, *Trade Preferences for Developing Countries: How Much Are They Worth and For Whom?* (draft of forthcoming Paper, 1995).

of this paper demonstrates. Moreover, Africa - as a region - has experienced relative declining shares in world exports since the 1980s.[10]

Utility

54. Against the background of this performance, how can the utility of trade preferential schemes be assessed? Where is the proper place for trade preferential arrangements in a forward-looking trade agenda for African countries? In a static equilibrium model, preferences can be judged to have contributed to overall economic welfare if they result in a positive net effect on trade creation.[11]

55. However, when the linkages from the dynamic effects of diversification, industrial development and export promotion are introduced, serious difficulties can be expected in any methodological procedure adopted to assess the global utility of preferential schemes.

56. Analysts such as Davenport[12], emphasise the importance of these dynamic effects, suggesting that the main utility of trade preferences is the need to support diversification through industrialisation and a shift to manufactures, in particular to those products where world demand shows greater income elasticity and hence growth prospects, in distinct contrast to commodities, minerals and other natural resource-based products whose world income elasticity is low.

57. On this reasoning, it also follows that preferential schemes represent a move, even if limited and unbalanced, towards freer trade and the widening of opportunity for the exploitation of comparative advantage.

---

[10] See, e.g., World Trade Organisation, *International Trade, Trends and Statistics 1995* (Geneva: World Trade Organisation, 1995, p. 62).

[11] See Jacob Viner, *The Customs Union Issue* (New York: Carnegie Endowment for International Peace, 1950). See also Richard Pomfret, "The Theory of Preferential Trading Arrangements" in A. Jacquemin and A. Sapir (eds), *The European Internal Market: Trade and Competition* (Oxford (UK): Oxford University Press, 1991).

[12] See Davenport, *Possible Improvements to the Generalised System of Preferences*, p.10. This and subsequent paragraphs on the utility of trade preferences draw upon Davenport's study commissioned by UNCTAD.

58. Indeed, the experience of the newly industrialising countries which have benefitted most from 20 years of the GSP and other special schemes, suggests that preferential trade arrangements encourage the preference-giving countries to specialise in the production of goods for which they have an advantage, traditionally goods intensive in physical and human capital, and to exchange them for labour intensive products.

59. In intra-industry trade, the experience further suggest that the preference-giver and beneficiary both gain from horizontal (i.e. product) specialisation and from vertical specialisation. The latter involves the import of labour intensive components by the preference-giver from the beneficiary and the export of the finished goods. But increasingly, it involves the labour-intensive "out-processing" in the beneficiary of capital-intensive materials produced in the preference-giving country and, thereafter, the return of the semi-finished goods for final processing in the latter.

60. Given these dynamic effects of preferential schemes, it is perhaps more valid to compare them with alternative forms of development assistance.

61. In this regard, Davenport has suggested that trade preferences "can be defended on analytical grounds against almost all forms of development assistance."[13]

62. It can be shown that preferential arrangements have two distinct advantages over development assistance. Firstly, the benefits are performance-related in that they increase as exports increase. And, secondly, preferences do not distort the operations of the market. Indeed, the effect of preferences, to the extent that the beneficiary countries face zero and thus more uniform tariffs, will be to encourage a more efficient allocation of resources. This has in fact been the experience in the industrial sector with most schemes.

63. The controversy over various criteria for "graduation" from GSP schemes is a reflection of the linkage between preferential arrangements and development as perceived by policy-makers.[14]

64. The 1995 changes in the GSP scheme of the EU which has been redesigned to become "more development-oriented, focusing on the

---

[13] *Ibid*, p.12.

[14] See UNCTAD, *Report of the Special Committee on Preferences on its Twenty-Second Session* (Geneva: UNCTAD/TD/B/42 (2)/4, 1995).

countries which have the most need of it, i.e. the poorest countries",[15] is partly an attempt to strengthen the linkage.

65. A similar concern was expressed in the United States during 1995 in the run-up to the renewal of legislation on the GSP by the United States Congress.[16] A significant aspect of the legislation is a proposal to extend product coverage for the least-developed countries in the US GSP scheme.[17]

66. In concept, rationale, performance and utility, trade preferences are a powerful tool of both trade policy and economic development. This is why preferential arrangements have been so critical to Africa's trade strategy.

67. But the economic rents from trade preferences should not be their main attraction. The proper place for preferential arrangements in a forward-looking trade agenda for African countries should be to utilise the benefits of their dynamic effects. Here again, there is need for African countries to provide the supply response necessary to take full advantage of even the reduced margins of preferential arrangements, provisions for special and differential treatment and other derogations, as well as additional opportunities that may arise from the rethinking of the utility of GSP schemes in the post-Uruguay Round context.[18]

---

[15] Council Regulation 3281/94 published in the Official Journal of the European Communities L348 of 31 December 1994 (cited in UNCTAD, *Market Access Opportunities under the European Union GSP, the Mediterranean Agreement and the Lomé Convention,* p.17).

[16] See US Coalition for Africa/Africa Trade Policy Reform Initiative, *How You Can Help Increase African Income by Hundreds of Million of Dollars Each Year* (Washington DC: US Coalition for Africa/Africa Trade Policy Reform Initiative, 1995).

[17] See UNCTAD, *Report of the Special Committee on Preferences on its Twenty-Second Session*, p.12.

[18] On this and related challenges, a body of literature has appeared resounding in exasperation. See, e.g., Peter Harrold, *The Impact of the Uruguay Round on Africa: Much Ado About Nothing?* (Paper presented at the World Bank Conference on the Uruguay Round and the Developing Economies, January 1995); and Peter Sorsa, *The Burden of Sub-Saharan African Own Commitment in the Uruguay Round: Myth or Reality?* (Geneva: IMF Office in Geneva Working Paper, 1995); see also Richard Blackhurst *et al*, *The Uruguay Round and Market Access: Opportunities and Challenges for Developing Countries* (Paper presented at the World Bank Conference on the Uruguay Round and the Developing Economies, January 1995).

III. WHAT HAS THE URUGUAY ROUND DONE TO TRADE PREFERENCES?

68. The Final Act of the Uruguay Round which took effect on 1 January 1995 after more than seven years of intensive negotiations was the most ambitious trade negotiation in history and the most comprehensive pact since the 1947 GATT.

69. Indeed, it has been observed that the change in the trading system as a result of the Uruguay Round and the move to the World Trade Organisation is equal in significance to that of the founding of GATT itself.[19]

70. The Punta del Este Ministerial Declaration which launched the Round in September 1986 included as its first objective the expansion of world trade, especially to benefit less developed countries.

71. The principle of special and differential treatment, as set out in various articles and decisions of the GATT was to be respected both in terms of the offers made by developing countries and the obligations which developing countries would assume in return. Special attention was to be given to the least developed countries and ways to promote their trade.

72. The Round dealt not only with traditional areas such as trade in goods, but also produced agreements on trade in the agricultural and textiles and clothing sectors which are of major export interest to African and other developing countries. New areas of agreement such as trade in services and trade-related aspects of investment measures and intellectual property rights are other outcomes of the Round.

73. The discussion which follows assess the impact of the Round on preferential schemes and outlines key provisions on trade in goods (including the Agreement on Agriculture and the Agreement on Textiles and Clothing) and services (the General Agreement on Trade in Services). The focus of the discussion is both to establish what the Round has done to preferential schemes and to show how a forward-looking trade agenda can advance the export interests of African countries in the new international trading system in line with the pronouncements of the Ministerial Declaration which launched the Uruguay Round.

Impact on Preferential Schemes

74. The OAU Council of Ministers observed in the *Cairo Agenda for Action* that "the Uruguay Round Agreements will certainly worsen the (trade) situation with the erosion of the preferences

---

[19] See Sheila Page, *UNCTAD Seminar on Trade Prospects for Developing Countries up to the Year 2000 and Beyond* (Geneva: *UNCTAD Bulletin*, No. 29, 1994, p. 4).

that Africa's exports have been enjoying under the Lomé Convention and the GSP".[20]

75. In addition to the study cited in the previous paragraph, two studies undertaken under the auspices of the World Bank and the (UK) Overseas Development Institute reach similar conclusions on the erosion of preferences although assessment of the margins differ as a result of different methodological assumptions.[21]

76. According to the UNDP/UNCTAD MTN Project study, the final tariff reduction - including tariff equivalents - for all sectors offered by the major markets of export interest to African countries, namely, the EU, USA and Japan, affect about US$ 14.6 billion (1988 trade value) worth of MFN dutiable exports (excluding oil) from Africa to these markets (see Table 10).

77. The average overall percentage cut in MFN tariffs weighted by the value of total dutiable exports from African countries to each market is as follows: EU 28.2 per cent; Japan 40.2 per cent; and USA 15.7 per cent. The corresponding value of African exports to these markets affected by the cuts amount to approximately US$ 12.7 billion, US$ 1.1 billion and US$ 0.7 billion respectively.

78. Table 11 shows the average loss in preferential margins for the African countries implied by the MFN offer of reduction in tariffs in the three markets. There is a trade weighted average loss of nearly 50 per cent in the GSP preferential margins in the three markets. In the case of ACP preferential margins in the EU market, the overall loss is approximately 30 per cent.

79. On a sectoral basis, the highest percentage loss (as shown in Table 11) in preferential margins occurs on tropical products

---

[20] OAU, *Relaunching Africa's Economic and Social Development: The Cairo Agenda for Action* (Cairo: OAU/ECM/2 [XVII] Rev.4, 1995, p.11). The data and analysis on the impact of the Uruguay Round Agreements on preferences in this section draws upon a joint UNDP/UNCTAD study. See UN Economic and Social Council, *Evaluation of the Final Results of the Uruguay Round by African Countries* (Addis Ababa: UNDP/UNCTAD African Multilateral Trade Negotiation (MTN) Project RAF/87/157, 1994), pp. 8-12 and accompanying tables.

[21] See Alexander J. Yeats, *What are OECD Are Trade Preferences Worth to Sub-Saharan Africa* (Washington DC: World Bank Policy Research Working Paper 1254, 1994); and Sheila Page and Michael Davenport, *Effects of the GATT Uruguay Round on Developing Countries* (London: Overseas Development Institute, 1994, Mimeo). See also Parvin Alizadeh *et al*, *Trade Preferences for Developing Countries* for an assessment of the various studies.

(a trade weighted average loss of almost 80 per cent in GSP margins for the three markets; about 50 per cent in ACP margins); natural resource-based products or NRBPs (an average loss in GSP margins of around 60 per cent; and 16 per cent in ACP margins); and other industrial products (around 49 per cent average loss in GSP margins and 47 per cent loss in ACP margins).

80. These overall averages mask important differences for individual products and countries where the erosion can be quite high. For example, GSP preferential margin losses on a number of products of major export interest to African countries in the three markets range up to 100 percentage points.

81. With respect to the preferences enjoyed by African countries in the EU market under the Lomé Convention, there is for example a 100 per cent erosion of preferential margins on coffee beans, cocoa beans, and meat; a 50 per cent erosion of preferential margins on cut flowers, coffee extracts and veneer sheets; and more than 30 per cent erosion of margins on crustaceans, edible oils, cocoa butter/fat/oil, leather (pre-tanned) and fruits and nuts (see Table 12). But preferential access to EU markets will still be safeguarded through the allocation of minimum access quotas to products and countries qualifying for such relief.

82. Outside the Lomé Convention, the losses of preferential margins for many products of export interest to African countries are shown in Tables 13-15.

83. The erosion of preferential margins in their principal markets suggests that African countries are likely to suffer trade losses in their major markets at least in the short to medium-term, although the effect will be felt gradually on account of the five- to six-year phase-in periods envisaged for most trade liberalisation measures.

84. An important part of a forward-looking trade agenda for African countries, therefore, is the need for new investment in the more dynamic export sectors in conjunction with appropriate national policies to generate the supply response required to make better use of the preferential margins which remain as well as other special provisions for least-developed countries.

Agricultural Products [22]

---

[22] The discussion of agriculture, industrial products, services and other features of the Round draws upon UNCTAD, *A Preliminary Analysis of the Results of the Uruguay Round and their Effects on the Trading Prospects of Developing Countries* (Geneva: UNCTAD/TD/BWG.4/13, 1994). See also GATT Secretariat, *Outcome of the Uruguay Round for Developing Countries* (Geneva: GATT Secretariat, 1994, Mimeo).

85. The Agreement on Agriculture introduced the concept of "tariffication" for agricultural products formerly subject to quantitative restrictions and other measures. That is to say all non-tariff measures (NTMs) are to be converted to customs duties ("tariffication").

86. The new tariffs and all other agricultural tariffs are to be gradually reduced (using 1986-88 tariffs as a base) by 36 per cent over six years for developed countries and 24 per cent over ten years for developing countries with minimum reductions per tariff line of 15 per cent and 10 per cent respectively and bound.

87. Further, domestic support to the agricultural sector - in terms of both budgetary outlays and quantities subsidised- is to be reduced by specified percentages from notified levels in order to reduce agricultural tariff equivalents after tariffication.

88. Actual tariff reductions, however, are expected to be small, mainly because tariffs in the base period were historically high and in many cases, new bound tariffs are well above the current rates. More important, therefore, is the industrialised countries' commitment to reduce from a 1986-90 base, the value of mainly direct export subsides by 36 per cent and the quantity of subsidised exports by 21 per cent.

89. These aspects of the Agreement are likely to result in price increases in net food-importing countries. A special Decision on this issue provides for food aid to these countries, short-term financing of food imports and assistance for agricultural development.

90. In addition, for developing countries, reductions of tariffs, selected domestic supports, and exports subsidies have been set at two thirds of the level for industrial countries. Developing countries are also exempt from the tarrification commitment on certain staple products.

Industrial Products

91. The main features of the Agreements in regard to industrial products is the expansion by developed countries of bindings to cover 99 per cent of imports; the expansion of duty-free access from 20-44 per cent of total imports; and reduction of the trade-weighted average tariff by 40 per cent (i.e. from the pre-Uruguay Round level of 6.2 per cent to the post-Uruguay Round level of 3.7 per cent. This underscores the fact that the margin left for preferences has narrowed considerably.

92. For a sample of 26 developing countries, the GATT Secretariat has identified the expansion of their bindings to cover 61 per cent of imports compared to the pre-Uruguay Round of 13 per cent; and reduction of ceiling rates for tariff leading

to a decline of 30 per cent in the trade-weighted average tariff of developing economies.[23]

93. In terms of exports from developing to developed country markets, above-average tariff reductions apply to product categories accounting for slightly less than one-half of total exports. The result is that the total reduction in the average tariff of developed countries is 37 per cent.

94. In regard to tariff reductions on individual product categories, developed countries will reduce tariffs by substantially above-average amounts (i.e 60 per cent or more) in three categories - wood, pulp, paper, and furniture; metals; and non-electric machinery; and reduce tariffs by less than the 40 per cent average reduction in four categories - fish and fish products; textiles and clothing; leather, rubber, footwear; and transport equipment.

95. This means that in the key labour-intensive sectors of textiles and clothing as well as leather (in which some African countries have registered impressive growth rates in exports in recent years) have below average tariff reductions. This may discourage much-needed foreign investment in these sectors.

96. On the other hand, the multifibre arrangement (MFA) regime, which takes the form of quotas applied under bilateral arrangements, will be integrated into the multilateral trading system over a 10-year period. For suppliers whose market share is small (1.2 percent or less, which include most African countries with export interest in these sectors), this could mean better market access.

97. The Agreement on Textiles and Clothing also includes special provisions for the least developed countries that are more favourable than that of small suppliers as well as for developing country exports of handloom/cottage industry fabrics and pure silk products.

General Agreement on Trade in Services (GATs)

98. The declared objective of the GATS is to establish a multilateral framework of principles and rules for trade in services with a view to the expansion of such trade under conditions of transparency and progressive liberalisation. Indeed, the GATs provides for successive rounds of negotiation in the future with a view to achieving a progressively higher degree of liberalisation.

---

[23] GATT Secretariat, *Outcome of the Uruguay Round for Developing Countries*, pp.7-8.

99. The main areas of interest for African countries in services in the short- to medium-term as outlined in section I of this paper include tourism (airlines, hotels and restaurants, tourist agencies) where African countries can profit from foreign investment, joint ventures, training, transfer of technology, and access to marketing networks; and the supply of skilled and unskilled labour to labour-importing countries. Another area is support services for maritime transport including the maintenance and repair of vessels in line with existing agreements under the UN Code of Conduct on Linear Conferences.

100. Although the coverage of the GATs in terms of service sectors is universal, the liberalisation commitments are left to individual countries to identify the conditions of market access and national treatment of foreign suppliers in the sectors and modes of supply for which it has undertaken a commitment.

101. What the impact of substantive liberalisation in services on African and other developing countries would mean remains uncertain as little or meaningful quantitative work has been done in the services area which would provide a basis for such evaluation.

Observations

102. Four observations can be drawn from this assessment of the impact of the Uruguay Round on trade preferences and Africa's export interests.

(a) The margins on preferential trade arrangements have been considerably reduced.

(b) Trade-weighted tariff averages are higher for agricultural products (both tropical and temperate) and for industrial product sectors such as textiles and clothing, leather and footwear in which several African countries have substantial export interests. But average trade-weighted tariffs in most other industrial product groups are lower.

(c) In the services sector, there is scope for the expansion of African countries' interest in tourism and, more generally, labour services.

(d) Agreements on trade-related investment measures and trade-related intellectual property rights should normally ease the flow of foreign direct investment.

103. A forward-looking trade agenda for African countries should seek to maximise the opportunities and minimise the constraints of the Uruguay Round Agreements.

RECOMMENDATIONS AND CONCLUSION: TOWARD A FORWARD-LOOKING TRADE AGENDA FOR AFRICAN COUNTRIES

104. The purpose of this paper has been to open a window on preferential trade arrangements through which the global trade horizon can be surveyed to identify the main elements of a forward-looking trade agenda for African countries in a post-Uruguay Round world.

105. The subsequent survey of Africa's current and potential export interests, review of the concept, rationale, performance and utility of preferential arrangements, and assessment of the impact of the Final Act of the Uruguay Round, point to the following recommendations as essential components of a forward-looking trade agenda for African countries.

Recommendation 1: Policy Reform at the National Level

106. A trade agenda that is responsive to new and emerging challenges must begin with policy reform at the national level. In line with commitments already undertaken by African governments in the *Cairo Agenda for Action*[24]. The key issues that need to be addressed include macroeconomic policies which favour tradeables, the promotion of small and medium-scale enterprises as vehicles of non-traditional exports, and institutional issues of trade promotion and efficiency.

107. While it should be acknowledged that several African countries have been implementing difficult policy adjustment measures aimed at getting their macro-economic fundamentals right and introducing policies of economic liberalisation aimed at opening their economies to world markets, it is further recommended that these reform efforts should be better focused and targeted to enhance export prospects.

Recommendation 2: Commodities

108. Provided more effective use is made of remaining preferences, there is some scope for African countries to expand their export interest in agriculture and NRBPs under post-Uruguay Round market conditions in spite of higher tariffs and erosion of preferential margins.

109. However, past experience of negative terms of trade outcomes for commodities with low world price-elasticities suggest that appropriate care and effort should be directed at more effective management of commodity markets. While diversification of exports should be the long-term goal, in the interim, there is

---

[24] See OAU, *Relaunching Africa's Economic and Social Development: The Cairo Agenda for Action.*

need for more effective coordination among commodity producers to manage commodity markets and minimise terms of trade losses.

Recommendation 3: Export Diversification

110. At the heart of a forward-looking trade agenda for African countries should be renewed efforts at export diversification. Exports of agricultural products and ores and metals will remain a major component of foreign exchange earnings in the short- to medium-term. But African countries should also aim to increase their market share of the most dynamic sectors in world trade in manufactures.

111. Here, again, the realisation of this potential will depend on such factors as national policies, the availability of foreign direct investment and the related benefits of transfer of new technologies and skills. These supply-side factors will be crucial in enhancing productivity and competitiveness in the manufacturing sector as market access conditions in the DMECs especially for textiles, clothing and leather are expected to be less favourable following the Uruguay Round Agreements.

112. The role of foreign direct investment and transfer of technology will be critical to any strategy of export diversification. African governments should engage their development partners on this important issue within the framework of the Agreement on Trade-Related Investment Measures and Agreement on Trade-Related Intellectual Property Rights of the Final Act of the Uruguay Round.

113. The services sector, especially tourism in the short- to medium-term, also provides scope for export diversification provided foreign investment including joint ventures, training, transfer of technology, and access to marketing networks are forthcoming.

114. African signatories to the Final Act of the Uruguay Round Agreements should make the necessary preparations and coordinate their positions for future rounds of negotiations in the services sector.

Recommendation 4: Trade Preferential Schemes

115. There is need in Africa for a return to the original objectives of trade preferences as formulated within UNCTAD in the 1970s - i.e as a basis of change, a stimulus to export diversification, rather than simply the basis of preserving the export status quo by deriving economic rents from preferential access for commodities and other traditional exports.

116. The proper place for preferential arrangements in a forward-looking trade agenda for African countries should be to utilise the benefits of their dynamic effects especially in the

manufacturing sector as some newly industrialising countries have done with impressive results.

117. In this regard, there is need for African countries to provide the supply response necessary to take full advantage of even the reduced margins of preferential arrangements, provisions for special and differential treatment and other derogations, as well as additional opportunities that may arise from the rethinking of the utility of GSP schemes in the post-Uruguay Round context.

Recommendation 5: Integration into the Global Economy

118. Notwithstanding the undoubted potential for the expansion of intra-African, South-South trade and trade with the economies in transition, it seems likely in the short- to medium-term that trade expansion with the DMECs - especially in the context of the linkages with direct investment in the most dynamic export sectors - will remain critical. Continued engagement of the DMECs as trade and investment partners will also reduce the risk of marginalisation in emerging conditions of economic globalisation.

Recommendation 6: The Uruguay Round Agreements

119. In regard to provisions for special and differential treatment and other derogations in the Uruguay Round Agreements, there is need for each African signatory of the Final Act of the Uruguay Round (as of November 1995, 32 African countries had become signatories and members of the World Trade Organisation)[25] to undertake a comprehensive assessment of how these provisions can be used to maximum advantage and more broadly of how the opportunities of the Round can be maximised and the constraints minimised in accordance with their current and potential export interests.

120. In this regard, African export and trade promotion agencies and related institutions in African countries should make full use of the series of workshops on adjustment to the Uruguay Round Agreements being planned under the auspices of UNCTAD and other collaborating agencies including the OAU and the UNECA within the Framework Action Programme adopted in Tunis, Tunisia, by African Ministers of Trade in 1994.

---

[25] African members of the WTO are Botswana, Burkina Faso, Burundi, Central African Republic, Cote d'Ivoire, Djibouti, Egypt, Gabon, Ghana, Guinea-Bissau, Guinea, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, and Zimbabwe.

CONCLUSION

121. The 1st Conference of African Ministers of Trade, Regional Economic Integration and Tourism provides a unique opportunity for a review of trade strategies in the continent and for forging a new commitment to a forward-looking trade agenda to promote Africa's current and potential export interest in the post-Uruguay Round world.

122. This paper has outlined the main elements of such an agenda. The challenges therein constitute a task whose time has come; it is an opportunity that should not be wasted

TABLES

TABLE 1

Merchandise exports of developing regions by main destination and product group, 1992

(percentage of region's merchandise exports)

	World	Total DMEC	EU	U.S.A	Canada	Japan	Other DMEC	Total Dev'ing	Eastern Europe	Scialist Asia
Developing countries										
Agricltural products	17.8	10.7	4.9	2.6	0.2	2.4	0.4	5.5	0.8	0.6
Ores and metals	4.7	3.0	1.3	0.5	0.1	0.9	0.2	1.2	0.1	0.3
Manufactures	76.1	44.1	15.1	19.2	1.2	5.2	2.8	24.8	0.8	5.9
Total exports excl. fuels	100.	58.6	21.7	22.7	1.5	8.6	3.6	31.9	1.7	6.9
America										
Agricultural products	39.3	26.6	13.4	9.6	0.4	2.1	0.7	9.2	2.8	0.4
Ores and metals	13.5	10.1	4.5	2.3	0.2	2.6	0.5	2.5	0.4	0.4
Manufactures	46.1	26.9	6.4	17.6	1.0	1.0	0.7	18.4	0.2	0.3
Total exports excl. fuels	100.	64.2	24.4	29.8	1.6	5.7	2.0	30.2	3.4	1.1
Africa										
Agricultural products	45.0	32.9	25.5	2.1	0.3	2.6	1.4	9.0	1.6	0.4
Ores and metals	14.9	12.0	8.1	1.1	0.2	2.0	0.5	2.2	0.2	0.1
Munfactures	38.9	26.9	23.1	2.2	0.2	0.2	0.5	10.4	0.8	0.4
Total exports excl. fuels	100.	73.1	57.4	5.6	0.7	5.1	2.4	21.8	2.6	1.0

TABLE 1 Cont.

Merchandise exports fof developing regions by main destination and product group,1992

	World	Total DMEC	EU	U.S.A	Canada	Japan	Other DMEC	Total Dev'ing	Eastern Europe	Spcialist Asia
West Asia										
Agricultural products	22.1	9.1	6.9	0.8	0.1	0.4	0.8	10.5	2.1	0.1
Ores and metals	7.8	2.6	1.1	0.2	0.0	1.0	0.3	4.5	0.2	0.4
Manufactures	69.0	33.3	25.3	3.0	0.3	1.1	3.2	30.7	2.7	1.4
Total exports excl. fuels	100.	45.7	33.6	4.1	0.4	2.7	4.3	46.1	5.0	0.9
South and South-East Asia										
Agricultural products	10.9	5.8	1.6	1.2	0.1	2.6	0.2	4.2	0.2	0.7
Ores and metals	1.7	0.7	0.1	0.1	0.0	0.5	0.0	0.7	0.0	0.3
Manufactures	86.0	49.7	15.2	22.3	1.5	6.9	3.3	27.5	0.7	8.0
Total exports excl. fuels	100.	57.1	17.1	24.0	1.6	10.1	3.6	32.7	0.9	9.2
Least developed countries										
Agricultural Products	45.9	23.9	15.4	2.4	0.3	4.0	1.3	16.8	2.7	0.8
Ores and metals	22.0	18.7	11.2	2.0	0.5	4.8	0.2	2.6	0.1	0.1
Munufactures	30.7	24.3	14.4	7.7	0.4	0.4	1.2	5.2	0.3	0.5
Total exports excl. fuels	100.	68.2	41.8	2.6	1.1	9.2	2.8	24.7	3.1	1.3

Source: UNCTAD secretariat computations based on United Nations Statistical Office data.

TABLE 2
Shares of Developing Countries in imports by DEMECs of Selected Product Categories 1992

(Imports in millions of dollars; shares in per cent)

Product	Total Imports	Developing countries' market share			
		All	Africa	America	Asia
Agricultural Products (excluding NRBPs) of which:	303 728	23.7	3.1	10.9	9.3
Meat and meat prparations	33 555	12.0	0.2	6.4	5.0
Cereals and cereal preparations	23 737	5.1	0.1	2.0	3.0
Vegetables and fruit	53 955	33.7	3.0	19.3	10.9
Sugar	8 165	34.8	7.6	17.2	7.9
Coffee, tea, cocoa, spices	17 430	56.9	17.2	28.9	9.9
Oilseeds & oleaginous fruit	8 358	22.9	0.8	20.8	1.0
Fixed vegetable oils	5 683	42.1	6.1	3.7	30.3
Tobacco and tobacco manufactures	10 583	27.0	6.3	12.1	8.2
Natural resource-based products	161 901	27.0	3.7	10.3	12.1
Fishery products	34 726	41.6	4.8	11.7	24.6
Forestry products	48 570	22.4	2.6	4.9	13.7
Non-ferrous metals	78 605	23.4	3.8	13.0	5.6

Source: UNCTAD secretariat computations based on United Nations Statistical Office data.

Table 3

Contribution of selected product categories to developing countries' total earnings from non-fuel exports[1] to DMECs, 1992

(Millions of US dollars and percentages)

Products	All developing countries		Developing countries in		
	Export value	contribution	Africa	America	Asia
Agricultural Products (excluding NRBPS) of which:	72 039.0	18.1	35.0	32.7	11.0
Meat and meat preparations	4 144.2	1.0	0.2	2.2	0.7
Cereals and cereal preparations	1 200.2	0.3	0.1	0.5	0.3
Vegetables and fruit	18 179.0	4.6	6.1	10.3	2.3
Sugar	2 839.6	0.7	2.3	1.4	0.3
Coffee, tea, cocoa, spices	9 910.2	2.5	11.3	5.0	0.7
Oilseeds & oleaginous fruit	1 915.6	0.5	0.2	1.7	0.0
Fixed vegetable oils	2 392.5	0.6	1.3	0.2	0.7
Tobacco and tobacco manufactures	2 860.1	0.7	2.5	1.3	0.3
Natural resource-based products	43 690.0	11.0	22.3	16.4	7.6
Fishery products	14 443.8	3.6	6.2	4.0	3.3
Forestry products	10 870.4	2.7	4.7	2.4	2.6
Non-ferrous metals	18 375.8	4.6	11.3	10.0	1.7
Memo item:					
DMECs total imports (less fuels) (millions of US dollars)	398 446.8	-	26,528.7	101,384.8	257,213.9

Source: UNCTAD secretariat computations based on United Nations statistical Office data.

TABLE 4
Developing countries shares in imports by DMECs, 1992

(Imports in billions of US dollars; shares in per cent)

Sector	Total imports	Developing countries' market shares			
		All	Africa	America	Asia
Iron and steel	66.2	11.9	0.5	4.2	6.5
Chemicals	233.2	5.5	0.5	1.8	3.0
Organic chemicals	58.0	8.7	0.3	3.2	5.1
Plastics	51.0	4.7	0.0	0.9	3.4
Inorganic chemicals	19.6	7.9	2.3	3.7	1.7
Pharmaceuticals	37.6	1.8	0.0	0.8	0.8
Other chemicals	67.0	4.6	0.8	1.2	2.5
Other semi-manufactures	220.1	14.8	1.3	2.8	10.1
Leather dressed furskins	8.8	35.6	3.2	14.6	15.6
Rubber	22.8	11.9	0.1	1.8	9.3
Cork and wood (excl. furniture)	16.4	31.8	1.2	3.5	26.3
paper and paperboard	54.1	2.7	0.0	1.1	1.3
Non-metallic mineral manufactures	59.2	19.6	3.9	3.5	11.8
Manufactures of metal n.e.s.	58.8	14.4	0.1	2.1	11.9
Machinery and transport equipment	950.1	13.0	0.1	3.0	9.6
Power generating machinery	35.1	6.9	0.2	2.3	4.3
Other non-electrical machinery	179.9	5.2	0.1	1.4	3.7
Office and telecom. equipment	255.4	27.9	0.1	2.7	24.7
Office machines	131.8	23.7	0.0	1.3	22.3
Telecommunications equipment	78.1	30.6	0.1	5.9	24.5
Electrical machinery and apparatus	101.9	17.9	0.2	6.5	10.9
Automotive products	291.1	4.9	0.0	3.4	1.2
Other transport equipment	86.8	8.3	0.8	2.2	4.9
Textiles	71.0	21.5	0.9	2.4	17.7
Clothing	122.5	47.9	3.6	5.8	37.8
Other consumer goods	282.8	19.4	0.2	2.7	16.2
Sanitary plumbing etc. fixtures	9.6	20.2	0.2	3.3	16.4
Furniture	31.6	20.3	0.1	4.2	14.9
Travel goods, handbags, etc.	9.0	35.0	0.6	2.1	32.2
Footwear	28.0	39.2	0.5	7.7	30.4
Scientific, control, instruments	45.8	8.1	0.2	2.8	5.0
Photographic apparatus etc.	31.7	15.0	0.2	1.0	13.5
Miscellaneous articles	127.1	19.0	0.1	1.7	16.9

Source: UNCTAD secretariat computations based on United Nations Statistical Office data.

TABLE 5
Developed countries' sectoral contribution to total non-fuels earnings from exports to DMECs[a]
(Percentages)

Sector	All developing countries		Developing countries in					
			Africa		America		Asia	
	1985	1992	1985	1992	1985	1992	1985	1992
Iron and Steel	2.2	1.8	1.0	1.1	2.9	2.4	1.7	1.4
Chemicals	3.1	3.0	4.3	3.9	4.4	3.8	2.1	2.5
Organic chemicals	1.2	1.2	0.7	0.5	2.1	1.6	0.8	1.1
Plastics	0.5	0.5	0.0	0.1	0.4	0.4	0.6	0.6
Inorganic chemicals	0.6	0.4	2.3	1.5	0.8	0.7	0.1	0.1
Pharmaceuticals	0.3	0.2	0.1	0.0	0.4	0.3	0.2	0.1
Other chemicals	0.6	0.7	1.2	1.9	0.7	0.7	0.5	0.6
Other semi-manufactures	6.7	7.5	3.6	10.0	4.4	5.4	8.4	8.0
leather dressed furskins	0.9	0.7	0.6	0.9	1.0	1.1	0.8	0.5
Rubber	0.5	0.6	0.0	0.1	0.3	0.3	0.7	0.7
Cork and wood (excl. furniture)	1.0	1.2	0.6	0.7	0.4	0.5	1.4	1.4
Paper and paperboard	0.4	0.4	0.0	0.0	0.7	0.6	0.2	0.2
Non-metalic mineral manufactures	2.1	2.7	2.2	7.7	1.4	1.8	2.4	2.5
Manufactures of metal. n.e.s.	1.8	2.0	0.2	0.1	0.6	1.1	2.8	2.5

TABLE 5 Cont.

Developed countries' sectoral contribution to total non-fuels earnings from exports

Sector	All Developing Countries		Developing Countries in					
			Africa		America		Asia	
	1985	1992	1985	1992	1385	1992	1985	1992
Machinery and transport equipment	19.6	29.1	2.4	4.8	17.3	24.8	24.1	33.8
Power generating machinery	0.6	0.6	0.4	0.2	0.4	0.7	0.8	0.6
Other non-electrical machinery	1.7	2.2	0.2	0.3	1.2	2.2	2.1	2.4
Office & telecom.equi.	10.4	17.1	0.4	1.0	5.0	6.0	15.5	23.8
Office machines	2.7	7.6	0.1	0.1	1.2	1.5	4.1	11.1
Telecommunications equipment	4.5	5.7	0.2	0.3	3.0	3.9	6.3	7.2
Electrical machinery and apparatus	3.3	4.4	0.3	1.0	3.4	5.6	3.8	4.2
Automotive products	2.4	3.3	0.2	0.2	6.3	8.7	0.4	1.3
Other transport equipment	1.3	1.6	0.9	2.0	1.1	1.6	1.5	1.4
Textiles	3.7	3.7	2.2	2.6	1.8	1.6	5.0	4.8
Clothing	11.9	14.4	5.0	17.2	2.3	5.8	18.1	17.4

TABLE 5 Cont.

Developing countries' sectoral contribution to total non-fuels earnings from exports to DMECs[a]

Sector	All Developing Countries		Developing Countries in					
			Africa		America		Asia	
	1985	1992	1985	1992	1985	1992	1985	1992
Other consumer goods	12.1	12.9	1.0	2.0	4.7	6.7	17.9	16.6
Sanitary, plumbing, etc. fixtures	0.3	0.4	0.0	0.1	0.1	0.2	0.4	0.5
Furniture	1.1	1.4	0.0	0.1	0.4	1.1	1.4	1.6
Travel goods, handbags, etc	1.0	0.8	0.1	0.2	0.1	0.2	1.6	1.1
Footwear	3.1	2.5	0.2	0.1	2.0	1.9	4.2	3.0
Scientific, etc. instruments	0.5	0.9	0.2	0.3	0.4	1.1	0.6	0.9
Photographic aparatus, etc.	1.1	1.2	0.1	0.2	0.2	0.3	1.7	1.6
Miscellaneous articles	5.1	5.7	0.4	0.6	1.5	2.0	8.1	7.9

Source: UNCTAD computations based on United Nations Statistical Office data.

a Based on imports by developed market-economy countries

TABLE 6

Average growth rates in DMECs imports from world and from developing countries(DCs)

(Percentages)

Sectors	1980-1992					1985-1992				
	World	DCs	Africa	America	Asia	World	DCs	Africa	America	Asia
Iron and steel	2.0	8.1	3.9	8.6	10.2	5.1	6.9	6.2	4.6	10.1
Chemicals	6.6	9.9	0.7	8.4	15.6	9.9	9.7	4.9	5.2	15.5
Organic chemicals	5.9	13.6	2.2	10.4	19.5	8.1	10.2	-0.1	4.4	17.9
Plastics	6.2	17.1	10.0	23.2	16.5	9.5	11.9	15.7	7.5	13.9
Inorganic chemicals	2.1	0.9	-4.5	3.8	7.8	2.7	4.3	-0.1	4.8	12.9
Pharmaceuticals	11.2	4.2	0.2	3.9	4.7	16.7	3.8	-3.4	4.1	3.6
Other chemicals	7.4	11.9	10.0	8.1	15.6	11.7	13.0	13.4	7.2	17.1
Other semi-manufactures	5.3	9.7	9.9	10.1	9.8	10.0	12.0	22.4	11.0	11.6
Leather dressed furskins	4.2	6.0	7.2	5.8	5.7	5.8	6.7	13.6	8.9	3.9
Rubber										
Cork and wood (excl.	6.5	11.7	16.2	20.2	11.5	10.7	12.2	20.3	9.4	13.2
Furniture)	5.3	7.1	0.2	7.2	7.8	11.2	11.7	5.2	9.1	12.6
Paper and paperboard										
Non-metallic mineral	6.8	11.2	20.7	11.0	12.5	9.9	8.1	5.8	4.3	15.2
manufactures										
Manufactures of metal n.e.s.	3.7	10.7	11.7	10.5	10.4	10.1	15.2	27.7	12.5	13.5
	5.7	11.1	11.6	15.6	10.8	10.1	11.2	5.5	17.7	10.6

TABLE 6 Cont.

Average growth rates in DMECs imports from world and from developing countries

Sectors	1980-1992					1985-1992				
	World	Dcs	Africa	America	Asia	World	DCs	Africa	Amerca	Asia
Machinery and transport equipmernt	8.4	15.6	4.9	16.3	16.0	10.5	16.6	16.0	13.8	17.6
Power generating machinery	9.3	10.5	-1.8	18.1	9.9	12.4	9.6	-4.6	17.4	8.3
Other non-electrical machinery	5.7	15.4	9.3	17.6	15.8	10.1	14.8	8.9	17.7	14.3
Office and telecom.equipments	11.7	16.2	17.5	12.4	16.7	11.9	18.3	21.4	11.4	19.2
Office machines	13.8	30.6	16.5	12.6	34.9	13.2	27.4	13.1	12.6	29.1
Telecommunications equipment	9.3	12.1	7.6	13.6	11.8	9.1	13.9	9.3	13.1	14.2
Electrical machinery and apparatuse	9.3	15.9	11.9	17.2	16.3	12.6	14.2	19.0	16.6	13.2
Automotive products	8.5	21.7	8.1	21.6	28.5	8.8	15.9	11.6	13.1	32.5
Other trasport equipment	5.9	7.2	1.6	10.1	7.9	10.6	13.2	20.5	12.8	11.9

TABLE 6 Cont.

Average growth rates in DMECs imports from world and from developing countries

Sectcrs	1980-1992					1985-1992				
	World	DCs	Africa	America	Asia	World	DCs	Africa	America	Asia
Textiles	4.2	5.6	2.6	3.5	6.1	7.9	9.1	5.4	4.7	10.2
Clothing	9.0	10.2	15.4	17.0	9.5	12.8	11.6	22.9	23.3	10.2
Other consumer goods	8.5	10.7	10.8	13.0	10.6	12.4	11.4	16.6	13.7	11.2
Sanitary plumbing etc fixtures	9.3	18.4	44.9	20.5	18.7	17.0	18.8	44.0	18.1	19.0
Furniture	8.9	15.0	14.0	23.6	15.4	13.2	14.8	36.0	24.9	14.8
Travel goods handbags etc	10.8	6.6	7.6	4.3	6.8	13.9	6.4	15.8	11.4	6.1
Footwear	7.1	9.1	12.7	11.7	8.8	9.0	6.9	22.3	6.8	7.2
Scientific controlling instruments	8.6	16.8	9.0	19.2	16.8	11.5	20.2	11.4	24.1	18.9
Photographic apparatus etc	5.1	6.5	13.1	17.8	6.0	8.9	11.2	14.2	17.4	11.0
Miscellaneous articles	9.6	11.3	9.4	9.4	11.7	14.2	12.3	13.8	12.6	12.3

Source: UNCTAD secretariat computations based on United Nations Statistical Office data.

TABLE 7

Commercial services balance of developing regions, 1992

(Billions of dollars)

Sector		World	Deleloping Region				
			Total	Africa	Asia	Middle East	Latin America & caribbean
Total	Exports	962.0	174.2	15.9	96.5	23.1	38.7
	Imports		206.2	23.5	99.0	43.0	40.7
	Balance		-32.0	-7.6	-2.5	-19.9	-2.0
Transport	Exports	252.5	49.0	4.8	27.8	7.0	9.4
	Imports		85.1	11.0	43.6	13.6	16.9
	Balance		-36.1	-6.2	-15.8	-6.6	-7.5
Travel	Exports	282.3	59.9	5.7	31.6	5.6	17.0
	Imports		50.7	4.3	25.6	6.4	14.4
	Balance		9.2	1.4	6.0	-0.8	2.6
Other Private Services & income							
	Exports	427.1	66.3	6.4	37.1	10.4	12.4
	Imports		70.1	8.2	29.7	22.8	9.4
	Balance		-3.8	-1.8	7.4	-12.4	3.0
-Labour income							
	Exports	19.4	7.2	1.5	4.5	0.4	0.8
	Imports		2.8	0.3	1.6	0.1	0.8
	Balance		4.4	1.2	2.9	0.3	0.0
-Property income							
	Exports	36.9	0.7	0.1	0.4	0.1	0.1
	Imports		2.8	0.3	1.6	0.1	0.8
	Balance		-2.1	-0.2	-1.2	0.0	-0.7

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

TABLE 8

Share of developing regions in world commercial services exports, 1992

(Percentage)

Sector	World	Developing Region				
		Total	Africa	Asia	Middle East	Latin America Caribbean
Total	100	18.1	1.6	10.0	2.4	4.0
Transport	100	19.4	1.9	11.0	2.8	3.7
Travel	100	21.2	2.0	11.2	2.0	6.0
Other private services & Inc.	100	15.5	1.5	8.7	2.4	2.8
-Labour Income	100	37.1	7.7	23.2	2.1	4.1
-Property Inc.	100	1.8	0.3	1.1	0.3	0.3

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

TABLE 9
Labour services net earnings and merchandise exports for labour services exporting countries, 1992

(Millions of dollars)

Region/country	Labour services net earnings	Merchandise exports	Labour net earnings per cent of mercandise exports
LATIN AMERICA			
Colombia	573	7263	7.9
Domminican Republic	347	566	61.2
El salvador[a/]	470	588	80.0
Guatemala	211	1284	16.4
Haiti[a/]	86	163	52.9
Jamaica	173	1053	16.5
Mexico	2625	27516	9.5
Paraguay[a/]	42	1117	3.8
AFRICA			
Algeria[a/]	211	12330	1.7
Egypt	5889	3400	173.2
Morocco	2141	3956	54.1
Tunisia	562	4033	13.9
Benin	99	369	26.8
Mali	91	339	26.7
Senegal[a/]	32	903	3.5
ASIA			
Bangladesh	912	2098	43.5
Pakistan	1565	6877	22.8
Sri Lanka	548	2301	23.8
Philippines	2530	9824	25.8
Turkey	3008	14891	20.2
China	844	69568	1.2
Jordan	758	1219	62.2

Source: UNCTAD based on *International Monetary Fund, Balance of Payments statistics,* April 1993.

Note: Labour service balance includes labour income, migrants' transfers and workers' remittances.

a/ 1991.

Table 10

DEPTH OF TARIFF CUTS FOR AFRICA
(1988 trade value)

		EEC				JAPAN				USA			
Sector	Average	No. Tariff Line / Val ($M)	MFN Base (2)	MFN Offer (2)	Cut (%)	No. Tariff Lines / Val ($M)	MFN Base (2)	MFN Offer (2)	Cut (%)	No. Tariff Lines / Val ($M)	MFN Base (2)	MFN Offer (2)	Cut (%)
- All Items Excl. Oil	Simple	4710	9.02	6.00	33.5	421	6.50	4.26	34.5	1762	6.83	4.84	29.1
	Weighted	19574.0	9.49	6.82	28.2	1812.4	4.43	2.70	39.1	2036.7	2.98	2.52	15.7
- MFN DUTIABLE	Simple	4152	10.24	6.82	33.4	284	9.63	6.06	37.1	1456	8.27	5.86	29.1
	Weighted	12669.4	14.67	10.54	28.2	1143.4	7.02	4.20	40.2	664.2	9.15	7.71	15.7
— HS 01-24	Simple	880	18.88	13.33	29.4	132	9.70	7.64	21.2	320	5.63	3.82	32.2
	Weighted	6883.8	20.53	14.62	28.8	779.8	5.48	4.11	24.9	682.8	1.40	1.09	22.4
— HS 25-97	Simple	3830	6.75	4.31	36.1	289	5.04	2.71	46.1	1442	7.09	5.06	28.6
	Weighted	12690.1	3.51	2.59	26.2	1032.6	3.64	1.63	55.1	1354.1	3.78	3.24	14.5

Table 11

AFRICA: EROSION OF TARIFF PREFERENCES

Sector	Average	EEC No. Tariff Lines / Val ($M)	EEC ACP Lost Margin (6)	EEC Erosion (%)	EEC No. Tariff Lines / Val ($M)	EEC GSP Lost Margin (6)	EEC Erosion (%)	JAPAN No. Tariff Lines / Val ($M)	JAPAN GSP Lost Margin (6)	JAPAN Erosion (%)	USA No. Tariff Lines / Val ($M)	USA GSP Lost Margin (6)	USA Erosion (%)
All Items Excl. Oil	Simple	3997	3.13	33.9	461	2.94	38.0		3.68	57.4	667	2.52	47.2
	Weighted	12196.8	3.91	29.6	243.0	3.35	45.1		3.23	59.4	113.1	1.66	40.0
All Dutiable Items	Simple	3994	3.13	34.0	461	2.95	37.9		3.68	57.4	667	2.52	47.2
	Weighted	12191.6	3.91	29.6	243.0	3.36	45.2		3.23	59.4	113.1	1.66	40.0
Agri. Non Tropical	Simple	286	6.22	31.5	30	4.78	50.9		4.68	57.5	2	2.49	36.0
	Weighted	1255.6	13.01	24.7	4.0	5.20	43.5		5.83	72.9	0.4	0.52	10.9
Tropical Agri.	Simple	163	6.78	38.5	49	6.86	80.4		3.93	63.9		3.21	40.0
	Weighted	3763.0	4.72	50.9	42.9	2.93	100.0		3.86	83.0		3.79	49.4
Tropical Non Agr.	Simple	95	3.08	52.4	34	3.11	53.3		3.41	65.5	34	2.28	48.4
	Weighted	131.8	3.34	50.8	5.1	3.35	51.5		4.89	84.0	9.0	1.80	39.9
NRBP	Simple	352	2.27	21.6	78	2.47	35.7		3.44	64.7	48	3.46	83.2
	Weighted	1706.3	2.00	16.1	22.4	3.55	39.4		3.21	60.1	62.0	1.27	85.8
Textiles	Simple	866	2.19	19.9	55	2.19	19.9		4.48	54.0	20	3.84	62.1
	Weighted	2042.2	1.79	14.6	5.5	1.79	14.6		4.31	44.2	0.3	3.59	58.2
Man. Leather & Footwear	Simple	102	4.21	47.0	17	4.68	47.7		0.00	0.0	20	1.01	26.2
	Weighted	189.4	2.06	37.7	2.2	3.19	40.6		0.00	0.0	2.5	0.77	29.4
Other Industrial Products	Simple	2133	2.90	45.6	198	2.90	45.5		3.50	62.1	539	2.42	47.0
	Weighted	3108.6	1.83	47.1	160.9	2.70	41.5		3.09	48.4	38.9	2.56	49.9

<u>Notes:</u> No account has been taken of special rates applicable to LDCs in Japan.

<u>Averages:</u> Simple averages are calculated from lines for which preferential rates (ACP and GSP) exist and the total import value from Africa is not less than $1000.
Weighted averages are calculated from lines for which preferential rates (ACP and GSP) exist and total import value for the tariff line is not less than $1000.

<u>Loss of Preference (LOP)</u> is calculated as the difference between the old and new preferential margins. The preferential margin is equal to the differences between the MFN rate and the preferential rate e.g. LOP= (MFN^0- GSP)- (MFN^1- GSP) = MFN^0- MFN^1 (where MFN^0 is the base MFN rate and MFN^1 is the new MFN rate. <u>Per cent erosion of preference (E)</u> is calculated as follows: E = (MFN^0- MFN^1)/(MFN^0- GSP)

Table 12
Erosion of ACP Preferences in the EEC Market

Tariff line Description	ACP exports ('000$)	MFN Offer	Pre- Uruguay Margin	Post-Uruguay Margin	Margin loss	Erosion (%)
02013000 Bovine meat	37.987	63.6	20.0	0.0	20.0	100
03026995 Fish:fresh/chilled	20.932	11.3	15.0	11.3	3.7	25
03037999 Fish:frozen	25.355	11.3	15.0	11.3	3.7	25
03061390 Shrimps/prawns	201.601	12.0	18.0	12.0	6.0	33
06031069 Cut flowers	20,476	8.50	17.0	8.5	8.5	50
07082010 Vegetables	34.421	10.4	13.0	10.4	2.6	20
08030010 Bananas	397,658	69.4	86.7	69.4	17.3	20
08043000 Pineapples	124,793	5.8	9.0	5.8	3.2	36
09011100 Coffee	1,718,850	0.0	5.0	0.0	5.0	100
09050000 Vanilla	21,337	6.0	11.5	6.0	5.5	48
15081090 Crude oil	107,257	6.4	10.0	6.4	3.6	36
15111090 Palm oil	72,730	3.8	6.0	3.8	2.2	37
17011110 Cane/beet sugar	647,895	79.5	99.4	79.5	19.9	20
17011190 Cane/beet sugar	65,075	59.5	74.4	59.5	14.9	20
18010000 Cocoa beans	1,149,866	0.0	3.0	0.0	3.0	100
18031000 Cocoa paste	35,304	9.6	15.0	9.6	5.4	36
18040000 Cocoa butter etc.	113,709	7.7	12.0	7.7	4.3	36
20082079 Preserved fruit	27,032	19.2	24.0	19.2	4.8	20
21011011 Coffee extracts	50,704	9.0	18.0	9.0	9.0	50
24011010 Tobacco	31,505	18.4	23.0	18.4	4.6	20
24011070 Tobacco	20,591	18.4	14.0	11.2	2.8	20
24012010 Tobacco	115,670	18.4	23.0	18.4	4.6	20
27100079 Petroleum oils	31,534	3.5	5.0	3.5	1.5	30
28141000 Chem. elements	53,494	5.5	11.0	5.5	5.5	50
28182000 Chem. elements	240,619	5.7	5.7	5.5	0.2	4
28441000 Chem. elements	345,140	0.1	1.3	0.1	1.2	92
31021010 Fertilizers	32,028	6.5	11.0	6.5	4.5	41
41061200 Leather: pre-tanned	45,314	2.0	2.9	2.0	0.9	31
44082091 Veneer sheets	25,892	3.0	6.0	3.0	3.0	50
44089099 Veneer sheets	31,535	4.0	6.0	4.0	2.0	33
61091000 Cotton:T-shirts	36,410	12.0	13.0	12.0	1.0	8
61101031 Jerseys:wool	44,584	12.0	14.0	12.0	2.0	14
61101091 Jerseys:wool	56,939	12.0	14.0	12.0	2.0	14
61102099 Jerseys etc	28,694	12.0	14.0	12.0	2.0	14
62052000 Cotton:shirts	44,097	12.0	13.0	12.0	1.0	8
72024190 Ferro-alloys	47,695	0.0	8.0	0.0	8.0	100

Table 13
GSP Erosion: Analysis for Africa Exports

Tariff Line Description	Africa Exports ('000$)[1]	MFN Offer	GSP Rate	Pre-Uruguay Margin	Post-Uruguay Margin	Margin Loss	Erosion (%)
EEC							
03042099 Fish: frozen/chilled	20,189	11.3	10.0	5.0	1.3	3.7	74
03061390 Rock lobster etc.	235,971	12.0	4.5	13.5	7.5	6.0	44
06031069 Cut flowers: fresh	20,640	8.5	15.0	2.0	0.0	2.0	100
08041000 Dates	46,475	7.7	8.0	4.0	0.0	4.0	100
08052010 Clementines	46,682	26.3	16.0	16.9	10.3	6.6	39
09011100 Coffee: unroasted	1,593,495	0.0	4.0	1.0	0.0	1.0	100
15111090 Palm oil: crude	32,198	3.8	4.0	2.0	0.0	2.0	100
18040000 Cocoa butter/fat/oil	113,884	7.7	8.0	4.0	0.0	4.0	100
21011011 Coffee: extracts	50,732	9.0	9.0	9.0	0.0	9.0	100
24011010 Tobacco	31,505	18.4	5.3	17.7	13.1	4.6	26
24012010 Tobacco	115,670	18.4	4.2	18.8	14.2	4.6	24
27100025 Petroleum oils	49,490	4.7	0.0	7.0	4.7	2.3	33
27100039 Petroleum oils	339,244	4.7	0.0	7.0	4.7	2.3	33
27100069 Petroleum oils	472,695	3.5	0.0	5.0	3.5	1.5	30
27111299 Petroleum gases	158,527	0.7	0.0	1.5	0.7	0.8	53
28092000 Phosphoric acid	147,528	5.5	0.0	11.0	5.5	5.5	50
29051100 Methanol	83,308	5.5	0.0	13.0	5.5	7.5	58
31021010 Fertilizers	23,643	6.5	0.0	11.0	6.5	4.5	41
31053000 Fertilizers	138,848	6.5	0.0	6.6	6.5	0.1	2
31054000 Fertilizers	31,766	6.5	0.0	6.6	6.5	0.1	2
42031000 Leather apparel	37,658	4.0	0.0	7.0	4.0	3.0	43
44082091 Veneer sheets	26,067	3.0	0.0	6.0	3.0	3.0	50
44089099 Veneer sheets	31,535	4.0	0.0	6.0	4.0	2.0	33
52051200 Cotton yarn	22,035	4.0	0.0	6.0	4.0	2.0	33
52052400 Cotton yarn	20,329	4.0	0.0	6.0	4.0	2.0	33
52081296 Fabrics: cotton	27,790	8.0	0.0	10.0	8.0	2.0	20
52094200 Fabrics: cotton	30,657	8.0	0.0	10.0	8.0	2.0	20
57011091 Carpets: wool	64,930	5.2	0.0	6.2	5.2	1.0	16
61044300 Womens clothing	27,733	12.0	0.0	14.0	12.0	2.0	14

[1] Covering imports into the EEC of values greater than $20M.

Table 13.(contd.)
GSP Erosion: Analysis for Africa Exports

Tariff Line Description	Africa Exports ('000$)[2]	MFN Offer	GSP Rate	Pre-Uruguay Margin	Post-Uruguay Margin	Margin Loss	Erosion (%)
EEC							
61051000 Mens clothing	27,847	12.0	0.0	13.0	12.0	1.0	8
61091000 T-shirts: cotton	70,141	12.0	0.0	13.0	12.0	1.0	8
61101031 Jerseys etc: wool	43,957	12.0	0.0	14.0	12.0	2.0	14
61101091 Jerseys etc:wool	55,771	12.0	0.0	14.0	12.0	2.0	14
61102099 Jerseys etc: cotton	35,143	12.0	0.0	14.0	12.0	2.0	14
61103099 Jerseys: other	37,641	12.0	0.0	14.0	12.0	2.0	14
61121200 Clothing: synthetic	36,972	12.0	0.0	14.0	12.0	2.0	14
62019200 Coats etc: cotton	25,221	12.0	0.0	14.0	12.0	2.0	14
62034231 Trousers: cotton	102,023	12.0	0.0	14.0	12.0	2.0	14
62034235 Trousers: cotton	109,250	12.0	0.0	14.0	12.0	2.0	14
62045200 Coats etc: cotton	28,680	12.0	0.0	14.0	12.0	2.0	14
62045300 Coats etc: synthetic	20,738	12.0	0.0	14.0	12.0	2.0	14
62046231 Trousers: cotton	22,457	12.0	0.0	14.0	12.0	2.0	14
62046235 Trousers: cotton	39,729	12.0	0.0	14.0	12.0	2.0	14
62052000 Shirts: cotton	105,544	12.0	0.0	13.0	12.0	1.0	8
62053000 Shirts: other	33,751	12.0	0.0	13.0	12.0	1.0	8
62063000 Blouses: cotton	20,094	12.0	0.0	14.0	12.0	2.0	14
62064000 Blouses: other	24,109	12.0	0.0	14.0	12.0	2.0	14
85411099 Diodes etc.	22,042	9.0	0.0	14.0	9.0	5.0	36
85443090 Wiring	24,602	3.7	0.0	6.5	3.7	2.8	43

[2] Covering imports into the EEC of values greater than $20M.

Table 14
GSP Erosion: Analysis for Africa Exports

Tariff Line Description	Africa Exports ('000$)[3]	MFN Offer	GSP Rate	Pre-Uruguay Margin	Post-Uruguay Margin	Margin Loss	Erosion (%)
JAPAN							
030759100 Octopus	318,301	7.0	5.0	5.0	2.0	3.0	60
070951010 Matsutake	1,657	3.5	0.0	5.0	3.5	1.5	30
080290200 Macadamia nuts	2,420	5.0	6.0	6.0	0.0	6.0	100
152190010 Beeswax	1,316	12.8	7.5	7.5	5.3	2.2	29
180400000 Cocoa butter etc.	2,925	0.0	0.0	2.5	0.0	2.5	100
200290290 Tomatoes: prepared	2,255	9.6	7.6	7.4	2.0	5.4	72
290511000 Methanol	4,501	0.0	0.0	4.9	0.0	4.9	100
560721000 Binder/bale twine	2,577	0.0	0.0	6.0	0.0	6.0	100
720110091 Pig iron	3,687	0.0	0.0	3.7	0.0	3.7	100
720221000 Ferro-alloys	4,877	0.0	0.0	3.7	0.0	3.7	100
720241000 Ferro-alloys	35,919	5.3	0.0	8.0	5.3	2.7	34
720249000 Ferro-alloys	4,409	5.3	0.0	8.0	5.3	2.7	34
720250000 Ferro-alloys	5,109	2.5	0.0	3.7	2.5	1.2	32
720711090 Iron/non-alloy steel	4,462	0.0	0.0	4.3	0.0	4.3	100
720823000 Iron/non-alloy steel	1,951	0.0	0.0	4.9	0.0	4.9	100
720824000 Iron/non-alloy steel	2,206	0.0	0.0	4.9	0.0	4.9	100
731815010 Bolts	1,008	2.8	0.0	4.2	2.8	1.4	33
740311010 Copper & alloys	393,665	3.0	0.0	6.5	3.0	3.5	54
760210000 Aluminium waste	1,628	0.0	0.0	1.0	0.0	1.0	100

[3] Covering imports into Japan of values greater than $1M.

Table 15
GSP Erosion: Analysis for Africa Exports

Tariff Line Description	Africa Exports ('000$)[4]	MFN Offer	GSP Rate	Pre-Uruguay Margin	Post-Uruguay Margin	Margin Loss	Erosion (%)
UNITED STATES							
01060010 Live birds	1,472	1.8	0.0	4.0	1.8	2.2	55
06031080 Fresh flowers	1,487	6.4	0.0	8.0	6.4	1.6	20
13023100 Agar-agar	4,419	1.4	0.0	3.0	1.4	1.6	53
15091040 Virgin olive oil	2,610	1.6	0.0	2.7	1.6	1.1	41
18032000 Cocoa paste	11,500	0.3	0.0	1.2	0.3	0.9	75
18062040 Food containing cocoa	5,107	15.5	0.0	17.2	15.5	1.7	10
20019010 Capers	1,537	8.0	0.0	16.0	8.0	8.0	50
24011020 Tobacco	1,901	0.0	0.0	7.4	0.0	7.4	100
24012020 Tobacco	2,072	0.0	0.0	13.4	0.0	13.4	100
24012040 Tobacco	2,791	19.4	0.0	25.9	19.4	6.5	25
25292200 Fluorspar	5,201	0.0	0.0	1.9	0.0	1.9	100
33013010 Essential oils	4,907	3.8	0.0	6.0	3.8	2.2	37
40111000 Pneumatic tires	2,102	3.7	0.0	4.0	3.7	0.3	8
41079060 Leather	1,964	1.6	0.0	2.4	1.6	0.8	33
42033000 Leather accessories	1,057	2.7	0.0	5.3	2.7	2.6	49
44201000 Wooden statuettes	1,116	0.0	0.0	5.1	0.0	5.1	100
71039910 Precious stones	1,384	0.0	0.0	2.1	0.0	2.1	100
71132030 Jewellery	1,030	5.9	0.0	6.5	5.9	0.6	9
74020000 Unrefined copper	29,204	0.0	0.0	1.0	0.0	1.0	100
74031100 Copper cathodes	30,400	0.0	0.0	1.0	0.0	1.0	100
74031900 Copper articles	1,927	0.0	0.0	1.0	0.0	1.0	100
83030000 Sales/strong-boxes	1,579	3.8	0.0	5.7	3.8	1.9	33
84145980 Fans	1,046	2.4	0.0	4.7	2.4	2.3	49
84151000 Air conditioners	5,201	0.0	0.0	2.2	0.0	2.2	100
85252060 Electrical machinery	1,463	0.0	0.0	6.0	0.0	6.0	100
90031900 Glasses frames	7,912	3.6	0.0	7.2	3.6	3.6	50
90041000 Sunglasses	4,269	6.0	0.0	7.2	6.0	1.2	17
90049000 Spectacles etc.	1,652	7.0	0.0	7.2	7.0	0.2	3
94036080 Furniture	2,628	0.0	0.0	2.5	0.0	2.5	100
95034900 Toys	1,007	0.0	0.0	6.8	0.0	6.8	100