Appendix to Chapter 2 (A2)

While a large number of preference schemes are offered by developed and developing country trade partners, the main preference-giving countries for developing and least developed countries are the QUAD+: the EU, USA, Japan, Canada and Australia. The EU and USA are discussed in Chapter 2, and we begin here with some information on the others (see relevant chapters in Hoekman *et al.*, 2009 for more detail). Japan offers GSP preferential tariff treatment to 141 developing countries, with LDCs being eligible for duty and quota free treatment on specified products. Canada imports most of its goods from the North American Free Trade Association (NAFTA) at significant margins of preference relative to MFN rates. Developing countries accounted for just under 20 per cent of its total imports in 2003, mostly under MFN, although about a quarter were subject to the General Preferential Tariff (GPT), which is generally less than half the MFN tariff. About three-quarters of preferential imports to Australia enter under developing country preferences, although since 2003 a more generous LDC preference scheme has been in place. The remainder of this appendix provides details and tables to supplement the discussion in Chapter 2.

Japan

Japan's GSP started in 1971. The current arrangements offer preferential tariff treatment to 141 developing countries, with LDCs being eligible for special preferential treatment (duty and quota free treatment on specified products). GSP treatment is granted to selected agricultural and fishery products (337 items) and industrial products (3,216 items). There is some duty free treatment under GSP for agricultural products (without ceilings), and presumption of duty free treatment for industrial products, with exceptions for sensitive items and ceilings on a significant proportion – about one-third – of industrial products subject to GSP treatment.

Canada

Canada's imports from developing countries accounted for just under 20 per cent of its total imports in 2003. About three-quarters of these were under MFN treatment, and the remaining imports from developing countries (4–5 per cent of total imports) were mainly subject to the General Preferential Tariff (GPT); the average GPT tariff was 2.2 per cent compared with the average MFN tariff in 2009 of 5.8 per cent. The least developed country tariff (LDCT), usually 0 per cent, covered a very small proportion (0.7%) of Canada's total imports.

The overall margin of preference offered by MFN tariffs is therefore limited and should be viewed in the context of Canada importing most of its goods from NAFTA at significant margins of preference relative to MFN rates: There are also further sources of dilution of the benefits (currently or to be expected in future) from Canada's bilateral Free Trade Agreements (with Israel, Chile and Costa Rica) and its participation in broader schemes (Asia-Pacific Economic Cooperation (APEC) and the Free Trade Area for the Americas (FTAA)). The main beneficiaries of Canada's preferential arrangements are the more advanced developing countries (Mexico, Brazil and China), although a number of LDCs have benefited from the extension in 2003 of the LDCT to textiles and clothing.

Australia

Australia's non-reciprocal preferential tariff schemes can be grouped into developing country preferences, special rates for specific countries, Forum Island Country (FIC) preferences and preferences applicable mainly to LDCs. The developing country tariff is the broadest preference in terms of the number of economies that are eligible. It is by far the most heavily used preference, applicable to some US$14.5 billion in imports in 2004, i.e. about three-quarters of preferential imports to Australia. The volume of imports under this arrangement increased substantially during the period 1996–2004. Imports under the programme ranged from 33 to 40 per cent total imports from developing countries during this period. Again, given the low overall MFN the 'historical' preference for LDCs provides preferential access for a limited number of tariff lines for these economies, in addition to the benefits available under the developing country preferences. Flows under the 'historical' scheme amounted to just US$23 million in 2004. In 2003, a new and more generous LDC preference was introduced. The take-up has not resulted, however, in a large increase in import volumes under the new scheme; with goods receiving preference accounting for about 0.1 per cent of developing country exports to Australia.

Other schemes

Several other developed and developing countries offer preferential treatment to exports from least developed or marginalised economies. For example, in addition to the GSP preferences discussed above, nine other national GSP schemes have been notified to UNCTAD (by Belarus, Bulgaria, Estonia, Japan, New Zealand, Norway, Russian Federation, Switzerland and Turkey). Developing countries such as India also offer tariff preferences (in this case for a limited number of products, although further improved access for LDCs is under consideration).

Extent and trade coverage of preferential schemes

Table A2.1 reports the number of tariff lines imported by QUAD countries from beneficiaries of various QUAD preference schemes and the terms under which they are imported. Details of agricultural and non-agricultural tariff lines are provided in Tables AT1, AT2 and AT3. In 2003, QUAD countries imported between 8,497 and 10,496 (with an average of 9,673) tariff lines, over half (53%) of which are on preferential terms. The EU had the largest share of preferential tariff lines estimated at an average of 73 per cent of the total tariff lines under its various schemes, while Canada, with 40 per cent, provides the smallest proportion under the preferential schemes; however, Canada has the largest share (50%) of tariff lines subject to zero MFN duties. Poor countries tend to have high export dependence on a few tariff lines, some of which are also considered as 'sensitive' in QUAD countries and therefore subject to non-zero MFN duties.

Table A2.1 Tariff lines of preferential imports by QUAD countries, 2003

	EU-15		USA		Japan		Canada		Average	
All schemes	**Tariff lines**	**%[a]**	**Tariff lines**	**%[a]**	**Tariff lines**	**%[a]**	**Tariff lines**	**%[a]**	**Tariff lines**	**%[a]**
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(11)**	**(12)**
Total tariff lines	**10,404**	**100**	**10,496**	**100**	**9,296**	**100**	**8,497**	**100**	**9,673**	**100**
MFN duty free	2,176	21	3,220	31	3,349	36	4,261	50	3,252	34
MFN dutiable	640	6	1,935	18	1,931	21	814	10	1,330	14
Preferential access	7,588	73	5,341	51	4,017	43	3,422	40	5,092	53
Duty free preference	6,704	64	5,331	51	3,381	36	2,817	33	4,558	47
Preferential duties	884	8	10	0	636	7	605	7	534	6

[a]Ratio of MFN duty free, preferential access, duty free preference, etc. to all tariff lines.
Source: Calculated by authors using data from Table A1 in Low *et al.* (2005; 2006).

On average the GSP has the largest shares of dutiable tariff lines (both MFN and preferential duties), while the EU has the smallest shares of dutiable tariff lines across its preference schemes. However, the important issue is that often tariff lines (particularly for agricultural products) of significant export interest to beneficiary countries are either wholly excluded from preferential treatment or are subject to strenuous rules of origin and technical and product standards when allowed under preferential terms. (This issue is discussed further in Chapter 4.) It is now commonly acknowledged that successive rounds of multilateral trade agreements have reduced the relative importance of import duties and quota restrictions, while the importance of non-traditional and new generation non-tariff measures has increased. Ultimately, beneficiary countries fail to take full advantage of the preference schemes due to both their supply-side constraints and conditionality (rules of origin) or documentation barriers to accessing preference schemes.

Evolution of preferential trade

Table A2.2 shows that between 1994 and 2001 QUAD imports from 49 least developed countries (33 of which are African) receiving GSP preferences increased from US$999 million to US$4,920 million and the utilisation rate of the GSP by these countries increased on average from 48.2 per cent in 1994 to 68.5 per cent (although utilisation fell to 30 per cent in 1997). However, the increase in utilisation is largely due to a steady rise in oil exports (to a large extent from West African oil exporting countries) to the USA, where utilisation rate stood at 95.8 per cent in 2001 (UNCTAD, 2004). If oil exports lowers are excluded, utilisation of the US GSP falls to 47 per cent.

Table A2.2 Effectiveness of QUAD preference schemes for LDCs as measured by import coverage, utilisation rate and utility rate, 1994–2001

Country/ country group	Year	Total imports	Dutiable imports (US$ million)	Imports eligible for GSP preferences	Imports receiving GSP preferences	Imports covered by GSP scheme	Utilisation rate of GSP scheme	Utility rate of GSP scheme
		(a)	(b)	(c)	(d)	(c)/(b)	(d)/(c)	(d)/(a)
QUAD	1994	5,347.0	3,917.3	2,071.0	999.0	52.9	48.2	18.7
	1995	6,087.8	4,706.1	2,564.3	1,361.2	54.5	53.1	22.4
	1996	9,956.3	7,451.1	2,985.0	1,517.9	40.1	50.9	15.2
	1997	10,634.1	8,163.4	5,923.1	1,788.2	72.6	30.2	16.8
	1998	9,795.7	7,915.1	5,564.2	2,704.5	70.3	48.6	27.6
	1999	10,486.5	8,950.4	5,869.3	3,487.5	65.6	59.4	33.3
	2000	13,359.2	11,715.5	7,836.0	4,990.2	66.9	63.7	37.4
	2001	12,838.2	11,167.1	7,185.5	4,919.9	64.3	68.5	38.3
EU	1994	2,471.2	1,823.4	1,791.7	748.1	98.3	41.8	30.3
	1995	2,814.6	2,277.8	2,246.3	1,077.6	98.6	48.0	38.3
	1996	3,219.0	2,580.3	2,520.1	1,196.8	97.7	47.5	37.2
	1997	3,614.8	2,926.3	2,888.8	770.8	98.7	26.7	21.3
	1998	3,519.4	2,932.1	2,908.0	761.8	99.2	26.2	21.6
	1999	3,562.2	3,100.9	3,075.2	1,035.0	99.2	33.7	29.1
	2000	4,247.1	3,671.7	3,633.6	1,499.5	99.0	41.3	35.3
	2001	4,372.4	3,958.1	3,935.7	1,847.4	99.4	46.9	42.3
USA	1994	1,755.3	1,398.4	68.1	50.4	4.9	74.0	2.9
	1995	1,787.5	1,474.3	69.7	49.4	4.7	70.9	2.8
	1996	4,896.1	3,896.5	69.7	48.3	1.8	69.3	1.0
	1997	5,609.1	4,432.5	2,719.4	790.6	61.4	29.1	14.1
	1998	4,974.9	4,247.1	2,282.4	1,747.0	53.7	76.5	35.1
	1999	5,780.7	5,109.2	2,419.7	2,215.7	47.4	91.6	38.3
	2000	7,695.5	7,086.6	3,577.2	3,247.5	50.5	90.8	42.2
	2001	7,221.3	6,716.3	2,960.1	2,836.1	44.1	95.8	39.3

Table A2.2 (continued)

Country/ country group	Year	Total imports	Dutiable imports (US$ million)	Imports eligible for GSP preferences	Imports receiving GSP preferences	Imports covered by GSP scheme	Utilisation rate of GSP scheme	Utility rate of GSP scheme
		(a)	(b)	(c)	(d)	(c)/(b)	(d)/(c)	(d)/(a)
Japan	1994	1,120.5	695.5	211.2	200.5	30.4	94.9	17.9
	1995	1,309.8	912.7	241.9	230.1	26.5	95.1	17.6
	1996	1,504.3	939.8	388.9	269.9	41.4	69.4	17.6
	1997	1,204.9	757.3	306.3	222.1	40.4	72.5	18.4
	1998	1,045.4	643.8	364.0	189.9	56.5	52.2	18.2
	1999	989.0	679.6	366.2	231.9	53.9	63.3	23.4
	2000	1,236.5	881.3	615.3	236.0	69.8	38.4	19.1
	2001	1,001.3	398.1	278.3	228.4	69.9	82.1	22.8
Canada	1994	–	–	–	–	–	–	–
	1995	175.9	41.3	6.4	4.1	15.5	64.1	2.3
	1996	336.9	34.5	6.3	2.9	18.3	46.0	0.9
	1997	205.3	47.3	8.6	4.7	18.2	54.7	2.3
	1998	256.0	92.1	9.8	5.8	10.6	59.2	2.3
	1999	154.6	60.7	8.2	4.9	13.5	59.8	3.2
	2000	180.1	75.9	9.9	7.2	13.0	72.7	4.0
	2001	243.2	44.6	11.4	8.0	12.1	70.2	3.3

Source: UNCTAD (2004).

Composition of preferential trade

Table AT7 reports the values of preferential exports of selected developing and least developed countries to the QUAD countries and Australia in 2003.[24] The information in Table AT7 confirms the contrasting importance of the various schemes between developing and least developed countries. In terms of absolute bilateral import values of QUAD+, beneficiary developing countries exported more than 11 times more (US$151,313 million) than beneficiary LDCs (US$13,133 million) under preferential terms of market access.[25] For agricultural exports, the highest shares of exports for both developing (46%) and least developed (59%) countries entered the QUAD+ subject to zero MFN duties. However, for some LDCs, preference schemes are not important in their trade in agricultural products with the QUAD+. For example, Central African Republic, Chad, Burundi, Maldives, Rwanda, Mali, Sierra Leone, Guinea-Bissau, Guinea, Benin, Lesotho, Angola and Solomon Islands exported at least 90 per cent of their agricultural products to the QUAD+ on non-preferential access terms (albeit they exported under MFN duty free access terms).

Agricultural exports are important for many developing and most least developed countries and some have lower unit production cost conditions than the QUAD+ in certain products (e.g. sugar and beef). Preferential market access accounted for 23 per cent of agricultural exports for developing countries and 37 per cent for LDCs. This indicates the relatively more restricted market access for agricultural exports into the QUAD+, often hampered by trade barriers in the form of tariff peaks, tariff escalation, non-tariff barriers and technical barriers (some of which are genuinely important to safeguard health and safety of consumers). However, since these market access conditions apply to all exporters to the QUAD+ and beneficiary countries do export on preferential terms, there are beneficial preference margins accruing to beneficiary countries. Clearly, erosion of such preference margins under multilateral liberalisation is of concern to beneficiary countries.

Key preferential exports of developing and least developed countries

Beneficiary developing and least developed countries as a group export a wide variety of agricultural and non-agricultural products, including meat, fish (fresh, chilled or frozen and crustaceans), preserved fish, vegetables, fruit, cereals, vegetable oil, sugar, prepared fruit and vegetables, wine, tobacco, wood, and clothing and textiles.26 A few countries also export products from the extractive industries, such as precious metals, oil and gas. Table A2.3 shows a representative list of the key products (in descending order of value) of beneficiary developing and least developed countries based on key African exports to the EU.27 As the values of individual products are small, they are not given, but as a group they generated a gross sum of US$8.5 billion (representing 12 per cent of total EU imports from Africa in 2000). The export products reported in Table A2.3 can be placed into six major groups according to the broad relative terms of access they face in the QUAD countries: textiles and clothing; sugar; fresh fruit and vegetables; prepared fruit and vegetables, wine, tobacco and wood; meat; and fish.

Textiles and clothing

Table A2.4 shows the access terms for clothing and textile products exported by both north and sub-Saharan African countries to QUAD countries. Clothing and textiles cover a wide range of individual product items and are exported by a large number of developing and least developed countries. Table A2.5 shows the access terms for export products of north African countries only. For the EU market both groups (north Africa and sub-Saharan, and north Africa only) exported clothing products to the EU duty free (provided rules of origin were met). However, for the US market north Africa and sub-Saharan Africa as a group had better access terms, ranging from duty free access (mostly under AGOA for 19 qualifying African countries – see section on AGOA)[28] to the highest tariff rate of 32.7 per cent.

Table A2.3 Representative list of African exports to the EU (in descending order of value)

HS-4	CN8	Description
6203	17	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts
6204	21	Women's or girls' suits, ensembles, jackets, dresses, skirts, divided skirts, trousers, bib and brace overalls
6109	2	T-shirts, singlets and other vests, knitted or crocheted
6110	7	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted (excl. wadded waistcoats)
1604	8	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs
8703	1	Motor cars and other motor vehicles principally designed for the transport of persons, including station
1701	3	Cane or beet sugar and chemically pure sucrose, in solid form
2401	5	Unmanufactured tobacco; tobacco refuse
0805	7	Citrus fruit, fresh or dried
6205	2	Men's or boys' shirts (excl. knitted or crocheted, nightshirts, singlets and other vests)
0803	1	Bananas, incl. plantains, fresh or dried
2204	6	Wine of fresh grapes, incl. fortified wines; grape must, partly fermented, of actual alcoholic strength of > 0.5
0302	4	Fish, fresh or chilled (excl. fish fillets and other fish meat of heading 0304)
6206	2	Women's or girls' blouses, shirts and shirt-blouses (excl. knitted or crocheted and vests)
0806	2	Grapes, fresh or dried
1509	3	Olive oil and its fractions, whether or not refined, but not chemically modified
6211	6	Track suits, ski suits, swimwear and other garments n.e.s. (excl. knitted or crocheted)
0306	4	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine
0808	4	Apples, pears and quinces, fresh

Table A2.3 (continued)

HS-4	CN8	Description
6108	4	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, negligées, bathrobes, dressing gowns
0303	3	Frozen fish (excl. fish fillets and other fish meat of heading 0304)
0708	1	Leguminous vegetables, shelled or unshelled, fresh or chilled
0702	1	Tomatoes, fresh or chilled
6105	1	Men's or boys' shirts, knitted or crocheted (excl. nightshirts, t-shirts, singlets and other vests)
0201	1	Meat of bovine animals, fresh or chilled
6302	5	Bed-linen, table linen, toilet linen and kitchen linen of all types of textile materials (excl. floor-cloths
2008	6	Fruits, nuts and other edible parts of plants, prepared or preserved, whether or not containing added sugar
6111	1	Babies' garments and clothing accessories, knitted or crocheted (excl. hats)
2005	3	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid (excl. frozen, and tomatoes, fresh or chilled)
6107	2	Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles
6209	2	Babies' garments and clothing accessories of all types of textile materials (excl. knitted or crocheted)
6201	5	Men's or boys' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets
6104	5	Women's or girls' suits, ensembles, jackets, dresses, skirts, divided skirts, trousers, bib and brace overalls
0709	2	Other vegetables, fresh or chilled (excl. potatoes, tomatoes, alliaceous vegetables, edible brassicas, lettuce
0701	1	Potatoes, fresh or chilled
6210	3	Garments made up of felt or nonwovens, whether or not impregnated, coated, covered or laminated
6112	2	Track-suits, ski-suits and swimwear, knitted or crocheted
6202	2	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets
0810	1	Strawberries, raspberries, blackberries, black, white or red currants, gooseberries and other edible fruit
6106	2	Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted (excl. t-shirts and vests)
0304	2	Fish fillets and other fish meat, whether or not minced, fresh, chilled or frozen
6208	2	Women's or girls' vests, slips, petticoats, briefs, panties, nightdresses, pyjamas, negligées, bathrobes,
1605	2	Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved

Table A2.3 (continued)

HS-4	CN8	Description
2009	2	Fruit juices, incl. grape must, and vegetable juices, unfermented, not containing added spirit
0202	2	Meat of bovine animals, frozen
0811	1	Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar
0712	1	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared
6207	1	Men's or boys' singlets and other vests, underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns
4412	1	Plywood, veneered wood and similar laminated wood (excl. sheets of compressed wood, hollow-core)
8527	1	Reception apparatus for radio-telephony, radio-telegraphy or radio-broadcasting, whether or not combined
6103	1	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts
1007	1	Grain sorghum
6115	1	Panty hose, tights, stockings, socks and other hosiery, incl. stockings for varicose veins, knitted or crocheted
6911	1	Tableware, kitchenware, other household articles and toilet articles, of porcelain or china (excl. baths, bidets)
6304	1	Articles for interior furnishing, of all types of textile materials (excl. blankets and travelling rugs, bed-linen
0809	1	Apricots, cherries, peaches incl. nectarines, plums and sloes, fresh

Source: Stevens and Kennan (2004b).

The 'north Africa only' sub-group (most likely without AGOA beneficiaries) did not enjoy such levels of preferential access terms, as almost all their clothing exports to the USA were subject to non-zero duties (see Table A2.5). However, US tariffs on clothing were lower than those imposed by Japan and Canada, which implies that the USA was still a more attractive market destination for north Africa's exports of clothing. One of the reasons for lower volumes of African (except for least developed African countries) clothing exports to Japan and Canada is that they are accorded the same treatment as those from GSP-receiving countries, while clothing and GSP textiles imports into Japan and Canada face some of the highest tariffs and stricter rules of origin. Rules of origin may either prevent a country from obtaining the preferences notionally given or require firms to take commercially unviable decisions (e.g. buying expensive cloth inputs) in order to benefit (Stevens and Kennan, 2004b).

Table A2.4 Access terms for both north and sub-Saharan African clothing exports in the QUAD countries[a]

		Tariffs applied by QUAD countries[b]			
HS-4	Description	EU	USA	Japan	Canada
6105	Men's or boys' shirts, knitted or crocheted (excl. nightshirts, t-shirts, singlets and other vests)	0	0 or 20.1	8.5–12.7	18.5
6106	Women's or girls' blouses, shirts and shirtblouses knitted or crocheted (excl. t-shirts and vests)	0	0 or 15.5–32.8	8.5–12.7	18.5
6109	T-shirts, singlets and other vests, knitted or crocheted	0	0 or 5.7–32.6	8.5 - 12.7	18.5
6110	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted (excl. wadded waistcoats)	0 or 9.2	0 or 5–32.7	10.6–15.0	18.5
6203	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (excl. knitted or crocheted)	0 or 8.1	0 or 0.9–28.4 or 17.7%+US$0.452/kg or 18.6%+US$0.159/kg	10.6–15.0	17.5 or 18.5
6204	Women's or girls' suits, ensembles, jackets, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts	0	0 or 1.4–29.1 or 18.6%+US$0.139/kg or 'rate unknown'	10.6–15.0	17.5 or 18.5
6205	Men's or boys' shirts (excl. knitted or crocheted, nightshirts, singlets and other vests)	0	0 or 2.4 to 26.4%+US$0.296/kg	8.5	17.5 or 18.5
6206	Women's or girls' blouses, shirts and shirtblouses (excl. knitted or crocheted and vests)	0	0 or 3.6–27.4	8.5–13	17.5 or 18.5

Source: Stevens and Kennan (2004b).
[a]In 2000, into EU.
[b]The tariffs or ranges shown are those applicable to the HS-6 sub-heads within the respective HS-4 headings in which there were exports to the EU by least one African country to a value of US$5 million or more in 2000, and to the countries making those exports. They do not necessarily represent the full range of tariffs applicable to the HS-4 heading.

Table A2.5 Access terms for north African clothing exports in the QUAD

			Tariffs applied by QUAD countries		
HS-4	Description	EU	USA	Japan	Canada
6112	Track-suits, ski-suits and swimwear, knitted or crocheted	0	25.4 or 28.7	11.8 or 12.7	18.5
6115	Panty hose, tights, stockings, socks and other hosiery, incl. stockings for varicose veins, knitted or crocheted (excl. for babies)	0	0–13.8	8.5	16%+0.3¢/pair
6103	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (excl. wind-jackets and similar articles)	0	15–28.7	11.8 or 12.7	18.5
6104	Women's or girls' suits, ensembles, jackets, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts	0	10.5–28.7	11.8 or 12.7	18.5
6107	Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted	0	7.6 or 9.1	8.5	0 or 18.5
6108	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, negligées, bathrobes, dressing gowns, housecoats and similar articles	0	7.8–15.9	8.5	0 or 18.5
6111	Babies' garments and clothing accessories, knitted or crocheted (excl. hats)	0	8.2–20.1	8.5–12.6	18.5
6201	Men's or boys' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles	0	4.5–28.2	10.6 or 15	17.5–19
6202	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski-jackets, windcheaters, wind-jackets and similar articles	0	4.5% to 17.7%+US$0.426/kg	10.6 or 15	17.5 or 18.5
6207	Men's or boys' singlets and other vests, underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles	0	6.2	8.5	17.5
6208	Women's or girls' vests, slips, petticoats, briefs, panties, nightdresses, pyjamas, negligées, bathrobes, dressing gowns and similar articles	0	7.8–16.3	8.5–13	17.5 or 18.5

Table A2.5 (continued)

			Tariffs applied by QUAD countries		
HS-4	**Description**	**EU**	**USA**	**Japan**	**Canada**
6209	Babies' garments and clothing accessories of all types of textile materials (excl. knitted or crocheted and hats)	0	0.9–24	8.5 - 13	17.5 or 18.5
6210	Garments made up of felt or non-wovens, whether or not impregnated, coated, covered or laminated; garments of textile materials	0	4.3–7.2	10.6 or 13	0 or 18.5
6211	Track suits, ski suits, swimwear and other garments n.e.s. (excl. knitted or crocheted)	0	3.2–16.3	10.6 or 15	0–18.5

Source: Stevens and Kennan (2004b).
[a]In 2000 into EU.
[b]The tariffs or ranges shown are those applicable to the HS6 sub-heads within the respective HS4 headings in which there were exports to the EU by least one African country to a value of $5 million or more in 2000, and to the countries making those exports. They do not necessarily represent the full range of tariffs applicable to the HS4 heading.

Rules of origin under the preferential schemes have played an important role in influencing what type of clothing products are exported to both the EU and USA. Often a distinction is made between knitwear products and woven products. For a long time, beneficiary countries have largely exported knitwear products to the EU, mainly because the rule of origin of substantial transformation is easily met by transforming yarn to knitted items on less capital-intensive knitting machines. Woven products, however, involve transforming yarn into the intermediate fabric item and then fabric into a woven item. The intermediate stage (fabric) is often capital-intensive, which most firms in beneficiary countries cannot afford; hence, they end up importing fabric. If fabric is imported from preference-giving countries, access to preferential treatment may be guaranteed; otherwise, preferences are forfeited. The problem with sourcing materials from preference-giving countries is that these countries may not always be the most competitive and this undermines the competitiveness of the finished product. Attempts to ease such restrictive elements of rules of origin have included allowing sourcing of imports within other beneficiary countries (by way of cumulation) or reducing the margin by which the value of imported inputs from third party countries does not exceed certain limits, for example, 40 per cent of the ex-work price.

Under AGOA, the distinction between woven and knitted clothing items is not important; instead the distinction is whether or not the clothing item is fully formed and where the transformation takes place. Very strict rules of origin apply where items of clothing are made from already cut pieces; in this case US yarn must be used and the sewing or joining together of components must also be done in the USA or in an AGOA-eligible country. Unlimited duty free access is granted where these conditions are fully met. More relaxed rules of origin apply where clothing items are cut and assembled or knitted in one or more sub-Saharan African country. Here it is required that the fabrics must be woven in the sub-Saharan African region from yarns formed in either the USA or the beneficiary region. Again the fabric weaving is the difficult element for most beneficiary countries individually, but sourcing from the wider sub-Saharan African region under cumulation provisions reduces the difficulty (while also providing business opportunities to fabric producing countries, although there are only a few that are internationally competitive).

Sugar

In addition to exporting to the EU market under Sugar Protocol, African countries also export sugar to the other QUAD countries, the USA and Japan (and to Canada in the recent past); Australia has a specific sugar import regime that favours Pacific and Asian countries. Under the Sugar Protocol, ACP countries that benefit are allocated duty free quotas to supply to the EU at EU domestic prices which are set above world prices. Any excess is exported at MFN tariffs. In practice some protocol countries have not exhausted their quotas. African sugar is subject to tariffs in the USA and Japan (see Table A2.6).

Table A2.6 African sugar tariffs and export revenues in QUAD countries

Raw cane sugar, for refining	EU		USA		Japan		Canada
	Tariff	US$ m	Tariff	US$ m	Tariff	US$ m	Tariff
Total		**302.8**	**0 or $0.3387/kg**	**51.1**	**35.3 to 103.1 Y/kg**	**34.0**	**0**
Mauritius	0	172.4					
Swaziland	0	74.3					
Zimbabwe	0	21.6					
Malawi	0	8.1					
Tanzania	0	7.8					
Congo Rep.	0	7.0					
Côte d'Ivoire	0	6.2					
Zambia	0	5.4					
Raw cane sugar, not for refining							
Total		**40.9**	**0 or $0.3387/kg**		**35.3 to 103.1 Y/kg**		**0**
Mauritius	0	31.4					
Malawi	0	9.5					

Source: Stevens and Kennan (2004b).

The high EU domestic sugar prices set above world prices and the application of MFN tariffs against non-protocol exporters afford protocol countries substantial economic transfers that on a unit basis make the sugar protocol one of the most lucrative EU preferential arrangements for ACP countries. Milner, Morgan and Zgovu (2004) estimate income transfers accruing to sugar protocol beneficiary LDCs and non-LDCs and establish that sugar rents represent significant proportions of domestic economic activity. Unsurprisingly, EU sugar reforms are shown to have important adverse effects on economies where sugar export earnings account for significant shares of total export earnings and GDP, inter alia. The adverse effects are also be felt at other stages in the value-chain, for example, direct and indirect employment and wage incomes among households involved directly or indirectly in the sugar industry.

Fresh fruit and vegetables

Exports of fresh fruit and vegetables face formidable challenges in that some elements are highly perishable while others have high weight-to-value ratios. This means that proximity to destination markets plays an important role unless considerable capital outlays are made in storage facilities and reducing product transfer times. Although tariffs on most fresh fruit and vegetables are not highly restrictive, trade in fresh fruit and vegetables is weak. Stevens and Kennan (2004b) suggest that technical barriers in the form of SPS regulations are one of the major hindrances in this product range. In terms of specific products exported by specific countries, the data show that Cameroon and Côte d'Ivoire are the main African banana exporters, Kenya and Uganda export fresh vegetables (in addition to a successful Kenyan trade in roses and other cut flowers) and South Africa exports the largest variety of fresh fruit and vegetables – partly on account of more capital-intensive production combined with temperate climatic conditions in most parts of the country.

Prepared fruit and vegetables, wine, tobacco and wood

Only a handful of African countries are able to export prepared fruit and vegetables, and wine. Stevens and Kennan (2004b) note that, given the narrow tariff margins (MFN versus preferential duty free terms) and the limited number of African countries involved, most of the items under this category do not make it on the list of 'preference relevant items' exported to the G8 group of countries. It is worth highlighting some noteworthy cases of individual products and treatment by some QUAD countries.

On average, exports under this sub-heading face zero or negligible tariffs in the QUAD countries. Exceptions abound, however, with very high tariffs in place on specific products, for example on grape juice, wine and tobacco. South African exports of grape juice to Japan (but not to the EU) face a tariff of 19.1 per cent; Japan's tariffs on wine range between 19 and 92 per cent, whereas for Canada they range between 1 and 39 per cent. Tobacco enters duty free in all QUAD countries except the USA, where tariff barriers as high as 350 per cent are erected depending on tobacco items (others enter duty free). Prepared fruit and fruit juice containing sugar generally attract high tariffs – as high as 30 per cent in Japan (but not in the USA or Canada).

Meat

The EU is the main and so far sole destination of meat exports from sub-Saharan Africa (mainly from Botswana, Namibia, Swaziland and Zimbabwe). Meat exports are exclusively chilled and frozen boneless beef, and the four Southern Africa countries are allocated quotas which they have not managed to satisfy on a regular basis (Stevens and Kennan, 2004b). South Africa produces sizeable quantities of beef for both domestic consumption and export, but it is a net importer and as a non-LDC country it faces MFN tariffs in the EU.

Beef prices are maintained at artificially high levels because of CAP policy and tariffs; the high beef prices provide ample preference margins and as quotas are not exhausted there is little incentive for African beef exporters to diversify markets, even to other QUAD countries (Stevens and Kennan, 2004b). It is clear therefore that pressures for CAP reform and multilateral liberalisation pressures on beef tariffs pose a considerable threat to the beef preferences incomes accruing to beef exporters to the EU.

Fish

Only a handful of African countries export fish and fish products, and the main export destination is the EU: two north African countries (Morocco and Tunisia), five West African countries (Mauritania, Senegal, Côte d'Ivoire, Nigeria and Gabon), and two southern African countries (South Africa and Namibia). Fresh and processed fish from all of these countries (except South Africa) enter the EU duty free – South African fish exports are taxed at 15 per cent. Tariffs on a wide variety of fish and processed fish products are generally low, ranging from 0 per cent for many fresh fish and 6 per cent; the highest tariff for processed fish is around 7 per cent, except for a few cases where tariffs are as high as 10 or 20 per cent. Despite these generally favourable tariffs, fish exports to the EU are very low, if not negligible. This suggests that there are other factors, presumably non-tariff barriers (including rules of origin) and technical barriers, that hinder imports of fish into the EU. EU rules of origin governing trade in fish accord fish originating status by reference to the nationality of not only the territory where the fish is caught, but also the nationality of the fishing vessel and certain nationality percentages of the fishing crew. The USA and Canada apply value-added criteria that do not involve consideration of the nationality of vessels or crew.