EU Agricultural and Fisheries Market Access for Developing and Transition Countries

Final Report

Institute of Development Studies
and
Bureau Européen de Recherches S.A.

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Contents

Executive Summary

This report describes the characteristics of a trade policy analysis database constructed for the International Trade Department (ITD) of the Department for International Development (DFID) and the findings of an initial round of enquiries undertaken either with the database or as a result of its outputs. The objective of the project has been to assist the ITD to undertake a range of enquiries on agriculture and fisheries trade policy. With respect to agriculture, this has been particularly with regard to the implications of alternative EU positions on market access in the WTO Agreement on Agriculture negotiations for developing countries.

This objective has been achieved in three ways:

- developing a database in *Access* using data obtained from a range of sources that can be used for trade policy analysis;
- writing a *Training Handbook* to familiarise users with a basic competence in *Access*, initially in ITD, to use the database in their on-going work;
- undertaking a set of specific analyses intended both to identify key developing country interests with respect to EU agricultural trade policy and, more generally, to demonstrate the potential of the database.

The database has been compiled in *Access* and is designed to facilitate analyses that require data derived from several different sources to be linked. Between them the original sources used to compile the database allow users to extract information on, for example:

- developing/transition country exports;
- EU imports from developing/transition countries (individually or in user-specified groups);
- the reduction on MFN tariffs granted to beneficiaries under the EU's Generalised System of Preferences (GSP);
- EU MFN and preferential tariffs, tariff quotas and non-tariff measures;
- various economic indicators (GNP *per capita*, GDP, exports of goods and services, agriculture value added).

The database contains information on these (and other) issues relating to agricultural and fisheries products. These are defined for the purposes of this project as those items falling within Harmonised System (HS) Chapters 1–24.

A number of specific analyses have been undertaken within the project both to throw light on the 'development interest' in the WTO agricultural negotiations and to demonstrate the potential of the database to support a very wide range of policy-oriented studies. The analyses undertaken have identified:

- those developing countries with a particularly strong *prima facie* interest in the outcome of the WTO negotiations by virtue of their heavy dependence (relative to GDP) on agricultural or fisheries exports;
- the agricultural and fisheries products exported by these countries that face the highest market access barriers in the EU (in the sense of high tariffs under the most-favoured-nation (MFN) or generalised system of preferences (GSP) regimes);

- the relationship between the market access of these countries and that of their competitors (to indicate whether or not multilateral liberalisation is likely to be associated with some degree of preference erosion);
- any statistical evidence on trade suppression as a result of unduly onerous market access restrictions in the EU;
- *prima facie* evidence on the extent of any tariff escalation, whereby tariffs are disproportionately higher on items with substantial value added.

These analyses *inter alia* focused attention on a small number of product groups of particular importance for policy analysis. This is because they are important exports to the EU by the countries with the highest level of agricultural exports relative to GDP and they face complex market access barriers. Consequently, the extent to which the exporting countries would benefit from EU policy change (and the types of change from which they would be most likely to benefit) are not immediately clear. To clarify the situation further EU market structures for those product groups not already (being) covered by other DFID studies were analysed in more detail. They are:

- fresh fruit and vegetables;
- processed fruit (including juices);
- floriculture;
- fisheries.

The results of these analyses have added depth to the understanding of the 'development interest' in the WTO negotiations. They illustrate the complex way in which short-term interests may vary not only between countries but also as regards the different export products of a single country. As such, the results need to be viewed alongside those of other studies (including future studies using the database) in order to provide a rounded picture. The particular contribution of these initial analyses has been to demonstrate how fears of preference erosion may be a concern for the governments of countries in which DFID has a special interest. This could undermine their enthusiasm for multilateral liberalisation. As such, the results reinforce the desirability of:

- further work to demonstrate the potential advantages of multilateral liberalisation which might be sufficient to offset, even in the shorter term, the costs of preference erosion (e.g. on the areas for increased exports involving products or markets in which market access barriers are still high);
- investigation of the scope for designing policy change in such a way as to offer specific offsetting gains for vulnerable countries facing preference erosion that are compatible with broad multilateral liberalisation.

Both types of work can be well undertaken using the combination of database analysis and focused market study that are the hallmark of this report.

Chapter 1
Introduction

This report describes research undertaken by a team from the Institute of Development Studies (IDS) and the Bureau Européen de Recherches S.A. (BER) for the International Trade Department (ITD) of DFID, and summarises the results obtained.[1] The objective was to help DFID to develop a detailed database that could be used to analyse the current market access arrangements for imports of agriculture and fisheries[2] products from developing and transition countries and to analyse the possible options for reform.

This objective has been achieved in three ways:

- developing a database in *Access* using data obtained from a range of sources that can be used for trade policy analysis;
- writing a *Training Handbook* to familiarise users with a basic competence in *Access*, initially in ITD, to use the database in their on-going work;
- undertaking a set of specific analyses intended both to identify key developing country interests with respect to EU agricultural trade policy and, more generally, to demonstrate the potential of the database.

The *Training Handbook* is attached to the report as a free-standing appendix (Appendix III). It describes the scope and structure of the database. The sources used in the database, the types of information that it contains, and the sorts of question it can be used to answer are summarised in Chapter 2. Further details are provided in Appendix II which, among other things, explains some of the limitations of the data.

The analyses undertaken as part of the project illustrate the potential of the database to support a wide range of enquiries. All of the exercises focus on a group of countries and products selected at the outset as being:

- the countries most dependent upon agricultural/fisheries exports in relation to their GDP;
- their exports for which EU most-favoured-nation (MFN) tariffs are highest.

This group of 21 states and 44 products was selected on the assumption that they will be affected particularly strongly by any EU trade policy change. A full description of the analysis undertaken and findings obtained is given in Chapter 3, but a striking broad feature of the work is that the perspective painted is very different from those most commonly heard. This could be due to the limited sample of countries used. But for the countries selected in the study, access to the EU market is more liberal than MFN access conditions and tariff rate quotas (TRQs) apply to only a few of their exports. In addition, preliminary analysis of the tariff regimes faced provides little evidence of tariff escalation. This is in marked contrast, for example, to the picture painted by a different group of developing countries in their submissions to the WTO Committee on Agriculture.[3]

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1 The team included Dr Christopher Stevens (team leader), Jane Kennan, Conrad Caspari and Dr Maria Christodoulou.

2 Defined as products falling within Harmonised System (HS) Chapters 1-24.

3 WTO 2000.

It is important to understand that the findings of this report are not 'right' and the position taken in WTO 2000 'wrong'. They represent different perspectives — both of which could be right in relation to specific exporters, importers and products. What the database permits is a range of different perspectives to be investigated relatively speedily. The precise incidence of EU TRQs, tariff peaks, tariff escalation, etc. can be plotted in relation to different developing countries and their relative importance in the global picture assessed. The term 'global' here means developing country exports of all agricultural/fisheries products that fall within HS Chapters 1–24 and to all major destinations. The final chapter of the report suggests options for the next round of analyses.

Chapter 2
The Database

The database, which has been compiled in *Access* by IDS, is designed to allow ITD economists to undertake a range of analyses of current, prospective or potential EU trade for agricultural and fisheries products. It could be used, for instance, to identify the countries and products most likely to be affected by a proposal from the European Commission: for example, which least developed countries would experience a change in their market access conditions for which agricultural products if the EU adopts the Commission's 'Everything but Arms' proposal? Or it could be used to help formulate HMG initiatives by focusing attention on the types of policy change that would be most beneficial for selected developing countries. Which developing countries would be most affected by a change in EU trade policy (perhaps in the context of the WTO negotiations), and how would they be affected by different types of change? These are typical questions that the database can be used to illuminate.

The sources of data used in the database are:

- UN Statistical Division;
- Eurostat;
- The Commission of the European Communities;
- UNCTAD;
- FAO;
- World Bank;
- WTO.[4]

An advantage of interrogating the data through the *Access* database instead of using the proprietary software available from some of these sources is that it facilitates the combining of different categories of information drawn from the various 'original' sources. Between them, the original sources allow users to extract information on, for example,

- developing/transition country exports;
- EU imports from developing/transition countries (individually or in user-specified groups);
- the reduction on MFN tariffs granted to beneficiaries under the EU's Generalised System of Preferences (GSP);
- EU MFN and preferential tariffs, tariff quotas and non-tariff measures;
- various economic indicators (GNP *per capita*, GDP, exports of goods and services, agriculture value added).

The scope of the database is illustrated by the *Training Handbook*. This is organised around the following five exercises, which involve analyses of increasing complexity, each of which requires the user to master new techniques:

1. Identify EU imports from a specified state in a single year and rank them. Identify relevant import restrictions.

[4] The relative merits of these sources are described in Appendix II.

2. Identify and rank EU imports from more than one country, and show relative preferences.

3. Identify the major exports from each of a group of countries to the EU. Show the relative importance of exports to the EU in each state's world exports.

4. Aggregate and rank global trade data for more than one state. Identify relevant import restrictions.

5. Compare figures in different databases to identify discrepancies.

A major use for the database is to undertake the screening of a large number of variables to focus attention on those of most central importance for policy-making. An illustration of the range of screening that can be undertaken is provided in Appendix II.

Chapter 3
The EU's Policy on Agriculture and Fisheries

Objective

The team have used the database to undertake several sequential analyses, each of which builds upon the others, that are designed to focus attention on a set of developing countries for which agricultural and fisheries exports are especially important and, having done so, the broad nature of their interests in current and prospective EU trade policy.

Screening to identify key developing countries and their exports

It is widely accepted that existing country groupings within the WTO are not wholly adequate to reflect differences in the objective situation of developing countries in relation to agriculture or fisheries trade. Neither the 'developing country' nor the 'least developed country' groups refer specifically to agriculture or fisheries. And the 'net food importing developing country' group is based upon only one aspect of agricultural/fisheries trade.

An initial exercise involved extending our understanding of intra-developing country differentiation by identifying the countries that would fall within a grouping defined to include those most dependent in relative terms on agricultural/fisheries exports. The methodology employed in the study assumes that these states could be considered to be the ones with the greatest relative interest in the outcome on market access of the negotiations on the WTO Agreement on Agriculture.

The most dependent countries

The team used the database to construct such a group of states. The first step was to identify the developing countries for which agriculture or fisheries are particularly important in relation to GDP. Other things being equal, these are the countries that would be potentially affected most substantially by changes to the external environment for world trade (such as might result from the WTO Agreement on Agriculture negotiations).

The thresholds for country selection, which produced a list of 23 states, were set as:

- agricultural exports equivalent to 10% or more of GDP; or
- fisheries exports equivalent to 5% or more of GDP.

What are the most important exports of these states? For the first group, negotiations in the WTO Agreement on Agriculture related to these products are likely to be of particular concern.[5] For the second, changes to their relative access to the EU as a result of other bilateral, regional or multilateral negotiations will be potentially significant. The database was used to identify for both groups of countries the exports considered 'important' in the sense that:

- either they accounted for 5% (agricultural)/2.5% (fisheries) or more by value of a country's total exports in the relevant category;

[5] Fisheries products are not covered by the Agreement on Agriculture.

- or they were exported to a value of $10 million (agricultural)/$5 million (fisheries) or more.

This eliminated two of the 23 states selected above because their 'agricultural' exports fall outside Chapters 1–24. The countries and products resulting from this screening process are listed in Appendix I, Tables AI.1 and AI.2. The countries involved are:

Agricultural	**Fisheries**
Belize	Ecuador
Costa Rica	Maldives
Côte d'Ivoire	Mauritania
Guyana	Namibia
Honduras	Samoa
Kenya	Senegal
Kiribati	Seychelles
Malawi	Solomon Islands
Nicaragua	
St Vincent	
Swaziland	
Vanuatu	
Zimbabwe	

Sensitive products

Evidently, not all of the products exported by these countries are likely to experience significant changes in world market conditions as a result of negotiations in the WTO Agreement on Agriculture or elsewhere. For example, products facing low initial market access barriers in export markets will be unaffected or only lightly affected even if there is substantial multilateral liberalisation.

Identifying sensitive products involves, but should not be limited to, an analysis of EU import statistics. The reason for not limiting the enquiry to trade with the EU is that it might overlook potential developing country exports that are suffocated by high EU protection. In other words, it might overlook the most sensitive products of all!

The study approached the identification of sensitive products through a three-step exercise. The first used the product groups established from FAO data to identify the global exports of the selected states. Only an examination of total exports will throw up cases in which there exist exports to the world (indicating a supply capacity) but none to the EU (perhaps because of onerous market access restrictions or subsidised domestic supply).

This exercise identified some 80 Harmonised System (HS) 4/6-digit groups facing either simple MFN tariffs of 10% or more, or complex tariffs. These are listed Appendix I, Table AI.3.[6]

[6] This table would be a useful starting point for a range of WTO-oriented analyses. However no further analysis of the data was undertaken within this project. This is because the project focused on current developing country exports to the EU.

The next two steps focused on developing country exports to the EU to identify the sensitivity of the items currently traded to a significant extent. To this end, the analysis switched from FAO to Eurostat statistics.

Step 2 involved identifying the most important of these products. All significant EU imports from the countries exporting sensitive agricultural/fisheries products (as identified from FAO data) were selected for the year 1999. The sensitivity of these products was then established by identifying all Combined Nomenclature (CN) 8-digit items which:

- were imported from the selected country to a value of $5 million or more; or
- accounted for 2% or more of total agricultural/fisheries imports from that country.

Finally, the sensitivity of these 8-digit items was assessed (extending the analysis undertaken in Step 1 which, because it used FAO data, could be undertaken only at the 4/6 digit level). All items with a Standard GSP tariff of 10% or more, or an MFN tariff at this level for products not covered by the GSP (complex tariffs were assumed to exceed 10%), were identified.

This produced a shortlist of sensitive products (30 agricultural and 14 fisheries items) for which EU policy changes, including those made in the context of the WTO, are likely to be especially important for agriculture-/fisheries-dependent developing countries. These are:

Agricultural	**Fisheries**
Beef	Sea bream
Roses	Hake
Carnations	Frozen flat fish
Other flowers	Frozen mackerel
Peas	Frozen hake
Beans	Frozen monkfish
Bananas	Fillets of saltwater fish
Oranges (2 items)	Frozen tuna fillets
Nectarines	Frozen fillets of saltwater fish
Rice (2 items)	Preserved sardines
Raw cane sugar (2 items)	Preserved tuna/skipjack (4 items)
Preserved beans	
Preserved pineapples (2 items)	
Preserved grapefruit	
Preserved citrus fruit	
Orange juice	
Grapefruit juice	
Pineapple juice	
Ethyl alcohol	
Rum and tafia	
Tobacco (4 items)	
Cigars	
Cigarettes	

Of these 44 products, only seven agricultural and three fisheries are subject to TRQs registered in the EU's Uruguay Round schedules with the WTO. The products concerned are listed in Appendix

I, Table AI.4. The limited number suggests that the enlargement or elimination of EU TRQs may not be the highest priority for the focus countries.

The impact of preferences

Relative access to the EU

The initial impact of EU agricultural liberalisation on developing countries will be influenced by their current *relative* access to the European market. In the longer term all countries should benefit from the removal of trade distorting policies in such a large agricultural producing and consuming unit as the EU. But in the very short term countries that are at a superior position in the EU's 'pyramid of privilege' would experience preference erosion from multilateral liberalisation that might (more than) offset the immediate gains. At the least, their negotiating positions in the WTO may well be influenced more by concern over potential preference erosion than by desire for general liberalisation.

The database was used to identify the extent to which concern about preference erosion/hope for generalised liberalisation might be predominant in the countries for which agricultural/fisheries exports are most important in relation to their export products that are most sensitive in the EU. The results are striking and are set out in Table 1, which identifies:

- the selected products on which EU protection is high;
- the selected countries that export to the EU each of these products; and
- the nature of their interest in EU liberalisation.

The last bullet refers to the scope for preference erosion. Countries facing tariffs that are (a) high and (b) the same as or similar to those faced by their competitors have an unambiguous interest in EU liberalisation. Countries that have preferential duty-free access, but whose competitors face high tariffs, may perceive themselves as having an unambiguous short-term interest in the EU's *not* liberalising. Whilst those states that pay positive tariffs but have, at least some, competitors paying higher tariffs have an ambiguous interest.

The table shows for each product the category into which fall each of the selected states that export the item to the EU. Some judgement has been used in distributing ACP states between the two right-hand columns. There are several cases in which the Cotonou Convention provides preferences that are valuable but still far from duty-free access (such as the quota-limited reduced duty on rice). It is a moot point whether or not some ACP states could prosper if they had unrestricted, duty-free access to a, probably, lower-priced EU market. In cases where the preliminary judgement of the team is that a state *might* be able to cope in this way, it has been placed in the extreme right-hand column; in other cases it is placed in the middle column.

Table 1. Products for which EU liberalisation would provide a combination of improved access and preference erosion

CN_1999	Description	Focus country exporters [a] that:		
		*would experience **only** improved access*	*would experience **only** preference erosion*	*might experience both*
Agricultural products:				
02013000	fresh or chilled bovine meat, boneless	None	None	Zimbabwe

CN_1999	Description	Focus country exporters [a] that:		
		*would experience **only** improved access*	*would experience **only** preference erosion*	*might experience both*
06031011	fresh cut roses and buds from 1 June to 31 October	None	Kenya, Zimbabwe	None
06031013	fresh cut carnations and buds from 1 June to 31 October	None	Kenya	None
06031029	fresh cut flowers and buds, from 1 June to 31 October	None	Kenya, Zimbabwe	None
07081090	fresh or chilled peas 'pisum sativum' from 1 June to 31 august, shelled or unshelled	None	Kenya, Zimbabwe	None
07082090	fresh or chilled beans 'vigna spp., phaseolus spp.' from 1 July to 30 September, shelled or unshelled	None	Kenya	None
08030019	bananas, fresh (excl. plantains)	Costa Rica, Honduras, Nicaragua	Belize, St Vincent	Côte d'Ivoire
08051030	fresh navels, navelines, navelates, salustianas, vernas, valencia lates, maltese, shamoutis, ovalis, trovita and hamlins	None	None	Swaziland, Zimbabwe
08051050	fresh sweet oranges	None	None	Swaziland
08093010	fresh nectarines	None	None	Kiribati
10062098	long grain husked -brown- rice, length/width ratio >=3	None	None	Guyana
10064000	broken rice	None	None	Guyana
17011110	raw cane sugar, for refining (excl. added flavouring or colouring)	None	Belize, Côte d'Ivoire, Guyana	Malawi, Swaziland, Zimbabwe
17011190	raw cane sugar (excl. for refining and added flavouring or colouring)	None	None	Malawi
20055900	unshelled beans 'vigna spp., phaseolus spp.', prepared or preserved otherwise than by vinegar or acetic acid	None	Kenya	None
20082079	pineapples, prepared or preserved, containing added sugar but no added spirit, with sugar content of =< 19 %, in packings of =< 1 kg	None	Kenya	None
20082099	pineapples, prepared or preserved, in packings of < 4.5 kg (excl. added sugar or spirit)	None	Kenya, Swaziland	None
20083071	grapefruit segments, prepared or preserved, containing added sugar but no added spirit, in packings of =< 1 kg	None	Swaziland	None
20083099	citrus fruit, prepared or preserved, in packings of < 4.5 kg (excl. added spirit or sugar)	None	Swaziland	None
20091199	frozen orange juice, density of =< 1.33 g/ccm at 20.c, whether or not containing added sugar or other sweetening matter	None	Belize	None
20092099	grapefruit juice, density of =< 1.33 g/ccm at 20.c, whether or not containing added sugar or other sweetening matter	None	Belize	None
20094030	pineapple juice, density of =< 1.33 g/ccm at 20.c, value of > 30 ecu per 100 kg, containing added sugar	None	Kenya	None
22071000	undenatured ethyl alcohol, of actual alcoholic strength of >= 80 %	None	Nicaragua	None
22084099	rum and tafia, of a value <= 2 ecu/l of pure alcohol, in containers holding > 2 l	None	Guyana	None
24011010	flue-cured Virginia type tobacco (excl. stemmed or stripped)	None	Zimbabwe	None
24011020	light air-cured burley type tobacco, incl. burley hybrids (excl. stemmed or stripped)	None	Malawi	None
24012010	partly or wholly stemmed or stripped flue-cured Virginia type tobacco, otherwise unmanufactured	None	Malawi, Zimbabwe	None

CN_1999	Description	Focus country exporters [a] that:		
		*would experience **only** improved access*	*would experience **only** preference erosion*	*might experience both*
24012020	partly or wholly stemmed or stripped light air-cured burley type tobacco, otherwise unmanufactured	None	Malawi, Zimbabwe	None
24021000	cigars, cheroots and cigarillos containing tobacco	None	Honduras	None
24022090	cigarettes, containing tobacco (excl. containing cloves)	None	Zimbabwe	None
Fisheries products:				
03026961	fresh or chilled sea bream 'dentex dentex and pagellus spp.'	None	Mauritania	None
03026966	fresh or chilled cape hake 'shallow-water hake' 'merluccius capensis' and deepwater hake 'deepwater cape hake' 'merluccius paradoxus'	None	Namibia	None
03033980	frozen flat fish 'pleuronectidae, bothidae, cynoglossidae, soleidae, scophthalmidae and citharidae'	None	Mauritania	None
03037420	frozen mackerel 'scomber scombrus and scomber japonicus', from 16 June to 31 December	None	Mauritania	None
03037811	frozen cape hake 'shallow-water hake' 'merluccius capensis' and deepwater hake 'deepwater cape hake' 'merluccius paradoxus'	None	Namibia	None
03037981	frozen monkfish	None	Namibia	None
03041038	fish fillets of saltwater fish, fresh or chilled (excl. cod, fish of the species boreogadus saida, coalfish and redfish)	None	Maldives, Mauritania, Senegal, Seychelles	None
03042045	frozen fillets of tuna 'thunnus' and of fish of the genus 'euthynnus'	None	Seychelles	None
03042096	frozen fillets of saltwater fish, n.e.s.	None	Senegal	None
16041319	sardines, prepared or preserved, whole or in pieces	None	Namibia	None
16041411	prepared or preserved tunas and skipjack, whole or in pieces, in vegetable oil (excl. minced)	None	Ecuador, Maldives, Senegal, Seychelles	None
16041416	loins of tunas or skipjack, prepared or preserved (excl. such products in vegetable oil)	None	Ecuador	None
16041418	tunas and skipjack, prepared or preserved (excl. minced and loins and such products in vegetable oil)	None	Ecuador, Maldives, Senegal, Seychelles, Solomon Is	None
16041931	loins of tunas or skipjack, prepared or preserved (excl. such products in vegetable oil	None	Ecuador	None

Note:

(a) Only those focus country exporters whose exports meet the criteria used to determine 'important exports' — i.e. a value of $5 million or more or representing 2% or more by value of total agricultural/fisheries exports to the EU.

Sources: Comext 2000; *Taric* 1999.

Two interesting features of the table stand out. They are that:

- there are no products in which all the selected countries would unambiguously gain from EU liberalisation;
- there are no fisheries products in which the selected countries might even ambiguously gain; they would all experience preference erosion.

There are several *causes celèbres* among the products listed in the table that have not been investigated further under this project because they are the subject of other studies. They are: beef, bananas, rice, sugar and rum. The remaining items fall into the following broad product groups:

- floriculture;
- fresh fruit and vegetables;
- citrus (plus a single case of soft fruits — nectarines from Kiribati — which is probably an error);
- processed fruit, including juice.

The use of the database has drawn attention in this way to a small number of products in which the interests of agriculture-/fisheries-dependent developing countries are complex and the impact of change in EU policy not immediately apparent. In so doing, it made possible an effective and efficient concentration of further work.

This mainly took the form of an analysis of EU markets, the principal conclusions of which are summarised in Chapter 4. In addition, two further investigations were made using the *Access* database to throw additional light on the relative position of the key countries in the EU market.

Evidence of trade suppression

Most of the country/product combinations on which the screening process has focused attention obtain preferential access to the EU market. Indeed, in the case of fisheries all of the focus country/products have highly preferential access. There are two possible, conflicting interpretations of this state of affairs:

- that the EU has already substantially liberalised towards agriculture-/fisheries-dependent poor countries, so little further liberalisation is required; or, on the contrary,
- that non-preferential access is so restrictive that only countries receiving substantial preferences are able to gain access, and so much liberalisation remains to be done.

This first phase of the DFID database project cannot resolve which of these two explanations is the more plausible. But it can throw out some pointers. That is the purpose of the exercise described here.

Several approaches are possible (and combinable) to test the hypothesis that only countries with preferences can obtain access. But a common thread in all of them is that the analysis must be cast widely to look either at all potential suppliers to the EU market or, at least, at those in which DFID is most interested (i.e. all developing countries). The sifting process undertaken in this project has already excluded many developing countries. Only those fulfilling the agreed GDP-share thresholds have been analysed. Since these are likely to include many of the poorer, more agriculturally dependent, countries there is a *prima facie* reason to expect that the group includes a high proportion of deep preference recipients. Hence, it is a far-from-ideal group on which to focus the present exercise.

Nonetheless, there are cases in which some of the countries selected are less favoured on some products than are others. It is possible, therefore, to make an initial analysis. Given the time constraints, this uses only one methodology. The evidence on each country's global trade has been compared with that on its trade with the EU. The objective has been to identify cases in which:

- a country exports to non-EU states items that are not exported (to a significant value) to the EU; and
- the country in question faces significant access barriers to the EU market.

In such cases it is plausible that the import barriers *might* explain wholly or partially the absence of exports to the EU of a product for which the country concerned has a known supply capacity.

In order to obtain data at an acceptable level of comparability, the analysis has had to be restricted to countries that are reporters to the UNSD. Although FAO provide information on all the countries in our sample, the product categories are too broad to allow a comparison to be made of exports to the world and to the EU.

This limitation has been particularly marked for the sample of countries produced by the screening exercises described above. Because the group contains a relatively large number of economically small, agrarian states, the proportion that are not reporters to UNSD is high. It is likely that the constraint would be less severe if the exercise were replicated in a subsequent phase of the study for all developing countries.

Even for the reporting countries, the comparison of global and EU exports is not precise. This is because the HS is common only to six digits. It is not possible, therefore, to identify from UNSD statistics the precise 8-digit items that have been revealed in the analysis of EU import statistics.

The results of the enquiry are set out in Table 2. This shows all cases in which:

Table 2. Focus country exports to world and tariffs payable in the EU [a]

HS6 heading	Description		Focus countries [b]				
			Belize	*Costa Rica*	*Honduras*	*Nicaragua*	*St Vincent*
Agricultural items:							
020130	fresh or chilled bovine meat, boneless	X to world [c]		12,428	1,102	17,586	
		EU tariff [d]		15.2%+360.3?/100kg	15.2%+360.3?/100kg	15.2%+360.3?/100kg	
080300	bananas, incl. plantains, fresh or dried	X to world	17,621	653,260	125,586	21,802	14,667
		EU tariff	0% or 537?/T	14.7% or 737?/T	14.7% or 737?/T	14.7% or 737?/T	0% or 537?/T
080510	fresh or dried oranges	X to world	477	2,854	3,460		
		EU tariff	0%-3.4%+7.7?/100kg*	3.3%-17.3%+7.7?/100kg (entry price)*	3.3%-17.3%+7.7?/100kg (entry price)*		
100620	husked or brown rice	X to world	501				452
		EU tariff	P69.18-75.57?/1000kg*				P69.18-75.57?/1000kg*
100640	broken rice	X to world		1,023			
		EU tariff		140?/1000kg (K0 or 124?)*			
170111	raw cane sugar (excl. added flavouring or colouring)	X to world	44,513	39,157	7,149	39,618	
		EU tariff	35.3 or 43.7?/100kg (K0)*	35.3 or 43.7?/100kg*	35.3 or 43.7?/100kg*	35.3 or 43.7?/100kg*	
200820	pineapples, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, n.e.s.	X to world			148		
		EU tariff			0% to 0%+2.7?/100kg		
200911	frozen orange juice, whether or not containing added sugar or other sweetening matter (excl. fermented or containing spirit)	X to world	25,800	1,779			
		EU tariff	0% to 0%+22.3?/100kg	0% to 0%+22.3?/100kg			
200920	grapefruit juice, whether or not containing added sugar or other sweetening matter (excl. fermented or containing spirit)	X to world	4,824	631			
		EU tariff	0%	0% to 0%+22.3?/100kg			

200940	pineapple juice, whether or not containing added sugar or other sweetening matter (excl. fermented or containing alcohol)	X to world EU tariff		9,465 0% to 0%+22.3?/100kg	781 0% to 0%+22.3?/100kg		
220840	rum and taffia	X to world EU tariff		246 0.7 ?/ASV to 0.7 ?/ASV + 3.80 ?/100 litre		1,120 0.7 ?/ASV to 0.7 ?/ASV + 3.80 ?/100 litre	

Fisheries items:
Both fisheries focus countries for which UNSD data are available (Ecuador and Maldives) face zero tariffs in the EU on all HS6 sub-heads of the fisheries products identified.

Notes:
(a) Only items in which any focus country had global exports of $100,000 or more, and for which EU tariffs are positive, are shown.
(b) Those focus countries for which UNSD data are available.
(c) According to UNSD. US$ thousands, 1998 (except for St Vincent — 1997). Shaded cells denote that an item within this HS6 sub-head has been identified as an important export to the EU for the country concerned. Only global exports of $100,000 or greater are shown.
(d) According to *TRAINS* 2000, unless marked with an asterisk — in which case *Taric* 1999.

- a focus country has global exports of any HS6 sub-heading containing one or more of the sensitive CN8 items as identified in the previous screening exercises; and
- there exists a positive import barrier for any CN8 item within the HS6 heading.

Those cases in which the country concerned does export the product to the EU[7] are highlighted. In all other cases the country exports to the world but does not do so to the EU on a sufficiently large scale as to satisfy the selection criteria. Since we used different criteria in the focusing exercise described earlier in this chapter, there is a distinct possibility that more rows in the table should be highlighted.[8]

Two points of guidance for future work seem to emerge from Table 2. They are:

- A number of cases do exist in which focus countries may be exporting to the world a product that they do not export to the EU and which faces a significant import barrier. This would certainly justify further analysis in a subsequent phase.
- The number is relatively small (for the focus countries). Five of the seven countries for which UNSD data are available appear in Table 2 but most have only a handful of potentially affected products. The largest number of products relate to Costa Rica (which has eight global exports that do not feature in its trade with the EU and which face significant barriers). Honduras has five, Nicaragua three, Belize two and St Vincent only one. There are no fisheries cases.

Evidence on tariff escalation

Does the analysis of the DFID database support the proposition that EU tariffs are escalated in line with the value added of the product? The question is posed in relation to 'value added' rather than to 'processing' because, although generally these two variables move in the same direction, this may not necessarily be the case. For instance, in the case of certain agricultural items (e.g. sensitive tropical fruit, field vegetables) the fresh product may have a higher domestic value added (and requires a more sophisticated packaging/transport infrastructure) than the processed variety.

A full analysis of this question would require it to be answered in relation both to MFN and to preferential tariffs. This is outside the scope of Phase I of the project given the limited time available, but could certainly be undertaken in a subsequent phase.

Nonetheless, it is possible to provide some suggestive information from this project. This is because the project has narrowed the field to identify the agricultural and fisheries products that are of most policy relevance. These are the items of particular importance to countries that are especially dependent upon agricultural/fisheries exports and which face significant market access barriers (at least for non-preferred states) in the EU market. An exercise that is vast in relation to all countries and the entire nomenclature has thus been reduced to manageable proportions.

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7 According to the criteria established earlier in the study.

8 For example, the cut-off in Table 4 is $100,000. By contrast, when looking at EU imports (for agricultural exports, which are the only ones which feature in Table 4) the cut-off was a value equivalent to 5% of total agricultural exports to the EU or $10 million.

An intuitive 'value-added tree' has been constructed for all of the sifted products where this was possible. In some cases, such as flowers, where value added depends upon varieties rather than processes, and it has not been possible to identify relative value added within this first phase project. But in others the intuitive tree is probably reasonably accurate in broad terms.

For each of the branches on the tree the 1999 EU MFN tariff has been identified (with a range where there is variation within product groups), as has the level of exports from focus countries to the EU in 1999. It is possible to identify, therefore, whether there is any apparent positive or negative correlation between the level of:

- value added;
- MFN tariff;
- exports to the EU.

A negative correlation would invite the explanation that the high tariffs were having a dampening effect on trade. The reasons for a positive correlation (i.e. higher exports in the more value-added items facing higher tariffs) are not so immediately apparent. But one would be that many of the focus countries have preferential access to the EU market and are therefore potential beneficiaries of the higher MFN tariffs. These create an artificial boost to European prices which in the case of preference recipients is not offset by the import tax.

The results of this exercise are set out in Appendix I, Table AI.5. This makes a provisional ranking of items, within product groups, according to the apparent level of MFN tariffs. But further work is needed (in a subsequent phase) to refine this ranking. There are two major problems:

- It is not easy to compare complex and simple tariffs without investigating the unit value of imports. For example, in the case of HS 0202 (frozen beef), it is evidently the case that a tariff of 15.2%+?361.1/100kg is higher than one of 15.2%+?167.9/100kg. But are either or both of these higher than the 19.7% simple tariff on HS 160250 and CN 16029069 (preserved beef)?
- Similarly, are simple specific tariffs higher or lower than simple *ad valorem* ones? For example, is the ?360.3/100kg payable on uncooked prepared beef (CN 16029061) higher or lower than the 19.7% payable on cooked beef (CN 16029069)? It is possible to compare the two in particular cases (using the unit value of imports), but to do so across the board would be either time-consuming or, potentially, inaccurate.

Even in cases where tariffs appear to be easily comparable, there is a mixed picture. In the case of peas, for example, the greatest value of focus country exports is for a product facing a relatively low tariff. This is also a product which is conventionally thought to have higher value added (because it is fresh) than the preserved varieties that face higher MFN tariffs. In the case of beans, by contrast, whilst the fresh variety (which again faces a relatively lower tariff) is the most important single group, there are also substantial exports of the preserved variety (which faces the highest tariff).

It is probably the case that this statistical information needs to be combined with the results of the market analysis to understand fully the position. There is undoubtedly a range of factors (including, probably, the existence of sunk capital and long-standing commercial links) that explain apparent anomalies. This is the subject of Chapter 4.

Chapter 4
EU Market Structures for the Most Important Developing Country Exports

Objective and key findings

As explained in Chapter 3, this analysis of the EU market, by Bureau Européen de Recherches, Brussels, examined in detail the product sectors identified as being the most crucial for third-country agricultural and fisheries product access to the EU. These are: fresh fruit and vegetables; citrus; processed fruit (including fruit juices); and floriculture. In addition, it provided further information on the fisheries market.

Overall, the following key conclusions can be drawn from the analysis on agriculture:

- Developing country access to EU markets is not, *a priori*, constrained by **demand prospects**. The EU market is large and presents good growth potential, particularly for exotic/tropical fruit and vegetables, quality products, organic products etc. The prospect for enlargement will create an even larger domestic EU market, and with rising incomes, the consumption of quality, 'exotic' agricultural and fisheries products in the next 10 years is expected to expand considerably. However, it should be noted that the EU has now become a highly demanding, premium quality market and that inferior or mass/commodity products will increasingly find it hard to enter/sustain market share.
- EU **agriculture market management** mechanisms and policy generate a fundamentally protectionist system which is producing domestically, with subsidy, many of the products examined here (e.g. fruit and vegetables, citrus, bananas). In the season of domestic production, it is virtually impossible for third countries to export to the EU (outside limited quotas granted to certain third countries within the various preferential agreements, notably ACP concessions). Outside this season, the EU can apply non-tariff barriers if it needs to (notably in the phytosanitary field).
- In terms of EU **preferential trade agreements** with developing countries, the EU's ability to extend a more generalised level of trade liberalisation is considerably constrained by its existing commitments (notably to ACP). The difficulties are clearly illustrated by the opposition that some groups have voiced to the EC proposal to grant duty and quota free access to the 48 least developed countries ('Everything But Arms initiative').
- A number of **non-tariff issues** have proven to pose more significant problems to third country exporters to the EU. These cover SPS measures, EU hygiene regulations, and quality standards.
- Finally, **competitiveness** is a major factor determining the extent to which the countries under review can access the EU market. This includes the ability to provide a comprehensive 'service package' (comprising the right quality of service, price, regularity of supplies, packaging etc.) and product range (quality, varieties, seasonality, product mix), the relative position of developing country suppliers *vis-à-vis* other third country suppliers, and geographical proximity to EU markets. These are explained in detail in Chapter 5 of the BER report, which has been submitted as a separate appendix (not attached).
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More specific conclusions per product sector are as follows:

Fresh fruit and vegetables

- EU demand for imports from third countries has increased steadily during last decade. Increasing disposable income has resulted in larger imports of off-season fresh fruit and cut flowers (but less of vegetables). The leading third country suppliers are East Europe, Mediterranean countries, the US, South Africa, Latin America and Thailand. The single largest horticultural item are bananas (15% of total horticultural import value in 1998), followed by apples (4-5% of total import value, nearly 85% of which enter the EU off-season).
- The EU fruit and vegetables regime (Regulation 2200/96) heavily subsidises domestic EU production. EU import duties (entry price system) which generally vary according to the time of year so that they reach their highest levels at the peak season of EU production, provide a very high level of protection on imports of sensitive items (e.g. citrus, apples) from third countries. Limited access is granted – mainly off-season – to established third country suppliers (notably under the Europe Agreements with countries of Central and Eastern Europe, Mediterranean trade arrangements, the Lomé Convention (ACP) and the GSP).
- In addition, there is a plethora of EU legislation relating to phytosanitary and food safety issues and developing countries (as well as developed countries, notably the US) have frequently complained that the EU applies rules in the most stringent manner, effectively using them as a non-tariff barrier to imports.
- In the fresh fruit and vegetable sector as a whole, by and large the focus countries have a minor share of EU imports (in value terms), with the notable exceptions of Kenya for vegetables (4.2% of EU imports in 1998) and Ivory Coast and Costa Rica in the case of fruit (2.7% and 6.4% respectively of EU imports in 1998). Not surprisingly, some of the key suppliers of individual products to the EU are ACP countries already benefiting from duty free access (e.g. fresh pineapples).
- ***Citrus***: the EU is the 3rd largest citrus fruit producer in the world as well as being a significant (net) importer. The market is protected domestically and in terms of trade by the same type of arrangements as for other fruit and vegetables. On the whole, not surprisingly, the relative importance of the focus countries in the EU market is currently very minor (in fact only Swaziland and the Honduras export any significant volumes to the EU). Key suppliers to the EU market, beyond domestic producers, are Mediterranean countries (notably Morocco and Israel), South Africa, Argentina and the US. FAO forecasts do not anticipate any change in the position of focus countries as world producers/exporters to 2005.
- ***Bananas*** are a special case due to the specific EU import regime in this sector which protects domestic and ACP suppliers. However, we have covered this sector in the analysis because it constitutes such an important export fruit item for most of the focus countries, the position of which may be seriously threatened in the medium to long term by US and Central American suppliers' pressure to change these arrangements. This is virtually the only horticultural sector where work undertaken to date on the impact of EU liberalisation shows significant preference erosion for the focus countries (Belize, St. Vincent and possibly the Ivory Coast).

Processed fruit (including juices)

- EU demand for imports of processed fruit has increased throughout the 1990s, with an emphasis away from canned products towards higher quality, premium products, particularly in the citrus sector and exotic fruit. The EU is the largest market in the world for orange juice, importing about 950,000 tonnes in 1999 from third countries. According to FAO projections, the EU will continue to play a major role in world markets, accounting for 75% of world imports of processed citrus and growing at an average annual rate of 3.9% to 2005.
- Overall, the EU fruit processing industry is not competitive compared to most key world suppliers, and faces strong competition from imports of products produced by countries with lower raw material and labour costs. Nonetheless, overall support or encouragement of EU based processing is extensive. In addition, food hygiene and safety issues and EU standards in the sector can be used as non-tariff barriers against imports.
- In a further effort to support the domestic industry, the EU tariff regime for imports of processed fruit from third countries is strongly protectionist, being heavily criticised for its restrictive application of rules of origin and tariff escalation in general (although the evidence of tariff escalation needs to be investigated further on a case-by-case basis). It generally provides for trade preferences to established suppliers (notably Central/Eastern Europe, Mediterranean countries, ACP and GSP).
- The relative weight of the focus countries on the EU market is currently minor. In the processed fruit sector, all the focus countries together account for about 12% of the EU import volume, which compares to the export position of individual countries such as Turkey and South Africa but is much less significant than that of Thailand. In the fruit juices sector, all the focus countries together account for about 4% of the total EU fruit juice import volume, which is far behind the export position of individual countries such as Brazil, the US and East Europe.
- Work on the impact of EU liberalisation undertaken to date indicates that the removal of tariffs would result in preference erosion for Kenya and Swaziland (for processed pineapples), for Swaziland (processed citrus), Belize (frozen orange juice, grapefruit juice) and Kenya (pineapple juice).

Floriculture

- The EU is both a significant world producer and importer of flowers and during the 1990s both production and trade have grown significantly. Thus the EU is the biggest market in the world for fresh cut flowers.
- The Netherlands have developed a strategic trading role in EU and world trade, having successfully used their worldwide reputation to establish a marketing system aimed at becoming the world's foremost flower exchange, and now dominate cut flower trade as the world's major supplier.
- The import regime is essentially fairly liberalised, with most flowers (approximately 80%) already largely exempt from customs duty, under agreements with third countries including the GSP (Colombia and other Central and South American countries), and ACP countries (Kenya - the only focus country that is a substantial supplier to the EU). Also, several Mediterranean countries (Cyprus, Israel, Jordan, Morocco, and the West Bank and the Gaza Strip) enjoy tariff exemptions for certain cut flowers (roses and

carnations) within set quotas. All these agreements have played an important role in supporting imports from the countries concerned, essentially determining the sourcing of EU floricultural imports as between these established preferential suppliers.

Fisheries

Fisheries have not yet been made subject to WTO disciplines. The prospect that they might shortly become so prompts consideration of a number of issues that may influence their impact on developing countries.

- **Impact on trade volumes.** Reduction of tariff barriers may stimulate the flow of fish from developing to developed countries, accentuating a trend that has been evident for some time. Much of this trade is currently dominated by two high-value species: tuna, caught largely by distant water fleets; and shrimp, increasingly raised through aquaculture. A reduction of tariffs may affect other species currently traded little or not at all.
- **Impact on value added.** The reduction of tariffs on processed fish might make a significant contribution to the stimulation of processing industries. The EU, for instance, maintains a tariff structure that discriminates against developing country imports to a degree that relates to the level of processing that they have undergone, with even higher rates reserved for those items that compete directly with goods produced by member states. A general lowering of these rates could stimulate secondary processing to some degree. Further investigations of the extent trade patterns in fisheries products and the amount of secondary processing of LDC exports within the main importing blocs — EU, USA and Japan — would be needed to clarify the extent to which such gains might be possible.
- **Impact on domestic resources.** Stimulation of trade flows may prompt unsustainable levels of extraction where fisheries management is not effective. Fisheries resources are already under significant pressure all over the world and effective management regimes are the exception rather than the rule. This is particularly true in developing countries where, with the exception of a few species such as tuna, management is poorly funded and there is a very limited capacity to control levels of either catch or effort. Such problems, which are also experienced in the waters off developed countries, are often exacerbated by the size and dispersion of artisanal fleets.
- **Impact on nutrition.** Fish are the principal source of animal protein and of vital nutrients in many developing countries. Increased trade in such produce will be at the cost of domestic consumption unless resources are currently under-exploited or alternative sources are provided using the foreign exchange earned.
- **Impact on employment.** Increased absorption of locally caught fish into international trade may affect the way in which they are caught and processed, usually to the detriment of local livelihoods. HACCP regulations, which are now binding for both EU and US markets, determine how catch may be handled. Improved hygiene and phytosanitary standards can usually be achieved only by modernising production and handling procedures, forcing out the smaller and poorer players.
- **Impact on subsidies and management.** Removal of subsidies is part of the wider WTO trade liberalisation programme. Fisheries in both developed and developing countries often receive subsidies of different sorts. Where these are direct subsidies of operating costs, there can be good arguments on both economic and environmental

grounds for their removal — though social arguments may still be used to support them. Indirect subsidies, for example to cover fisheries management costs are considerably easier to justify in terms of reduced transactions costs and the avoidance of free riding. And these arguments hold even more strongly in developing countries because a far lower proportion of fishing effort is licensed.

Chapter 5
Next Steps

The work described in this project represents a first phase of what will be a continuing exercise of agricultural trade policy analysis. This phase has concentrated upon constructing the database and user tools to allow the analysis to take place cost effectively, and on a first round of enquiries. The latter have served the dual function of shining light onto important policy issues and of demonstrating how the database can be used.

Further work is required in three areas. These are:

- the further development of the initial analyses reported in this document;
- the extension of analysis to other policy issues that can be illuminated efficiently using the database;
- maintenance of the database as an effective tool

Extending the analysis

At several points in Chapter 3 the report indicates avenues that were not explored fully and analyses that had to be truncated due to the time constraints and other demands of this project. For example, the information on the global exports of the focus states facing high EU import barriers (Appendix I, Table AI.3) has not been analysed systematically to identify the implications for developmentally desirable EU policy change.

Also, the investigation of trade suppression and tariff escalation reported in Chapter 3 needs to be extended. This is a high priority, given the danger that the concerns of preference-receiving developing countries about preference erosion may undermine moves towards generalised liberalisation. As explained, the countries that were the focus of this report are not an ideal group. The exercises should be replicated with a broader group of developing countries (which would also involve widening the range of export product sectors), for which trade suppression may be a more serious problem. It would also be helpful to extend the analysis to cover the treatment of countries in the main non-EU markets. In cases where preference-receivers in the EU face heavy access barriers in other markets, their potential gains from multilateral liberalisation may offset the costs of preference erosion in the EU. In addition, the situation concerning the countries and products identified in Table 2 merits more detailed investigation.

More detailed analysis of the trade position with respect to fisheries would also be helpful. The preliminary analysis described in this report suggests that the situation is complicated. A better understanding is required in the light of entry of this sector into the WTO process.

New Analyses

As a result of the investment made in the construction of the database, it is now possible to undertake many different types of enquiry relatively quickly. This has great operational significance for the continuing assessment of the WTO Agreement on Agriculture negotiations. These are likely to involve many different options being bandied about. Without a means of rapid assessment it will be very difficult to ‘keep up with’ the evolving negotiations.

An example of the type of analyses that may now be undertaken cost effectively is assessment of the potential impact of policy change proposals floated in the EU or raised at the WTO on specified developing countries or groups. Similarly, the global trade situation of specified countries or groups can be analysed in some detail, and 'what if?' scenarios constructed showing the potential effects of different policy changes. And the task of 'group construction' — identifying countries with similar characteristics in terms of the potential impact of EU trade policy and WTO treatment — that has been undertaken in this first phase of the project could be extended.

In the light of the results of such focusing on agriculture, it would also be helpful to review pressures on policy-making in these fields in the EU, and in particular the differing agendas being pursued within the European Commission.

The WTO secretariat hopes to finalise by March 2001 the present phase of the agricultural negotiations, in which members are tabling their negotiating positions. It would be appropriate when the phase has been completed to undertake a systematic review of EU trade policy in the light of key developing country proposals, to identify for which products and trading partners the market access barriers that developing countries wish to have lowered are a feature of current EU policy. This will involve the same combination of statistical analysis and market research as has been a feature of this project. Analysis of the database focuses attention on a limited number of product markets and the level of formal, border measures that restrict imports. Market analysis can then be undertaken cost effectively on the impact of formal market access barriers on traders' behaviour, and the extent of informal barriers such as sanitary and phytosanitary regulations.

Maintaining the database

The database is a valuable resource that needs to be maintained and extended. Maintenance requires the data to be updated at regular intervals. This is not a problem-free exercise, and specific resources will need to be devoted to the task.

IDS have brought into the *Access* database the information required to undertake all the tasks included in the project. The data are initially brought into *Access* as 'raw data' files which contain data as downloaded from the various CD-Roms gathered for this project (e.g. UNCTAD *TRAINS*, FAO *FAOSTAT* and *Fishstat Plus*, Eurostat *Comext*, etc.), or as provided direct (e.g. UNSD world export data, selected World Bank *World Development Indicators* provided by DFID).

In some cases (notably *Comext*), the data need some degree of modification *before they can be brought into Access*. In others (notably *TRAINS* and the UNSD data), they need considerable modification *within Access* before they are usable with the other datasets included in the database.

The necessary modifications to the data used in the project have been made in these raw data files, and the usable tables produced have then been copied into the 'key' data file — *Market Access Source Tables.mdb*. If further analyses are to be undertaken using parts of the source database that have not yet been modified, this modification will need to be done and the resultant tables copied into the key data file. Moreover, more recent versions of all the data sources will emerge during 2001 and, if they are to be incorporated, they will need to be modified.

As is clear from Chapter 2 and, especially, Appendix II, the data are not fully comprehensive. It may be possible to fill gaps as a by-product of other trade policy analysis undertaken by or for ITD. For example, a comparison of *TRAINS* and *Taric* undertaken for a review of the EU Commission's

GSP reform proposals (on all products, not just agriculture and fisheries) revealed that *TRAINS* 2000 contains no MFN tariffs for some 1,004 of the 8,700 odd CN 8-digit codes listed in the EU's GSP. In addition, for a further 367 of the codes listed in the GSP *TRAINS* shows an MFN of 0%, whereas the reduction on MFN applicable under the GSP indicates that the items are considered to be sensitive to some degree— giving rise to suspicion that the *TRAINS* data may be incorrect.

Appendix I
Statistics

Table AI.1. Main Chapter 1–24 exports in 1997 of countries for which the value of total agricultural exports in 1998 was 10% or more of GDP

Country	Total agricultural exports share of GDP 1998	Chapter 1-24 exports share of GDP 1997	Most important [a] agricultural exports in Chapters 1–24 1997	Value ($000)	Share of total agric. exports
Guyana	32.5%	30.2%	Sugar (Centrifugal, Raw)	133,530	59.0%
			Milled Paddy Rice	84,784	37.4%
Swaziland	25.7%	22.3%	Sugar (Centrifugal, Raw)	140,000	46.6%
			Food Prepared Nes	95,000	31.6%
			Pineapples, Canned	14,617	4.9%
			Oranges	10,000	3.3%
Côte d'Ivoire	22.8%	18.7%	Cocoa Beans	1,107,000	53.0%
			Coffee, Green	263,000	12.6%
			Bananas	96,000	4.6%
			Cocoa Butter	80,000	3.8%
			Cocoa Paste	74,000	3.5%
			Pineapples	65,000	3.1%
			Oil of Palm	45,000	2.2%
			Coffee Extracts	41,763	2.0%
			Food Prepared Nes	22,006	1.1%
			Cashew Nuts	15,000	0.7%
			Oil of Coconuts	12,000	0.6%
Malawi	22.1%	14.4%	Tobacco Leaves	297,000	81.3%
			Sugar (Centrifugal, Raw)	23,000	6.3%
			Tea	20,000	5.5%
Kiribati	20.6%	17.9%	Mangoes	6,900	79.1%
			Copra	1,818	20.9%
Costa Rica	17.2%	16.6%	Bananas	463,000	28.8%
			Coffee, Green	401,000	24.9%
			Crude Organic Materls	183,817	11.4%
			Pineapples	90,000	5.6%
			Sugar (Centrifugal, Raw)	67,000	4.2%
			Fruit Prepared Nes	52,000	3.2%
			Cantaloupes+Oth Melons	44,000	2.7%
			Food Prepared Nes	30,000	1.9%
			Oil of Palm	28,300	1.8%
			Beef and Veal,Boneless	27,000	1.7%
			Roots and Tubers Nes	24,919	1.5%
			Cassava Dried	23,000	1.4%
			Vegetables Fresh Nes	13,835	0.9%
			Oranjuice ConcentraTed	13,244	0.8%
			Ginger	13,000	0.8%
			Pastry	11,000	0.7%
Belize	15.5%	17.7%	Sugar (Centrifugal, Raw)	45,945	40.2%
			Bananas	26,107	22.8%
			Oranjuice ConcentraTed	21,165	18.5%
Zimbabwe	15.2%	11.8%	Tobacco Leaves	574,280	49.6%
			Sugar (Centrifugal, Raw)	65,000	5.6%
			Maize	50,522	4.4%
			Crude Organic Materls 29	44,001	3.8%
			Coffee, Green	36,407	3.1%
			Tea	24,264	2.1%

Country	Total agricultural exports share of GDP 1998	Chapter 1-24 exports share of GDP 1997	Most important [a] agricultural exports in Chapters 1–24 1997	Value ($000)	Share of total agric. exports
			Sugar Refined	23,600	2.0%
			Flour of Wheat	20,566	1.8%
			Cigarettes	13,907	1.2%
			Peas, Green	13,419	1.2%
			Margarine + Shortening	13,072	1.1%
Nicaragua	13.9%	19.1%	Coffee, Green	123,513	33.3%
			Sugar (Centrifugal, Raw)	53,171	14.4%
			Beef and Veal,Boneless	36,581	9.9%
			Cigars Cheroots	31,176	8.4%
			Bananas	15,524	4.2%
			Groundnuts Shelled	14,212	3.8%
			Cheese (Whole Cow Milk)	12,322	3.3%
			Tobacco Leaves	10,942	3.0%
Honduras	13.8%	10.9%	Coffee, Green	263,000	51.2%
			Bananas	121,496	23.7%
			Coffee Subst Cont Coffee	32,544	6.3%
			Fruit Tropical Dried Nes	21,730	4.2%
			Cigars Cheroots	18,270	3.6%
			Apricots	12,025	2.3%
			Cantaloupes+Oth Melons	11,206	2.2%
St Vincent	13.3%	11.7%	Bananas	14,000	40.6%
			Flour of Wheat	9,146	26.5%
			Milled Paddy Rice	7,117	20.6%
Kenya	12.0%	10.8%	Tea	410,141	35.5%
			Coffee, Green	286,553	24.8%
			Crude Organic Materls 29	113,765	9.8%
			Pineapples, Canned	44,548	3.9%
			Oil of Palm	23,917	2.1%
			Beans, Green	21,969	1.9%
			Vegetables Fresh Nes	19,915	1.7%
			Cigarettes	18,847	1.6%
			Vegetables Prepared Nes	17,236	1.5%
			Sugar (Centrifugal, Raw)	15,358	1.3%
			Pineapplejuice Sing-Stre	14,834	1.3%
			Sugar Confectionery	14,353	1.2%
			Flour of Wheat	14,241	1.2%
			Beer of Barley	11,631	1.0%
Vanuatu	11.8%	13.6%	Copra	19,000	54.6%
			Veg Prod Fresh or Dried	8,162	23.5%
			Beef and Veal,Boneless	2,000	5.8%

Note:

(a) Defined as exports which *either* account for 5% or more by value of total agricultural exports *or* were valued at $10 million or more.

Source: FAOSTAT 1998.

Table AI.2. Main fisheries exports of countries for which the value of fisheries exports in 1998 was 5% or more of GDP

Country	Total fisheries exports share of GDP 1998	Most important [a] fisheries exports 1998		Value ($000)	Share of total fisheries exports
		HS6	*Description*		
Solomon Islands	20.7%	160414	Tunas nei, canned	15,597	25%
		030342	Yellowfin tuna, frozen	13,183	21%
		030343	Skipjack tuna, frozen	11,001	18%
		030239	Bigeye tuna, fresh or chilled	7,124	11%
		030232	Yellowfin tuna, fresh or chilled	5,625	9%
		160414	Bonitos, canned	4,483	7%
		030549	Skipjack tuna, smoked	1,700	3%
Seychelles	16.1%	160414	Tunas nei, canned	66,900	78%
		030613	Shrimps and prawns, frozen	6,542	8%
		030342	Yellowfin tuna, frozen	3,504	4%
		030420	Tuna loins and fillets, frozen	3,145	4%
Maldives	14.5%	160414	Tunas nei, canned	18,219	34%
		030342	Yellowfin tuna, frozen	8,860	17%
		030559	Tunas nei, dried, unsalted	6,700	13%
		030239	Tunas, fresh or chilled, nei	6,066	11%
		030343	Skipjack tuna, frozen	5,700	11%
		030232	Yellowfin tuna, fresh or chilled	2,133	4%
		230120	Tuna meal	1,400	3%
Namibia	9.7%	030269	Hake nei, fresh or chilled	100,401	33%
		030378	Cape hake, frozen	71,658	24%
		160413	Pilchards, canned	57,974	19%
		030379	Angler (=monk), frozen	21,213	7%
		230120	Oily-fish meal, nei	20,562	7%
		030379	Jack and horse mackerel, frozen	14,100	5%
		030379	Marine fish, frozen, nei	13,883	5%
Mauritania	8.5%	030759	Octopus, frozen	66,250	79%
		030379	Marine fish, frozen, nei	12,864	15%
		030559	Fish nei, salted and dried	4,540	5%
Ecuador	6.6%	030613	Shrimps and prawns, frozen	852,666	71%
		160413	Pilchards, canned	134,722	11%
		160414	Tunas nei, canned	107,212	9%
		030231	Albacore (=Longfin tuna), fresh or chilled	35,801	3%
		030269	Marine fish, fresh or chilled, nei	13,927	1%
		230120	Oily-fish meal, nei	12,703	1%
		030341	Albacore (=Longfin tuna), frozen	6,799	1%
		030420	Marine fish fillets, frozen	6,657	1%
		030410	Marine fish fillets, fresh or chilled	6,350	1%
Samoa	6.5%	030232	Yellowfin tuna, fresh or chilled	11,135	98%
Senegal	6.4%	030379	Marine fish, frozen, nei	107,939	36%
		160414	Tunas nei, canned	52,985	18%
		030269	Marine fish, fresh or chilled, nei	41,846	14%
		030799	Molluscs nei, frozen	37,040	12%
		030619	Crustaceans nei, frozen	21,339	7%
		030490	Fish meat, whether or not minced, frozen	19,373	6%
		030410	Marine fish fillets, fresh or chilled	8,020	3%

Note:

(a) Defined as exports which *either* account for 2.5% or more by value of total fisheries exports *or* were valued at $5 million or more.

Source: Fishstat Plus 2000.

Table AI.3. Sensitivity of the products identified as important [a]

HS [b]	Description	Focus country exporters	Tariff range
Agricultural products:			
0201.30ex,0202.30ex	Beef and Veal,Boneless	Costa Rica, Nicaragua, Vanuatu	Specific duties
0406ex	Cheese (Whole Cow Milk)	Nicaragua	9.1% or specific duties
0706.10ex,90, 0709.40,90	Vegetables Fresh Nes	Costa Rica, Kenya	5.3–14.7% or specific duties
0708.1	Peas, Green	Zimbabwe	8.7–14.7%
0708.20ex	Beans, Green	Kenya	10.8–14.7%
0714.1	Cassava Dried	Costa Rica	Specific duties
0714.90ex	Roots and Tubers Nes	Costa Rica	3% or specific duties
0803ex	Bananas	Belize, Costa Rica, Côte d'Ivoire, Honduras, Nicaragua, St Vincent	Specific duty
0803ex;0804.30ex,50ex	Fruit Tropical Dried Nes	Honduras	2–17.3%
0805.1	Oranges	Swaziland	Entry prices
08091	Apricots	Honduras	21.7%
0901.4	Coffee Subst Cont Coffee	Honduras	4.3–13.7% [c]
1005	Maize	Zimbabwe	0% or specific duties
1006.30ex	Milled Paddy Rice	Guyana, Malawi, St Vincent	Specific duties
1101;1103.11, 21	Flour of Wheat	Kenya, Malawi, St Vincent, Zimbabwe	Specific duties
1511	Oil of Palm	Costa Rica, Côte d'Ivoire, Kenya	1.3–15.2%
1513.11,19	Oil of Coconuts	Côte d'Ivoire	3.3–15.2%
1517.1	Margarine + Shortening	Zimbabwe	19% or specific duty
1701.11ex,12ex	Sugar (Centrifugal, Raw)	Belize, Costa Rica, Guyana, Kenya, Malawi, Nicaragua, Swaziland, Zimbabwe	Specific duties
1701.91,99	Sugar Refined	Malawi, Zimbabwe	Specific duties
1704	Sugar Confectionery	Kenya	15.9% or specific duties
1803.1	Cocoa Paste	Côte d'Ivoire	11.4%
1905.20,30,90ex	Pastry	Costa Rica	Specific duties
2008.2	Pineapples, Canned	Kenya, Swaziland	19.1–27.7% or specific duties
2009.11ex,19ex	Oranjuice ConcentraTed	Belize, Costa Rica	14.5–36.4% or specific duties
2009.40ex	Pineapplejuice Sing-Stre	Kenya	16.5–36.4% or specific duties
2101.10,30	Coffee Extracts	Côte d'Ivoire	12–16.7% or specific duties
2203ex	Beer of Barley	Kenya	12%
121(sic) 2401	Tobacco Leaves	Malawi, Nicaragua, Zimbabwe	Specific duties
2402.10,90ex	Cigars Cheroots	Honduras, Nicaragua	34.7% or 68.4%
ex 04, 19, 21, 22	Food Prepared Nes	Costa Rica, Côte d'Ivoire, Swaziland	0–34.7% or specific duties
0811, 12, 14, 200791, 99, ex 2008	Fruit Prepared Nes	Costa Rica	0–27.7% or specific duties
ex 05, 06, 12, 13, 14	Crude Organic Materls	Costa Rica, Kenya, Zimbabwe	0–20.8% or specific duties
??? [d]	Vegetables Prepared Nes	Kenya	[Not possible to ascertain]
Fisheries products:			
030231	fresh or chilled albacore or longfinned tunas	Ecuador	0% or 22%
030232	fresh or chilled yellowfin tunas	Maldives, Samoa, Solomon Is	0% or 22%
030239	fresh or chilled tunas	Maldives, Solomon Is	0% or 22%

HS [b]	Description	Focus country exporters	Tariff range
030269	fresh or chilled freshwater and saltwater fish	Ecuador, Namibia, Senegal	0–22%
030341	frozen albacore or longfinned tunas	Ecuador	0% or 22%
030342	frozen yellowfin tunas	Maldives, Seychelles, Solomon Is	0% or 22%
030343	frozen skipjack or stripe-bellied bonito	Maldives, Solomon Is	0% or 22%
030378	frozen hake 'merluccius spp., urophycis spp.'	Namibia	5% or 15%
030379	frozen freshwater and saltwater fish	Mauritania, Namibia, Senegal	0–22%
030410	fresh or chilled fillets and other fish meat, whether or not minced	Ecuador, Senegal	0–18%
030420	frozen fish fillets	Ecuador, Seychelles	2–18%
030490	frozen fish meat, whether or not minced (excl. fillets)	Senegal	0–15%
030549	smoked fish, incl. fillets	Solomon Is	14–16%
030559	dried fish, salted, not smoked	Maldives, Mauritania	10–15%
030613	frozen shrimps and prawns	Ecuador	12–18%
030619	frozen crustaceans, fit for human consumption	Senegal	7.5–12%
030799	molluscs, fit for human consumption	Senegal	0–11%
160413	prepared or preserved sardines, sardinella and brisling or sprats	Ecuador, Namibia	12.5%
160414	prepared or preserved tunas, skipjack and atlantic bonito	Ecuador, Maldives, Senegal, Seychelles, Solomon Is	24–25%

Notes:
(a) Excludes items for which the MFN tariff for *all* sub-components of the HS heading is less than 10%.
(b) For agricultural products, the HS codes are as given in FAO's concordance.
(c) This HS code does not appear in the *TRAINS* database; the tariff range shown is for HS 090190.
(d) This item does not appear in the FAO concordance.
Source: Tables AI.1 and AI.2; *TRAINS* 2000.

Table AI.4. Selected products subject to TRQs in the EU's WTO schedules (according to *TRAINS*)

CN8	CN8 description	Rate under tariff quota
Agricultural products:		
02013000	fresh or chilled bovine meat, boneless	20%
08030019	bananas, fresh (excl. plantains)	75 ?/tonne
08051030	fresh navels, navelines, navelates, salustianas, vernas, valencia lates, maltese, shamoutis, ovalis, trovita and hamlins	10%
08051050	fresh sweet oranges (excl. sanguines and semi-sanguines, navels, navelines, navelates, salustianas, vernas, valencia lates, maltese, shamoutis, ovalis, trovita and hamlins)	10%
10062098	long grain husked -brown- rice, length/width ratio >=3 (excl. parboiled)	88 ?/tonne
10064000	broken rice	0%
20091199	frozen orange juice, density of =< 1.33 g/ccm at 20.c, whether or not containing added sugar or other sweetening matter (excl. fermented, containing spirit, with a value of =< 30 ecu per 100 kg and with > 30 % added sugar)	13%
Fisheries products:		
03041038	fish fillets of saltwater fish, fresh or chilled (excl. cod, fish of the species boreogadus saida, coalfish and redfish)	0%
03042096	frozen fillets of saltwater fish, n.e.s.	0%
16041416	loins of tunas or skipjack, prepared or preserved (excl. such products in vegetable oil	6%

Source: TRAINS 2000.

Table AI.5. 'Value-added tree' for identified products

Item	Description and relevant CN8 item(s) identified	EU MFN tariff 1999 [a]		Focus country exports to EU 1999 [b] ($000)
		Lowest[c] or only tariff	*Highest[c]*	
Beef				
0201	meat of bovine animals, fresh or chilled	15.20% + 210.00 ?/100kg		26,297
0202	meat of bovine animals, frozen	15.20% + 167.90 ?/100kg	15.20% + 361.10 ?/100kg	2,716
021020	meat of bovine animals, salted, in brine, dried or smoked	18.30% + 314.90 ?/100kg	18.30% + 360.30 ?/100kg	0
160250	prepared or preserved meat or offal of bovine animals (excl. sausages and similar products, homogenized preparations of subheading 1602 10, preparations of liver and meat extracts and juices)	19.7%	360.30 ?/100kg	4,140
16029061	prepared or preserved meat or offal, uncooked, containing meat or offal of bovine animals, incl. mixtures of cooked and uncooked meat or offal	360.30 ?/100kg		0
16029069	prepared or preserved meat or offal, cooked, containing meat or offal of bovine	19.7%		0
Flowers				
	Not applicable			
Peas				
070810	fresh or chilled peas "pisum sativum", shelled or unshelled	8.7%	14.7%	37,288
071021	shelled or unshelled peas, uncooked or cooked by steaming or by boiling in water, frozen	15.6%		36
071310	dried, shelled peas "pisum sativum", whether or not skinned or split	1.0%		353
1106	flour and meal of peas, beans, lentils and other dried leguminous vegetables of heading 0713, of sago or of manioc, arrowroot, salep, jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content	9.1%	197.30 ?/tonne	19
20049050	peas and immature beans, prepared or preserved otherwise than by vinegar or acetic acid, frozen	20.8%		0
200540	peas "pisum sativum", prepared or preserved otherwise than by vinegar or acetic acid (excl. frozen)	20.8%		0
Beans				
070820	fresh or chilled beans "vigna spp., phaseolus spp.", shelled or unshelled	10.80% min. 1.70 ?/100kg	14.70% min. 1.70 ?/100kg	63,785
071339	dried, shelled beans "vigna and phaseolus", whether or not skinned or split (excl. beans of species "vigna mungo (l.) hepper or vigna radiata (l.) wilczek", adzuki beans and kidney beans)	1.0%		127
1106	flour and meal of peas, beans, lentils and other dried leguminous vegetables of heading 0713, of sago or of manioc, arrowroot, salep, jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content	9.1%	197.30 ?/tonne	19
200551	shelled beans "vigna spp., phaseolus spp.", prepared or preserved otherwise than by vinegar or acetic acid (excl. frozen)	19.1%		131
200559	unshelled beans "vigna spp., phaseolus spp.", prepared or preserved otherwise than by vinegar or acetic acid (excl. frozen)	20.8%		27,240
Bananas				
080300	bananas, incl. plantains, fresh or dried	17.3%	737.00 ?/tonne	642,023
11063010	flour, meal and powder of bananas	12.9%		0
Oranges				

Item	Description and relevant CN8 item(s) identified	EU MFN tariff 1999 [a]		Focus country exports to EU 1999 [b] ($000)
		Lowest [c] or only tariff	*Highest [c]*	
080510	fresh or dried oranges	3.3%*	17.3%+7.7?/100kg (entry price)*	18,014
08129020	oranges, provisionally preserved, but unsuitable in that state for immediate consumption	13.9%		0
200911	frozen orange juice, whether or not containing added sugar or other sweetening matter (excl. fermented or containing spirit)	16.5%	36.40% + 22.30 ?/100kg	17,139
200919	orange juice, whether or not containing added sugar or other sweetening matter (excl. fermented or containing spirit and frozen)	14.5%	36.40% + 22.30 ?/100kg	2,444
330112	oils of sweet and bitter orange, whether or not terpeneless, incl. concretes and absolutes (excl. orange-flower oil)	4.8%*	7.7%*	295
Nectarines				
080930	fresh peaches, incl. nectarines	18.3%*	19.1% (or 18.3%+13.6?/100kg [c])*	146
08134010	dried peaches, incl. nectarines	6.1%		0
Rice				
100620	husked or brown rice	210.05?/1000kg*	228.31?/1000kg (K88?)*	33,470
100640	broken rice	140?/1000kg (K0 or 124?)*		3,652
11032950	rice pellets	163.70 ?/tonne		0
11041991	flaked rice grains	278.00 ?/tonne		0
11081910	rice starch	256.70 ?/tonne		0
19041030	prepared foods obtained by swelling or roasting cereals or cereal products based on rice	6.10% + 54.60 ?/100kg		0
19042095	prepared foods obtained from unroasted cereal flakes or from mixtures of unroasted cereal flakes and roasted cereal flakes or swelled cereals, obtained from rice	6.10% + 54.60 ?/100kg		0
19049010	rice, pre-cooked or otherwise prepared (excl. by swelling or roasting)	9.90% + 54.60 ?/100kg		0
Sugar				
170111	raw cane sugar (excl. added flavouring or colouring)	35.3%*	43.7?/100kg*	311,643
170191	refined cane or beet sugar, containing added flavouring or colouring, in solid form	45.40 ?/100kg		0
Preserved fruit/juices other than orange				
	Not applicable			
Ethyl alcohol				
220710	undenatured ethyl alcohol, of actual alcoholic strength of >= 80 %	22.80 ?/100 litre		14,050
220720	denatured ethyl alcohol and other spirits of any strength	12.10 ?/100 litre		0
Rum				
	Not applicable			
Tobacco				
24011010	flue-cured virginia type tobacco (excl. stemmed or stripped)	19.2% min 23/max 25 ?/100kg*		12,579

Item	Description and relevant CN8 item(s) identified	EU MFN tariff 1999 [a]		Focus country exports to EU 1999 [b] ($000)
		Lowest[c] *or only tariff*	*Highest*[c]	
24011020	light air-cured burley type tobacco, incl. burley hybrids (excl. stemmed or stripped)	19.2% min 23/max 25 ?/100kg*		9,244
24012010	partly or wholly stemmed or stripped flue-cured virginia type tobacco, otherwise unmanufactured	19.2% min 23/max 25 ?/100kg*		202,626
24012020	partly or wholly stemmed or stripped light air-cured burley type tobacco, incl. burley hybrids, otherwise unmanufactured	19.2% min 23/max 25 ?/100kg*		91,040
24039990	manufactured tobacco and tobacco substitutes; tobacco powder, tobacco extracts and essences	18.2%*		72
240210	cigars, cheroots and cigarillos containing tobacco	30.3%*		5,183
24022090	cigarettes, containing tobacco (excl. containing cloves)	63.0%*		5,731
Fisheries items				
0302	fish, fresh or chilled (excl. fish fillets and other fish meat of heading 0304)	0.0%	23.0%	124,275
0303	frozen fish (excl. fish fillets and other fish meat of heading 0304)	0.0%	23.0%	130,847
0304	fish fillets and other fish meat, whether or not minced, fresh, chilled or frozen	0.0%	18.0%	149,843
0305	fish, fit for human consumption, dried, salted or in brine; smoked fish, fit for human consumption, whether or not cooked before or during the smoking process; flours, meals and pellets of fish, fit for human consumption	5.0%	20.0%	2,280
05119110	fish waste	0.0%		19
05119190	products of fish or crustaceans, molluscs or other aquatic invertebrates (excl. fish waste); dead fish, crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption	0.0%		31
1504	fats and oils and their fractions of fish or marine mammals, whether or not refined (excl. chemically modified)	0.0%	12.9%	262
1604	prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs	5.5%	25.0%	273,927
19022010	pasta, stuffed with meat or other substances, whether or not cooked or otherwise prepared, containing > 20 % fish, crustaceans, or other aquatic invertebrates	8.5%		0
2104	soups and broths and preparations therefor; food preparations consisting of finely homogenized mixtures of two or more basic ingredients, such as meat, fish, vegetables or fruit	13.7%	16.7%	1
230120	flours, meals and pellets of fish or crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption	0.0%		6,833
23099010	fish or marine mammal solubles, to supplement feedingstuffs produced in the agricultural sector	4.5%		0

Notes:

(a) According to *TRAINS* 2000, unless marked with an asterisk — in which case *Taric* 1999.

(b) Total exports to the EU of all focus countries in the relevant group (agricultural or fisheries) for the respective products (*Comext* 2000).

(c) Although it is not always clear which tariff rate is the higher.

Appendix II
Uses of the Database

This appendix provides illustrative examples of the uses to which the database can be applied. It also summarises the relative merits of the data sources incorporated into the database.

The range of screening

A major use for the database is to undertake the screening of a large number of variables to focus attention on those of most central importance for policy-making. An illustration of the range of screening that can be undertaken is provided in Table AII.1. This takes the possible areas of screening that ITD identified in the ToR. It shows, in each case, the methodologies proposed, the potential sources of data and the problems expected to arise. It also identifies the types of criterion that need to be established as thresholds for each category of product or country to result from the screening.

The relative merits of the data sources

The data required to underpin policy analysis are sometimes not available in the form or a level of accuracy that would be ideal. Any such limitations need to be taken into account when drawing conclusions from the analysis that has been made using imperfect sources.

The project involved the systematic examination of alternative data sources to identify the most suitable for each of the variable types that are likely to be required for the analysis of agricultural/fisheries trade policy. In some cases the data were unproblematic, in the sense that one or more good sources exist from which the relevant information can be brought into the *Access* database without undue difficulty. The unproblematic data (and the sources used) are:

- level of GDP: World Bank *World Development Indicators*;
- EU import data: Eurostat's *COMEXT* historical CD-Rom;
- text on EU trade barriers: *Taric*.

More problematic are data on:

- worldwide exports;
- machine-readable EU trade barriers;
- detailed country trade regimes.

The following sample databases were tested to see how far they provide a practical source of information:

- FAO's *FAOSTAT Database* and *Fishstat Plus*;
- UNCTAD's *Trade Analysis and Information System* (*TRAINS*);
- the WTO's Integrated Database (IDB).
- UNSD's *External Trade Statistics*.

In each case an attempt was made to answer a sample set of questions (ideally after the data had been transferred to *Access* or, failing that, directly from the source) of the kind that might be posed on a larger scale by ITD when undertaking trade policy analysis.

Table AII.1 Illustrative areas of product screening: target information and methodology

Target information	Method/source	Problems	Criteria to be decided
1. Products that are important to key developing countries/developing country groups — importance will be based on a referenced ratio of production or exports to GDP (to be defined)	There are currently no usable production data in the database, so for exports: Extract country's/group's exports to World from UNSD export data. Link to WDI GDP data. Calculate value of each HS6 export item as a percentage of GDP.	Only 62 reporters of UNSD data, which is currently the only usable source of trade with the world. Only 12 of these are ACP countries.	The percentage of GDP which determines export 'importance' (will have probably have to be at at least 6 decimal places)
2. Products where ACP and other country groups are presently subject to significant preferences	**Either:** GSP data compiled by Consultants and included in *Access* database. This shows, for all CN8 codes, the reduction on the MFN rate for Std GSP, Super GSP, ACP. It also shows which countries are excluded from Std GSP. **Or:** *TRAINS* tariff data. These show, at CN10 level, actual *ad valorem* tariffs for MFN, Std GSP, ACP and almost all bilateral agreements. The data have been enhanced to show countries excluded from Std GSP preferences. **In either case:** Link these data to those on exports for relevant country/group.	Possible fallibility of data. The data are more accurate than *TRAINS*, but the information for all 10,500 items in the 1999 tariff was entered by hand, and there may be some errors … Data are for codes valid in 1999 only. If linking to *Comext* import data, presumably these will be for 1999, so not a problem. If attempting to link to UNSD HS6 data, it may be a problem. For most reporters the most recent year is 1998, and an inter-annual code correlation file will be necessary — but could only be for CN8. It is also difficult to assimilate the CN10 information at HS6 level. There are no data on the rates applicable under the EU's bilateral agreements. Fallibility of *TRAINS* data. No 'Super' GSP, Lebanon, West Bank/Gaza Strip tariff data given No rates shown for very many items (with specific duties only or subject to entry prices) Difficulty of assimilating CN10 data at HS6 (and, to a lesser extent, CN8) level	The threshold for 'significant'. The source to be used and whether preference margins are over GSP and/or more preferential rates.
3. Products that are excluded from existing preferential *Access* arrangements — GSP and Lomé	Using the Consultants' GSP file, it is simple to establish those CN8 items not covered by the Std GSP, and those on which there is no ACP preference. Link these data to those on exports (UNSD) or imports (*Comext*).	Possible fallibility of data (see above) Difficulty of assimilating data at HS6 (UNSD) level	The geographical scope of export analysis (which shows the countries exporting the excluded items)

Target information	Method/source	Problems	Criteria to be decided
4. Products that still have a considerable tariff level within the GSP.	Use *TRAINS* tariff file, filtered to show 'Rate for 2 GSP', to obtain a full list of CN10 GSP rates	Fallibility of *TRAINS* data Number of items for which no tariff information is given (although it is probably safe to assume that all these have high tariffs)	The threshold for 'considerable' tariff level.
5. Products that are subject to quota restrictions (this may assume that the UR Agreement on Agriculture has been fully implemented, and would therefore cover only the protocol products)	The only usable source is the *TRAINS* tariff file. Tariff rate quotas (TRQs) appear under 'Other notes' (although not all 'Other notes' relate to TRQs). It is simple to extract a list of the CN10 items on which there are TRQs. The tariff rate within quota is shown, but not the quota amount. This information (from the WTO Uruguay Round CD-Rom) cannot be incorporated into *Access*. An Excel file containing the information will be provided.	Fallibility of *TRAINS* data. The inter-annual CN code correlation needs to be completed before any potential problems in ascertaining information from the Excel file can be assessed.	
6. Products facing tariff peaks (i.e. with a tariff level of x% or above)	The source and methodology are as for (4) above. The rate for MFN, Std GSP, LLDC GSP, ACP, or most bilateral agreements can be stipulated.	As for (4) above	The threshold tariff level. Tariff regime(s) to be analysed.

Worldwide exports

The FAO's *FAOSTAT*, UNCTAD's *TRAINS*, the WTO's *Integrated Database* and the UNSD's *External Trade Statistics* were tested to determine how far they allow relevant, usable data to be analysed easily.

The *FAOSTAT* information on worldwide exports of agricultural products is good. The main limitation is that products are not presented according to the Harmonised System (HS), but in relation to much more aggregated categories such as wheat, cereals, apples. A concordance between these aggregates and the HS does exist, and has been used, but it does not remove completely the limitation.

FAO's *Fishstat Plus* provides full and easily usable data on worldwide fish exports of a very large number of countries and country groups. The data can be extracted according to a number of trade classifications — one of which is the HS.

TRAINS provides good information on worldwide imports of particular countries, but appears not to provide easily accessible information on exports. The information is set up according to imports by country (e.g. it is relatively simple to identify all the main US imports of agricultural products and their sources). But the only way to determine the exports of country X is to analyse every other country's imports. This is a major limitation.

The WTO *IDB* appears to be a non-starter for trade data. Only a small number of countries have reported on their import data (26 in 1997, the best-represented year), the data cannot be extracted for use in *Access*, and the in-built software makes it impractical to use for the type of database screening required under this project.

The UNSD's *External Trade Statistics* provide information on the worldwide exports of over 170 developing countries. But there are major limitations in that for many there are no recent data (61 appear to have reported no trade at all during the period 1995–9) and that the data are given in a mixture of trade classifications — SITC Rev. 2, SITC Rev. 3 and HS. In addition, the frequency of reporting is variable. So although data on 93 developing countries' exports are available in the HS classification for at least one year during the period 1995–9, this number falls to 61 (see Table AII.2) if a minimum of three years' export data are required.

Table AII.1. Developing countries for which export data for at least three of the last five years are available in the HS from UNSD

Albania	Grenada	Morocco	South Africa
Algeria	Guatemala	Nicaragua	Suriname
Argentina	Haiti	Nigeria	TFYR of Macedonia
Bangladesh	Honduras	Oman	Thailand
Belize	India	Panama	Trinidad and Tobago
Bolivia	Indonesia	Paraguay	Tunisia
Brazil	Israel	Peru	Turkey
Chile	Korea, Rep. of	Philippines	Uruguay
China	Latvia	Rep. of Moldova	Venezuela
China Hong Kong SAR	Lithuania	Romania	Yugoslavia
Colombia	Macau	Russian Federation	
Costa Rica	Madagascar	Saint Kitts and Nevis	
Croatia	Malaysia	Saint Lucia	
Dominica	Maldives	Saint Vincent & Gren.	
Ecuador	Malta	Saudi Arabia	
Egypt	Mauritius	Singapore	
El Salvador	Mexico	Slovakia	

EU trade

It was initially thought that a full set of EU data relating to imports from all developing countries over several years could be incorporated in the *Access* database. This was based on the fact that the software incorporated in the EU's *Comext* CD-Roms up to 1997 enabled vast amounts of data to be downloaded extremely fast.

However, once the data for 1998 and 1999 had been acquired it became apparent that this would not be possible. This is because new (Y2K compliant) software has been incorporated on the *Comext* disks, with the result that extractions that previously took a matter of seconds or minutes now take hours or days. Within the time constraints of this project, therefore, it was possible to build up within *Access* only a set of EU data that could be used for the specific tasks in hand. Data for two years only (1998 and 1999) and for 39 countries only have been incorporated into the *Access* database. Further extractions from the *Comext* disks will have to be done by users on an *ad hoc* basis, but the length of time this will take should be borne in mind.[9]

EU trade barriers

An essential input into the trade barrier analysis is a concordance that links EU CN codes over the years. A concordance was obtained from HM Customs and Excise. It has not yet been adapted for use with the *Access* database as it was not required, in the event, for the tasks undertaken since these did not include time series.

The obvious source of information on EU trade barriers is *Taric*, but this is not machine-readable. Given this major limitation, some time was spent investigating the adequacy of alternative, machine-readable sources.

The WTO's *IDB* is of limited use. The data on EU tariffs are minimal: only MFN bound and statutory rates for 1992–2000 and MFN applied rates for 1996 and 1997 are included. There are no EU data on GSP/LDC/preferential rates. However, such non-MFN rates are provided by some reporters, and so it may be possible to use the disk to compare EU restrictions (obtained from another source) with those of the reporting states. But no data can be downloaded into *Access*, and so this would have to be done as a separate exercise on each occasion.

TRAINS provides a very useful, detailed dataset on trade barriers. Although it does not cover all EU agreements, it includes quite a lot of them. There are just two, rather large, problems. One is that the task of making the data downloaded from the source CD-Rom comprehensible and usable in *Access* is onerous, which is a significant deficiency given that this will have to be done annually. But the main problem is that its results are different from those in *Taric*!

It is possible by constructing additional databases on country names and trade regimes (which we have done) to obtain within *Access* the tariffs applied to: MFN, Standard GSP, LLDC GSP, ACP,

[9] It should be borne in mind, too, that — again because of the time constraints of this project — the 1998 and 1999 data included in the database are in US$ thousands (for ease of comparison with data from the other sources in the database). The option of extracting EU trade data in dollars was not available prior to 1998. So, should ITD users wish to build up time series by extracting data from pre-1998 *Comext* CD-Roms, it must be remembered that the earlier data will be in ? thousands.

most Mediterranean agreements and the Europe Agreements with Poland, Hungary and the Czech and Slovak Republics. This excludes the Super GSP and the EU's other bilateral agreements. But it is certainly a major advance on what appears to be available from other sources.

TRAINS also provides detailed information on non-tariff measures. Again, the task of making the data downloaded comprehensible and usable in *Access* is onerous. The accuracy of the information has not been checked.

The extensive screening that resulted in Appendix I, Tables AI.1 and AI.2 was undertaken using both *TRAINS* and *Taric* to provide a cross-check on the accuracy of the former. Whilst not rigorous, the impression gained is that it is possible to use *TRAINS* provided that due account is taken of the differences. The *TRAINS* tariffs for all the fisheries items checked were correct. Most cases of differences on agricultural items appear to arise because the *TRAINS* data are one year out of date. The errors are therefore not large and, presumably, will disappear once the Uruguay Round implementation schedule is completed. The most substantial inadequacies of *TRAINS* are on products that are subject to entry prices. Happily, in *most* (but unfortunately not all) cases, *TRAINS* reports 'not available' in such cases. The user can then consult *Taric*.

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