Free Trade at Border

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Contents

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1. Introduction

According to a proposal, made for the first time in print by Martin Wolf in the *Financial Times* but also advocated independently by many others, the WTO should set a target date for achieving full free trade.[1] The Seattle Round should aim to give concrete shape to this proposal by setting an explicit timetable for the removal of the remaining barriers to trade.

There are many reasons for setting a target date for free trade as a part of the Seattle-Round agenda but two of them are worth mentioning at the outset. First, GATT, the predecessor institution of WTO, was created to liberalize border trade and it is in this area that it has been most successful in the last several decades. With substantial trade liberalization already achieved, a target date for complete free trade is a natural way to bring this process to a speedy conclusion. Trade liberalization benefits each country as a whole. Moreover, when undertaken on a multilateral basis, it generates mainly efficiency effects and minimal redistributive effects. These characteristics make trade liberalization relatively uncontroversial. The same is not true of a good deal of "non-trade" agenda, which generates efficiency effects of a dubious nature and large redistributive effects, often from developing to developed countries.[2]

Second, the proliferation of preferential trade agreements (PTAs) in recent years has substantially undermined the Most Favored Nation (MFN) principle of trade policy. For instance,

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[1] Several economists from around the world endorsed the idea in a letter to the editor in the *Financial Times*, June 25, 1996, developing the rationale for such a target more fully. This letter is reproduced in the appendix.
[2] For example, see my paper, "TRIPs and the WTO: An Uneasy Marriage," in this volume.

today, the European Union applies its MFN tariff to barely six countries (Australia, Canada, Japan, New Zealand, Taiwan and the United States) which account for approximately one third of its total imports.[3] Tariffs on products from all other countries differ from the MFN tariff in one or the other way.

There are now so many Preferential Trade Arrangements (PTAs) such as the North American Free Trade Agreement and the European Union's numerous association agreements that a virtual "spaghetti bowl" of crisscrossing preferential trade barriers has come to exist. In member countries of these PTAs, different duties apply to different trading partners depending on the origin assigned to the imported product and the stage of liberalization within a particular PTA.

We therefore run the risk of reproducing the chaos created by the absence of the MFN status during the 1930s, produced then by protectionism but now, ironically, by free-trade intentions. Given the politics that often drives these PTAs, any attempts at reducing their spread do not seem to be likely to succeed. The worldwide achievement of free trade would seem to be the most effective remedy for eliminating this chaos. The reason is that preferences relative to zero duties are zero: preference would be effectively killed at source.

A principal advantage of PTAs, which seems to attract trade-oriented businesses in particular, is that they offer target dates that will lead on schedule to ultimate free trade, albeit within a limited area. By contrast, the GATT/WTO process goes from one Round of multilateral trade negotiation to another, the end of a Round never linked for sure to the start of another, as was in fact

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[3] See Sapir (1998).

the case again with the end of the Uruguay Round. Adoption of a target date at the Seattle Round can eliminate this disadvantage of multilateral route to liberalization vis-à-vis the preferential route.

This paper discusses the feasibility of achieving the goal of free trade in industrial and agricultural goods. Strictly speaking, border barriers such as tariffs and quotas apply to trade in these areas only. Trade liberalization in services is linked intimately to domestic regulatory policies. While trade liberalization in services has to be a part of the overall "free trade" objective but, in the present paper, I limit myself to the liberalization of border barriers and hence industry and agriculture. Only brief remarks are made towards the end on the liberalization of cross-border trade in services via electronic means.

One qualification to any proposal for free trade by a certain date must be acknowledged at the outset. It is impractical to expect that a single date for the achievement of free trade can be adopted across all products and all countries. Given that liberalization of industrial products is currently much farther along than liberalization of agricultural goods, free trade in the former can be achieved sooner than in the latter.[4] Likewise, at least for the least developed countries, the date will have to be farther into the future than for developed countries.[5] Indeed, the achievement of a

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[4] I should note that, at the conference, Ruebens Ricupero, Secretary General of the United Nations Conference on Trade and Development (UNCTAD), reacted sharply to the suggestion that free trade in agriculture be placed behind industrial products. Given deep Latin American interest in exporting agricultural products freely to the European Union and the United States, such a disagreement from Ricupero is to be expected. The view expressed in the paper is essentially based on the reality that WTO members, including those in Latin America, have already accepted faster liberalization in industrial products than in agriculture. If future negotiations can yield the same date for free trade in agriculture as in industrial products, however, so much the better.

[5] At the conference, Martin Khor, Director, Third World Network, voiced the concern that positive benefits from free trade had not been conclusively shown to exist, which raise the question why developing countries should subject themselves to the adjustment costs that trade liberalization brings. On the benefits of free

consensus may require three different dates, one each for developed, least developed and remaining developing countries. This will be broadly consistent with the Bogor declaration by the members of Asia Pacific Economic Cooperation (APEC) forum, which set two separate dates for free trade in developed and developing countries: 2010 for the former and 2020 for the latter. An alternative model can be the Information Technology Agreement (ITA), which was essentially a plurilateral agreement. A core group of countries could agree on free trade by certain dates on an MFN basis. Other countries can join this agreement as it becomes possible for them to do so.

2. Free Trade in Industrial Goods[6]

If we go by *average* levels of tariffs in developed countries, it may seem that there is little room left for further negotiations in industrial goods. Tables 1a-1c report the post-Uruguay-Round tariff rates in broad product categories in the United States, European Union and Japan, respectively.[7] These three together account for 85% of developed-country imports. According to the tables, the average tariff rate is 3.5 percent in the United States, 3.6 percent in EU and 1.7 percent in Japan. One may be inclined to think that these tariffs are so low that it will be a waste of effort to focus on liberalization in industrial goods.[8]

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trade, the author disagrees with Khor but the issue of adjustment costs is a real one. Given the absence of social-safety nets and, in many cases, a lack of industrialization, adjustment costs in developing countries are high. This concern can be addressed through later dates for free trade by developing and least developed countries.

[6] The companion paper by Gillespie and Low (1999), presented at the conference, offers further details on the existing structure of tariffs in developed and developing countries.

[7] The post-UR tariffs were to be implemented in five equal, annual installments starting on January 1, 1995 and ending January 1, 1999. Thus, these tariffs are already in force.

[8] The calculations are from UNCTAD using GATT Secretariat's Integrated Data Base (IDB) in which 44 countries (counting 12 European Community members as one) participated. The IDB comprises (i) data on

Yet, it can be argued that there is a considerable room for a North-South bargain in tariffs in industrial goods alone. In the case of goods exported by developing countries, developed countries still have relatively high tariffs. Developing countries, on the other hand, have high tariffs in general and are, therefore, able to offer increased market access to developed countries.

Thus, once we get past the average rates, there is a considerable variation in tariff rates in developed countries both across categories and across subcategories within each broad category. Across categories, in the United States, out of the 11 categories shown in Table 1a, eight have an average tariff rate of 2.8% or less. But the tariff rate on textiles and clothing averages 14.6 percent and that on leather, rubber and footwear is 7.6 percent. Both of these product groups are of considerable interest to developing countries. A similar pattern holds for Japan with tariff rates on the two categories of products averaging 7.6 and 8.3 percent, respectively. In EU, the high tariff categories are textiles and clothing (9.1 percent) and fish and fish products (10.2 percent).

Within each broad category, there is a considerable further variation in tariff rates. Some of the peak tariff rates are as high as 35%. Thus, in the United States, using 1989 import data that formed the basis of Uruguay Round (UR) liberalization, 52% of textiles and clothing imports are subject to tariff rates ranging from 15.1 to 35%. Even though 40% of all 1989 U.S. imports are duty free at the post-UR tariff rates, there are no textiles and clothing imports that are duty free. In EU, 9.1% of 1988 imports are subject to post-UR rates exceeding 10%. In Japan, where 71% of 1988

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tariff commitments made by participants on all tariff lines in their schedules pre- and post-Uruguay Round and (ii) imports by origin denominated in the U.S. dollars on a tariff line basis. The base year for tariffs is 1986 and for imports either 1988 or 1989 with a few exceptions. Import data for the United States relate to 1989 and those for EU and Japan to1988.

imports become duty free under the post-UR tariff rates, the corresponding proportion at 2.7% for textiles and clothing is much smaller.

Table 1d provides post-UR tariff rates for member countries of the Asia Pacific Economic Cooperation (APEC) forum, which includes the United States and Japan. The classification in this Table is slightly different than in Tables 1a-1c. Once again, however, textiles and wearing apparel have consistently high tariff rates. In addition, in many developing Asian countries, tariffs on many other products imported from developed countries are in excess of 10%. For example, in Indonesia, post-UR tariff rates on non-ferrous metals, fabricated metals, transport equipment, machinery and other manufacturing are all higher than 10%. The rate on other manufacturing is as high as 28.6%. Even in Korea, which is among less protected developing Asian countries, non-ferrous metals and fabricated metals have post-UR tariff rates of more than 11%. Other manufacturing is subject to 8.8% tariffs. Post-UR tariff rates offered by China, which is not a member of WTO currently but is expected to become and will be a negotiating party in a future round, are uniformly high. The rates are almost 70% and 45% in transport equipment and other manufacturing, respectively. In India, which is yet another large and rapidly expanding market, the peak tariff rate is 50% while the average tariff rate exceeds 25%.

These post-UR tariff rates leave a considerable room for further liberalization in industrial products. For the structure of tariff rates in developed and developing countries, it will appear that the next round of negotiations will be essentially between developed and developing countries. Beyond a few provisions for the least developed countries, the UR Round more or less did away with the approach of giving a "special and differential" treatment to developing countries. The next

round could complete this process by turning the tariff negotiations in industrial products into a North-South round.

Because tariffs are substantially higher in developing than developed countries, it may seem that the former will end up giving more concessions than they will receive. This, in turn, may make the bargain uneven. There are four arguments in favor of such liberalization, however. First, the developed-country markets are much larger than developing-country markets. Therefore, a 1% tariff reduction by the former, especially in products of interest to developing countries, is worth more than a similar reduction by the latter. Even if the extent of additional liberalization by developed countries is smaller, the gains to the developing countries may be larger. Second, if a further round of multilateral trade negotiations is delayed, being *individually* small, developing countries are likely to carry out a substantial liberalization on a unilateral basis anyway. Therefore, it may be in their self-interest to push for a negotiation that promises to bring additional access to developed-country markets. Third, some of the gains from liberalization may occur from liberalization among developing countries themselves. A substantial trade of developing countries today is with oth3er developing countries. There is no reason to forgo the benefits of liberalization among themselves. Finally, there is also room for exchanging market access in industrial products for market access in agriculture. For instance, for the Carnes Group countries in Latin America, large benefits may accrue from giving access in industrial products in return for agricultural goods.

The proposal for a North-South bargain made here is to be distinguished sharply from the one made by Fred Bergsten of the Institute of International Economics prior to the Singapore Ministerial Conference. Bergsten proposed the so-called "grand bargain" in which "the old rich

pledge to avoid new barriers while the rapid growers commit to eliminate theirs."[9] (Here "rapid growers" refers to developing countries, especially in Asia.) In am afraid the bargain proposed by Bergsten is "grand" for developed countries alone and hardly a "bargain" for the developing countries. It is not clear how a "pledge to avoid new barriers" by one set of countries can be bartered for actual reduction in barriers by other countries. The "pledge" would be of some value if the countries offered to outlaw or at least limit substantially the use of some of the existing instruments of protection such as antidumping and undertook to substantially remove the tariffs on sectors that continue to be protected. But, consistent with the official position of the United States at the time, Bergsten's proposal included no such offers and, under the guise of a grand *bargain*, effectively sought one-way concessions from developing countries.

3. Free Trade in Agriculture

As already noted in the introduction, complete free trade in agriculture is a more distant goal than that in industrial goods. Nevertheless, since the current level of protection in this sector is very high, it offers considerable benefits from liberalization. The UR Agreement on Agriculture had three main components: increases in import market access, reductions in farm export subsidies, and cuts in domestic producer subsidies. In addition, other UR agreements, particularly, the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) and the Agreement on Technical

[9] Bergsten, F. 1996, "Globalizing Free Trade," *Foreign Affairs* 75(3): 105-20. Bergsten also proposes in this article worldwide free trade by a certain date but is not entirely clear on the relationship between it and his "grand bargain." Presumably, he intended the "grand bargain" is intended to be the first step toward complete free trade.

Barriers to Trade, have a bearing on trade in agriculture. The new round must make progress along each of these dimensions.

3.1 Market Access

The Agreement on Agriculture required that, taking 1986-88 as the base period, all non-tariff barriers be converted into tariff equivalents.[10] These tariff equivalents were to be added to the existing tariffs and the total tariff bound. The bound tariffs were then to be reduced by 36% on average with the rate on each item reduced by at least 15 percent by developed countries by January 1, 2000. Developing countries were to reduce tariffs by 15% on average and at least 10% on each item and were given until January 1, 2005 to accomplish the task.[11]

According to the available measures, tariff equivalents for the base period 1986-88 chosen by Members are far higher than the "true" tariff equivalents. Table 2a presents these calculations for EU and the United States. As shown in the fourth column, the proportion by which the announced base tariff rate exceeds the actual tariff rate (i.e., "dirty tariffication") is 61% for EU and 44% for the United States.

The second column in Table 2a shows the final tariff bindings for the major agricultural products in EU and the United States. In addition, Table 2b provides the rates for all APEC members using a slightly different classification than in Table 2a. For many products, post-UR

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[10]Japan and the Republic of Korea got exemption in rice and developing countries in commodities that are staples in traditional diets.

[11]The average cut is calculated in a way that leaves a considerable flexibility. Tangermann (1994) offers the following interesting example. In a developed country, if there are four items of which three have 100% tariffs and one 4%, a 15% reduction in the former and the elimination of the latter yields (15+15+15+100)/4 = 36.25% *average* reduction and satisfies the requirement.

rates in developed as well as developing countries are extremely high. Thus, there is a substantial room for further negotiations scheduled to begin by January 1, 2000.

The Agreement on Agriculture also introduces minimum access requirements in products subject to import restrictions. The share of imports in domestic consumption of restricted items must rise to at least 5% by 2000 under a tariff quota. To fulfill the minimum import quota commitment, the Agreement on Agriculture stipulated that countries adopt a two-tier tariff structure. Accordingly, a `lower' tariff rate (a maximum of 32 percent of the bound tariff rates) was to be set for the quota imports while the higher `bound' rate was to be applied to the rest of imports. As expected, the tariff quota has opened the door to discrimination. There are no clear rules on how the quota should be allocated. The minimum access requirement can also be evaded by importing low-quality items and then re-exporting them as food aid.[12]

A key aim of the Seattle Round should be an immediate unification of the bound tariff and the rate applicable to the tariff quota, with the latter eliminated entirely. Minimally, the bound tariff on each item should be brought down immediately to a level that will permit imports at the UR levels to continue. In view of the fact that safeguard measures can be generally invoked to deal with unexpectedly large expansion of imports, there is no reason to limit imports through quantitative restrictions. If some country ends up unifying the rates at levels that prove more restrictive than the tariff quota, compensation provisions can be built into the agreement at some penalty rate, thereby discouraging it from fixing the bound rate at an excessively high level.

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[12] See Yap (1996).

In addition to this immediate action, the Seattle Round should also aim to draw a timetable of phased freeing up of trade in agriculture. Admittedly, the date by which tariffs are brought down to zero may be far into the future but it will be worthwhile to have such a date agreed. This will minimize adjustment costs and, hopefully, also discourage countries from forming discriminatory PTAs in agriculture.

3.2 Export Subsidies

The Agreement on Agriculture bans new export subsidies but allows the old ones to exist. Budget outlays on export subsidies are to be cut by 36% in developed countries and 24% in developing countries. The volume of subsidized exports of each commodity is to be cut, in the case of developed countries, by 21% between 1995 and 2000 and, in the case of developing countries, by 14% between 1995 to 2004 relative to their 1986-90 base-period averages.

The UR Agreement left the existing export subsidies untouched. This will have to be taken up in the next round. In addition, the provisions relating to budgetary outlay and volume of subsidized exports should be further tightened. Indeed, the eventual aim of the next round should be to bring export subsidy provisions in agriculture in line with those applicable to industrial products.

3.3 Domestic Support

The Agreement on Agriculture also sought to reduce the aggregate level of domestic support extended to agriculture. This was to be done by first computing the total domestic support extended to agriculture in the base years (1986-1988) in every country (termed as the `Aggregate Measure of

Support' or AMS). Second, AMS was to be capped at existing levels. Finally AMS was to be reduced by 20 percent over a six-year period in developed countries and by 13% over a ten-year period in developing countries. It is important to highlight that AMS applies at an aggregate level and not to individual commodities. This means that countries have considerable flexibility in choosing the level of support they wish to extend to any particular commodity as long as the obligations towards the overall ceilings are met. Furthermore, the *deminimus* provision allows countries to exclude from the calculation of AMS (a) product specific support if it does not exceed 5 percent of the value of production of that commodity, and (b) non-product specific support where it does not exceed 5 percent of the value of the country's total agriculture production. For developing countries, the *deminimus* level is 10 percent. Specified agricultural input subsidies are also excluded from AMS (Article 6.2 and 6.4).

The next round must continue the task of reducing the AMS, perhaps eventually eliminating it. The Agreement on Agriculture allowed exclusion of two important agriculture support payments programs in calculating AMS, the EU compensation program under the 1992 CAP reforms and the US deficiency program. The next round must bring them into the fold of AMS calculations as well.

4. Concluding Remarks

A key objective of the next round should be to achieve free trade in industrial products in a relatively short period of time, say, by the year 2010 for developed and 2020 for most developing countries. Least developed countries could choose a longer time period. The major restrictions in industrial products that remain in developed countries relate to products exported by developing countries. Since developing countries themselves have barriers in products of interest to developed

countries, there is room for a mutually beneficial bargain between them. Developing countries could also benefit from liberalization among themselves.

Trade barriers in agriculture are far more substantial than in industrial products. This means that full free trade in this sector will take longer. Nevertheless, the next round should consider setting a date for achieving the goal, with a considerable liberalization still achieved within short to medium term. The paper has attempted to offer some details on how this can be achieved.

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Appendix

Text of the Letter Published in the

Financial Times, June 25, 1996

Sir, Recently, the idea that the WTO should have a target, such as 2015, to achieve worldwide free trade has been proposed independently by many, among them principally by Martin Wolf in your newspaper. It has been endorsed recently by Mr. Donald Johnston, Secretary General, OECD, and by the UK's trade secretary Ian Lang. There have also been indications of interest in the proposal by Mr. Renato Ruggiero, Director General, WTO.

As economists deeply interested in the future of the world trading system, and keeping in view the first WTO ministerial in December in Singapore and the opportunity it presents for undertaking a significant initiative on trade, we and a group of economists worldwide would like to lend our support to the idea and to urge the member states of the WTO to make the endorsement of such a WTO target their first priority. Among its advantages, a few are significant.

While consistent with Article 24 of the General Agreement on Tariffs and Trade, there are now so many Preferential Trade Arrangements (PTAs) such as the North American Free Trade Agreement and the European Union's numerous FTAs with other countries, that a virtual "spaghetti bowl" of crisscrossing preferential trade barriers has arisen, with different duties applying depending on which country the product being imported is assigned to.

We are therefore in danger of reproducing the chaos created by the absence of most favoured nation status during the 1930s, produced then by protectionism but now, ironically, by

free-trade intentions. Given the politics that often drives these PTAs, any attempts at reducing their spread do not seem to be likely to succeed. While some of us have indeed suggested reforms in Article 24, and in disciplines such as the use of anti-dumping duties on nonmembers, as ways of minimizing the adverse effects of the preferences that the PTAs inherently imply, the worldwide achievement of free trade appears to be the most effective remedy. The reason is that preferences relative to zero duties are zero: preference would be effectively killed at source.

Then again, a principal advantage of PTAs, which seems to attract trade-oriented businesses in particular, is that they offer target dates that will lead on schedule to ultimate free trade, albeit within a limited area. By contrast, the GATT/WTO lurches from one Round of multilateral trade negotiation to another, the end of a Round never linked for sure to the start of another, as is in fact the case again with the end of the Uruguay Round.

A WTO target would thus cut through this fundamental weakness and simultaneously eliminate multilateralism's chief disadvantage vis-a-vis the inherently discriminatory PTAs, contributing to the current efforts at restoring the primacy of the WTO in the world trading system.

It would also set the WTO firmly on to the task of completing agenda of worldwide free trade, an objective which GATT pursued diligently through successive rounds of multilateral trade negotiations and whose advantages have been demonstrated by nearly half a century of experience.

Yours sincerely,

Jagdish Bhagwati Arvind Panagariya

Table 1a: Post-UR Tariff Rates: United States

Products	Average Tariff	Proportion of Imports Subject to Tariff Rates					
		Duty Free	0.1-5.0	5.1-10.0	10.1-15.0	15.1-35.0	Over 35
Total	3.50	39.50	42.90	10.20	1.30	6.00	0.10
Fish and Fish Products	1.20	87.50	1.90	4.00	6.40	0.20	0.00
Wood Products	0.50	89.50	5.60	4.80	0.10	0.00	0.00
Textiles and Clothing	14.60	4.90	9.20	25.90	8.00	52.00	0.00
Leather, Rubber, Footwear	7.10	12.70	33.20	47.30	2.90	1.50	2.40
Metals	1.50	59.70	30.80	8.90	0.60	0.00	0.00
Chemicals and Photographic Supplies	2.80	31.50	49.10	19.40	0.00	0.00	0.00
Transport Equipment	3.50	8.70	85.20	0.30	0.70	5.10	0.00
Non-electric Machinery	1.00	62.80	35.00	2.20	0.00	0.00	0.00
Electric Machinery	2.00	35.90	61.10	2.80	0.20	0.00	0.00
Minerals and Precious Stones	2.50	59.80	14.30	23.50	1.30	1.10	0.00
Other Manufactured Articles'	1.50	59.40	31.30	8.80	0.40	0.10	0.00

Source: UNCTAD (1996)

Table 1b: Post-UR Tariff Rates: European Union

Product	Average Tariff	Proportion of Imports Subject to Tariff Rates					
		Duty Free	0.1-5.0	5.1-10.0	10.1-15.0	15.1-35.0	Over 35
Total	3.60	37.70	34.20	19.00	8.20	0.90	0.00
Fish and Fish Products	10.20	6.90	14.50	29.60	31.20	17.80	0.00
Wood Products	0.70	88.50	3.00	8.50	0.00	0.0	0.00
Textiles and Clothing	9.10	1.30	19.10	25.50	54.10	0.00	0.00
Leather, Rubber, Footwear	5.1	24.50	40.70	23.00	0.00	11.80	0.00
Metals	1.10	73.70	19.60	6.70	0.00	0.00	0.00
Chemicals and Photographic Supplies	4.50	27.20	4.00	68.80	0.00	0.00	0.00
Transport Equipment	6.50	23.40	15.70	59.90	0.80	0.20	0.00
Non-electric Machinery	1.40	33.90	63.10	3.00	0.00	0.00	0.00
Electric Machinery	5.20	3.90	69.90	8.30	17.90	0.00	10
Minerals and Precious Stones	0.60	85.20	10.40	3.30	1.10	0.00	0.00
Other Manufactured Articles	3.50	24.20	58.90	12.00	4.30	0.60	0.00

Source: UNCTAD (1996)

Table 1c: Post-UR Tariff Rates: Japan

Product	Average Tariff	Proportion of Imports Subject to Tariff Rates					
		Duty Free	0.1-5.0	5.1-10.0	10.1-15.0	15.1-35.0	Over 35
Total	1.70	71.00	16.60	9.70	2.00	0.70	0.00
Fish and Fish Products	4.00	1.90	70.70	25.70	1.70	0.00	0.00
Wood Products	0.70	89.20	4.30	6.50	0.00	0.00	0.00
Textiles and Clothing	7.60	4.50	19.10	54.70	21.50	0.20	0.00
Leather, Rubber, Footwear	8.30	40.60	0.90	34.00	2.90	21.5	0.10
Metals	0.50	84.20	14.00	1.80	0.00	0.00	0.00
Chemicals and Photographic Supplies	1.90	47.20	49.70	3.10	0.00	0.00	0.00
Transport Equipment	0.00	100.00	0.00	0.00	0.00	0.00	0.00
Non-electric Machinery	0.00	100.00	0.00	0.00	0.00	0.00	0.00
Electric Machinery	0.10	97.30	2.70	0.00	0.00	0.00	0.00
Minerals and Precious Stones	0.20	94.50	3.10	2.40	0.00	0.00	0.00
Other Manufactured Articles	0.60	86.90	9.10	4.00	0.00	0.00	0.00

Source: UNCTAD (1996)

Table 1d: Unweighted Average Percentage Post-UR Tariffs: APEC Members

Country	Austr-alia	Canada	Indo-nesia	Japan	Korea	Mexico	Malay-sia	New Zealand	Phili-ppines	Singa-pore	Thailand	U.S.A.	China
Product													
Textiles	14.1	10.4	24.2	4.0	10.7	12.6	16.1	8.2	23.3	0.4	26.6	7.4	38.9
Wearing apparel	37.2	16.4	29.8	9.1	13.8	14.6	17.6	31.3	26.3	3.9	22.9	15.9	39.9
Leather	14.9	10.2	12.9	12.9	9.4	9.7	18.2	25.6	25.4	0.5	28.5	6.6	43.4
Lumber	7.4	4.0	24.6	1.6	12.0	12.6	17.9	11.8	24.9	0.2	16.1	1.1	32.1
Pulp paper	6.3	0.0	10.6	0.0	0.0	4.5	5.3	0.0	24.1	0.0	20.3	0.0	27.2
Oil and coal	0.9	0.5	3.7	1.4	4.2	2.5	7.1	3.0	12.7	10.7	21.1	0.8	15.5
Chemicals	7.3	6.0	5.6	2.5	6.7	8.9	6.7	7.7	17.4	0.4	30.1	3.1	28.3
Non-metallic mineral products	8.4	4.8	15.1	1.4	12.3	12.0	19.3	9.5	26.4	0.0	25.8	5.2	35.2
Primary ferrous metals	1.6	1.4	5.5	0.9	1.9	6.0	4.9	8.5	12.8	0.0	13.8	1.0	18.9
Non-ferrous metals	4.8	1.9	10.4	0.6	6.5	4.7	5.2	9.5	19.0	0.0	11.7	1.0	10.9
Fabricated metals	10.9	4.9	20.2	0.9	11.8	12.6	13.6	13.2	30.6	0.0	31.8	2.2	34.5
Transport	9.8	4.3	15.0	0.0	11.4	8.8	14.2	12.3	22.2	0.9	41.1	2.5	69.3
Machinery	7.8	2.3	14.2	0.1	7.1	11.7	5.4	9.9	20.4	0.0	25.4	1.5	28.4
Other manufacturing	11.6	4.2	28.6	2.3	8.8	15.4	12.6	18.1	31.1	0.3	26.8	2.7	44.4
Electricity, water and gas	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	3.0

Source: The Pacific Economic Cooperation Council for APEC, 1995, Survey of Impediments to Trade and Investment in the APEC Region.

Table 2a: Uruguay Round Tariff Bindings and Actual Tariff Equivalents of Agricultural Protection, 1986-2000

Product	Actual Tariff Equivalent (percent) 1989-1993	Tariff Binding (percent) Final Period 2000	Proportional Reduction by 2000	Dirty Tariffication[a] 1986-1988	Binding 2000/Actual Tariff Equivalent 1989-1993
European Union					
Wheat	68	109	36	1.60	1.60
Coarse Grains	89	121	36	1.42	1.36
Rice	103	231	36	2.36	2.24
Beef and Veal	97	87	10	1.00	0.90
Other Meat	27	34	36	1.32	1.26
Dairy Products	147	205	29	1.63	1.39
Sugar	144	279	6	1.27	1.94
All Agriculture					
Unweighted Average	45	73		1.61	1.63
Standard Deviation	57	96		1.58	1.68
United States					
Wheat	20	4	36	0.30	0.20
Coarse Grains	2	2	74	2.00	1.00
Rice	2	3	36	5.00	1.50
Beef and Veal	2	26	15	10.33	13.00
Other Meat	I	3	36	0.67	3.00
Dairy Products	46	93	15	1.09	2.02
Sugar	67	91	15	1.50	1.36
All Agriculture					
Unweighted Average	13	23		1.44	1.77
Standard Deviation	22	35		1.20	1.59

a: Announced base tariff rate as a ratio of actual tariff equivalent in the base period.

Source: Ingco (1995)

Table 2b: Unweighted Average Percentage Post-UR Tariffs in Agriculture: APEC Members

Country	Austr-alia	Canada	Indo-nesia	Japan	Korea	Mexico	Malay-sia	New Zealand	Phili-ppines	Singa-pore	Thailan d	U.S.A.	China
Product													
Paddy rice	1.0	0.0	9.0	444.0	49.0	8.0	49.0	1.0	49.0	2.2	49.0	0.0	0.0
Wheat	0.0	26.0	0.0	193.0	13.0	0.0	13.0	0.0	13.0	2.7	13.0	4.0	0.0
Grains	0.0	24.0	6.0	180.0	95.0	0.0	95.0	0.0	95.0	5.3	95.0	0.0	3.0
Non-grain crops	3.3	3.0	38.3	38.7	47.7	3.0	47.7	3.3	47.7	7.5	47.7	42.0	11.8
Processed rice	0.0	7.0	0.0	36.5	41.0	0.0	41.0	0.0	41.0	3.9	41.1	2.0	0.0
Meat	0.5	26.0	10.7	193.0	32.5	19.5	13.0	0.5	13.0	3.1	13.1	4.0	37.6
Milk	7.0	157.0	0.0	207.0	111.0	4.0	111.0	7.0	111.0	4.2	111.1	92.0	25.3
Other food	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	0.1	0.0	26.0

Source: The Pacific Economic Cooperation Council for APEC, 1995, Survey of Impediments to Trade and Investment in the APEC Region.