

**Market Access Advances and Retreats Since the Uruguay Round Agreement**

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# Market Access Advances and Retreats Since the Uruguay Round Agreement

by

**J. Michael Finger and Ludger Schuknecht**

The Uruguay Round has been justly celebrated for the innovations it represents: coverage extended to services, intellectual property, trade-related investment issues, much greater attention to the rules of trade-policy making and administration, a new and unified organization to administer the agreements, etc. At the same time, the Uruguay Round dealt significantly with the more or less traditional subject of the GATT – market access. In this paper we present a tally of the implementation or use of the parts of the Uruguay Round Agreements that relate directly to market access:

- the removal or reduction of import restrictions, and also
- the use of various “safeguard” and other measures that the agreement provides that allow a member government to introduce new trade restrictions.

Our report thus has no thesis to advance, it is not an essay, it is a tabulation of the amount of liberalization that has resulted from the Uruguay Round Agreements, and of slippage from that liberalization. Our objective is not to count up to see which part is larger, the agreed liberalization versus the allowed “backsliding.” No doubt, the liberalization has been larger, by several orders of magnitude. Nevertheless, it is important to keep a close watch on the use of allowed backsliding.

Our focus here is on the market access dimension of policy changes covered by the Uruguay Round Agreements. Our calculations (explained in more detail below) measure generally, how commitments made at the Uruguay Round will affect applied protection.

That we are focusing on market access may seem an obvious point, but experience with previous drafts indicates that readers will view our information from different perspectives. Some, for example, have commented that in calculating the percentage of imports subject to tariff cuts, we should have excluded already duty-free imports from the denominator – that a country with 80 percent duty free imports at the beginning could not have done more than make cuts on 20 percent. Our figures compare the percentage of countries’ imports affected by Uruguay Round concessions, they do not compare who was more generous or who tried harder.

## **Tariff negotiations**

At the Uruguay Round, some 130 countries or customs areas made tariff concessions. Within the mechanics of the GATT/WTO, a member makes a concession by submitting to the organization a schedule of commitments, of bound rates. In doing so, the member accepts a legal obligation not to impose a duty on any listed product at a rate higher than the specified bound rate. Its schedule of bound rates defines a member’s legal obligations on tariff rates –

there was no legal commitment to cut tariffs by a specified amount and thus no “official” measure of the tariff reductions exchanged at the Round.

As the negotiations matured, a frequently mentioned “target” was that developed members should reduce their tariffs by one-third, developing members should reduce theirs by one fourth. The discussion surrounding these targets was not precise, e.g., as to whether the base should be all merchandise imports or only industrial goods, all tariff lines vs. all dutiable tariff lines, or even if the appropriate formula was  $dT/T$  or  $dT/(1+T)$ . Members also engaged in a related discussion of how bindings of unilateral liberalizations would be treated, all of this complicated by an imprecision as to what date should be used to determine the “before” tariff rates.

In Table T1 along with Charts T1 and T2, we summarize our measures of the increase of bindings and the tariff reductions that will result from Uruguay Round commitments.<sup>1</sup>

### ***Increases of bindings***

Expansions of bindings are simple to conceptualize – the amount of some base year’s imports that would be covered by the new bindings versus the old. Increased bindings by developing economies are evident from Chart T1. Developing economies sometimes bound tariffs at levels above currently applied rates and some members’ tariff concessions consisted of binding tariffs at rates to which they had previously been reduced unilaterally. More information will be provided below both on ceiling bindings and on bindings of unilateral concessions.

### ***Tariff reductions***

We find that Uruguay Round commitments by the developing economies to reduce their tariffs compare well with the commitments of the developed economies.

- developing economies’ tariff cuts cover approximately the same percentage of imports,
- developing economies’ tariff cuts are actually deeper.

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<sup>1</sup>Though we use here the labels “developed” and “developing,” the classification of countries used in these calculations is the World Bank’s sorting of countries as either high-income economies (HIES) or low and middle income economies (LMIEs), that includes transition economies. The following footnote provides details of country coverage of the two categories.

## Depth of cut<sup>2</sup>

Our calculations of depth of tariff cut depart in two ways from the way that the GATT tariff cuts are traditionally measured. First, GATT tariff cuts are usually measured only over the import categories on which cuts are made; e.g., “a 30% cut on 40% of imports” does not mean that the tariff, on average, is now 30 percent lower. It means that the tariff is, on average, .4 x 30%, or 12 percent lower. We include “zero cuts” in our average.

Second, it is obvious that a 50 percent reduction of a 2% tariff rate does not improve market access the same as cutting a 40% rate in half. Taking this into account, we have calculated tariff changes from the formula

$$dT/(1+T)$$

where T is the ad valorem tariff rate, or ad valorem equivalent. From the perspective of an exporter,  $dT/(1+T)$  measures the percentage by which she can reduce her delivered price in the importing country while keeping the net price she collects (after the tariff) the same. This comes to less than 1 percent if a 2% rate is cut in half, to more than 14 percent if a 40% rate is cut in half. We consider, thus, the formula  $dT/(1+T)$  to provide the more appropriate measure of market access improvement.

## Applied rates and bound rates

Table T2 presents post Uruguay Round averages of bound and of applied rates. Even though the developing economies agreed to larger cuts at the Uruguay Round, and a number of them also implemented unilateral reductions, their tariffs are still on average considerably higher than those of the developed economies.

## Bindings of unilateral reductions

Table T3 reports for selected countries the percentage of recent tariff reductions that have been bound at the Uruguay Round.<sup>3</sup> The countries in Table T3 are not the only countries that

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<sup>2</sup>The results reported in this section come in large part from Finger, Ingco and Reincke. That source provides more extensive information on tariff concessions given and received by major Uruguay Round participants. Finger, Ingco and Reincke also provide a detailed discussion of which date were taken as the “before” and the “after” Uruguay Round tariff rates. Conceptualization of “before” and “after” followed practice developed by the GATT/WTO Secretariat, the dominant concern being to isolate tariff cuts that took place as a result of Uruguay Round commitments, to not count politically tariff cuts that took place while the round was under way. The basic data source for Finger, Ingco and Reincke is the GATT/WTO Integrated Data Base (IDB) that provides electronic data on the Uruguay Round schedules of commitments plus corresponding trade data for 40 major participants in the Uruguay Round negotiations (counting the then 12 members of the European Union as one participant)

The IDB covers 98 percent of merchandise (excluding petroleum) imports of the GATT contracting parties at the time of the round. Finger, Ingco and Reincke followed the World Bank convention of dividing countries into high income vs. low and middle income. By this classification, the IDB covers 14 high-income countries and areas plus 26 “transition” and “developing” countries and areas. With the exception of Hong Kong, all of the countries classified as high income are OECD members. Mexico and Korea, though OECD members, are classified as developing countries.

<sup>3</sup>These results are taken from Finger and Winters (1998). The data that were used and the formulas for calculating total, bound and reciprocal reductions are explained there. Intuitively, suppose an applied tariff rate, initially 50%, is reduced in a unilateral liberalization to 20%. Suppose the country also agrees to bind the rate on that tariff line at 30%. The Total reduction is (50-20) or 30 percentage points; the Bound Reduction is (50-30) or 20 percentage points. The Reciprocal Reduction, the reduction conditioned on the Uruguay Round, is what the Uruguay Round adds to the Total Reduction. In this example, the bound rate is above the unilaterally assigned applied rate, so the Reciprocal Reduction is zero. Had the Uruguay Round bound rate been 10%,

implemented unilateral liberalizations, they are the countries for which we could find data to measure the unilateral tariff liberalization, as well as the reduction agreed at the Uruguay Round.

Overall, our figures show that the countries in the group have bound somewhat less than half of the unilateral concessions that they have implemented since 1986. Measured by the  $dT/(1+T)$  formula, that comes to a bound cut of 8 to 12 percent for a number of Latin American countries and a 22 percent cut for India. Again, such figures compare favorably with the tariff cuts agreed and bound by the developed economies at the Uruguay Round.

### ***Remaining tariffs***

Chart T3 provides a profile of post Uruguay Round tariffs on manufactured goods. Generally, remaining patterns of tariff protection have the following characteristics:

1. Tariffs are disproportionately imposed against the exports of developing economies.
2. Tariffs are disproportionately imposed by the developing economies.
3. Biases against developing country exports are in developing economies' tariffs as much as in the developed economies' tariffs.

Beneath the low average tariffs of the developed economies there remain some significant tariff peaks, i.e., rates which are more than three times the national average. In several developed economies more than 10 percent of tariff lines bear ratters more than three times as high as the national average. (Laird, 1999). Sectors most strongly affected those of greatest export interest to developing economies (UNCTAD/WTO, 1998): footwear, leather and leather goods, food products, in addition to agriculture and textiles/clothing (a separate discussion of these latter product categories follows below). These peaks then in both the developed economies and the developing economies are why we see the pattern in the averages that Chart T3 reports.

### ***Tariff reductions since the Uruguay Round***

WTO members at several negotiations since the Uruguay Round have agreed to significant further tariff reductions. (Table T4). The largest of these reductions came together in the Ministerial Declaration on Trade in Information Technology Products which by the fall of 1997 had accumulated 43, signatories who thereby committed to a stepwise tariff elimination – on an MFN basis – on information technology products.<sup>4</sup>

This liberalization is impressive in both scope and depth. The Information Technology Agreement covers some big items like semiconductors, computers, scientific instruments and software – in 1997, more than 10 percent of world merchandise trade. Uruguay Round tariff cuts, we noted above, covered about 30 percent of world merchandise trade. The tariffs in question are more or less in line with the averages in most of the countries involved, hence the depth of cut will be in the same range as the depth of the Uruguay Round cuts.

Another post-Uruguay Round liberalization involved Canada, the European Union, Japan, Macau, Switzerland-Liechtenstein, and the US who agreed to eliminate tariffs by April 1997 on 465 pharmaceutical products, and on another 639 products by July 1999. These negotiated tariff

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the Total Reduction would be (50-10), the Bound reduction would be (50-10) and the Reciprocal Reduction would be (20-10).

<sup>4</sup> For most of the signatories, tariffs will be eliminated by January 2000, for a few, by January 2005.

eliminations followed an understanding during the Uruguay Round to hold such negotiating meetings at least every three years. These eliminations come in addition to 6,000 duty-free products already covered under the pharmaceutical initiative in the Uruguay Round.

The third instance, the EU and the US agreed in 1997 to reduce tariffs on distilled spirits, with the objective of eliminating tariffs on most of these products by 2000.

### *Policing the tariff cuts*

WTO Members created no specific mechanism to monitor the implementation tariff commitments. “Monitoring” will be done by traders – if a trader is asked to pay a duty above the importing country’s bound rate, the trader’s government can take the situation to the WTO dispute settlement process. As of March 1999, only one such situation has been brought to WTO dispute settlement, and the case is now under consultation.

The Integrated Data Base<sup>5</sup> itself is an important instrument for monitoring implementation of tariff commitments and increasing the transparency of tariff protection. The IDB was first pulled together to aid negotiators during the Uruguay Round. Since July 1997, members are required<sup>6</sup> to notify annually bound and applied tariff rates plus annual import statistics at the tariff line level. As of January 1999, 52 countries had made submissions to the IDB and a further 7 had requested technical assistance to do so. Submissions however were not always complete, bound rates have been included in only 33 of the 52 submissions.<sup>7</sup>

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<sup>5</sup> The IDB is an electronic database. All Members have submitted (at least) paper copies of their schedules of commitments.

<sup>6</sup> General Council decision of 16 July 1997 (WT/L/225).

<sup>7</sup> Adapting data to recent changes and the technical challenge of producing submissions for 8 or 10 thousand tariff are the major reasons for delays.

**Table T1: Uruguay Round Tariff Concessions Given and Received**

	Bindings		Tariff reductions	
	(percentage of 1989 imports)		% of imports	Depth of cut (dT/(1+T))
	pre-UR	post-UR		
<b>Tariff Concessions Given – All merchandise</b>				
Developed Economies	80	89	30	1.0
Developing Economies	30	81	29	2.3
All	73	87	30	1.2
<b>Tariff Concessions Received – All merchandise</b>				
Developed Economies	77	91	36	1.4
Developing Economies	64	78	28	1.0
All	73	87	33	1.3
	Bindings		Tariff reductions	
	(percentage of 1989 imports)		% of imports	Depth of cut (dT/(1+T))
	pre-UR	post-UR		
<b>Tariff Concessions Given – Industrial goods</b>				
Developed Economies	85	92	32	1
Developing Economies	32	84	33	2.7
All	77	91	32	1.3
	Bindings		Tariff reductions	
	(percentage of 1989 imports)		% of imports	Depth of cut (dT/(1+T))
	pre-UR	post-UR		
<b>Tariff Concessions Received – Industrial goods</b>				
Developed Economies	79	93	37	1.5
Developing Economies	72	86	36	1.2
All	77	91	37	1.4

**Table T2: Post-Uruguay Round Tariff Rates, all merchandise**

	bound rate, average ad valorem	post-UR bound rate above applied rate <sup>a</sup>	applied rate, average ad valorem
Developed Economies	3.5	19	2.6
Developing Economies	25.2	37	13.3
All	6.5	22	4.3

<sup>a</sup>Percentage of 1989 imports.

**Table T3: Uruguay Round Total, Bound and Reciprocal Reductions of Selected Developing Countries**

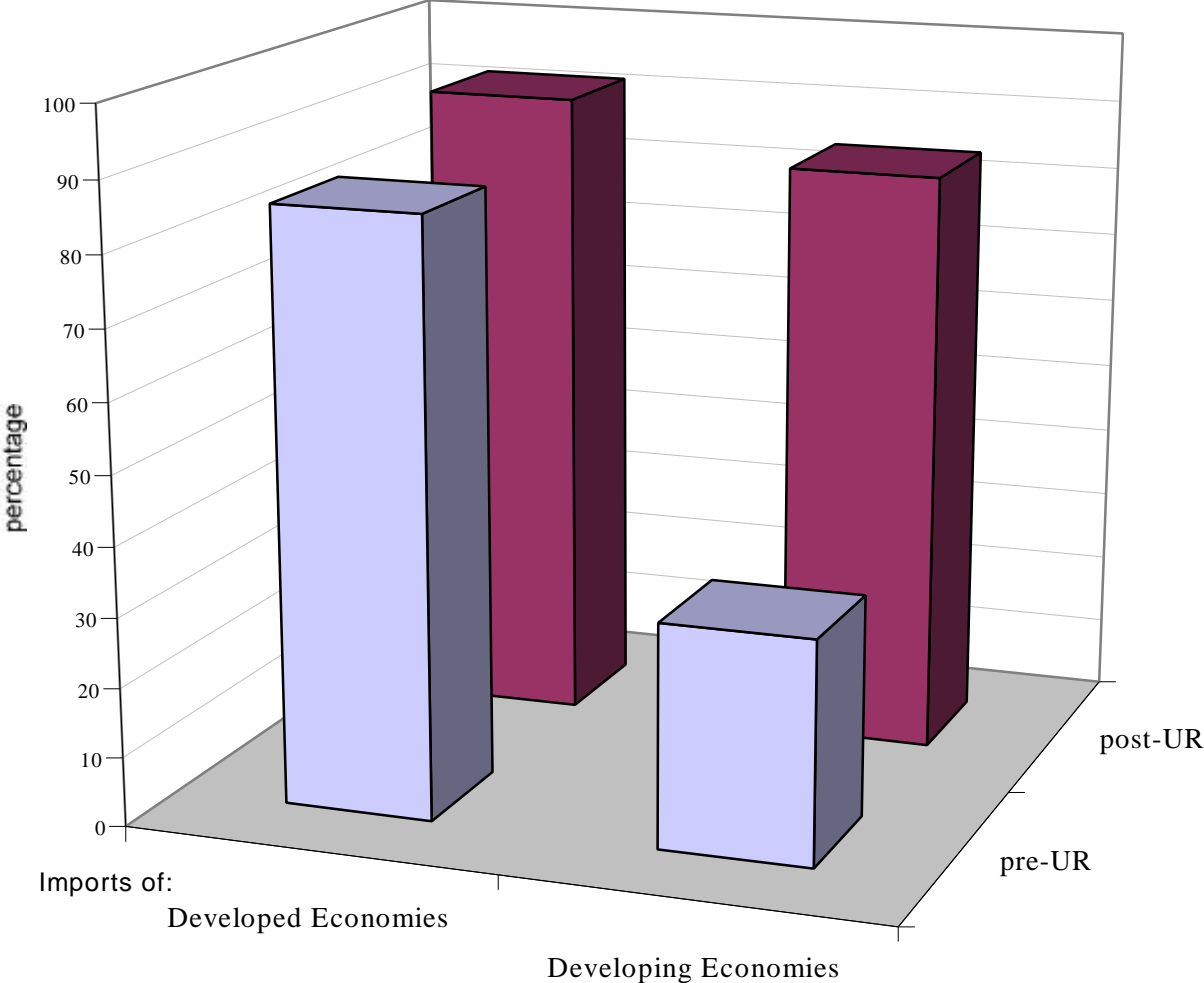
Country	Total Reduction	Bound Reduction	Reciprocal Reduction	Percentage of Total Reduction Bound
Argentina	16	9	.001	57
Brazil	25	12	.007	47
Chile	19	8	0	39
Mexico	27	8	.004	30
Peru	20	9	.03	46
Uruguay	6	3	.009	41
Venezuela	19	2	0.2	12
India	27	22	4.8	82
Average, weighted by import value				39

**Table T4: Post-Uruguay Round Tariff Concessions**

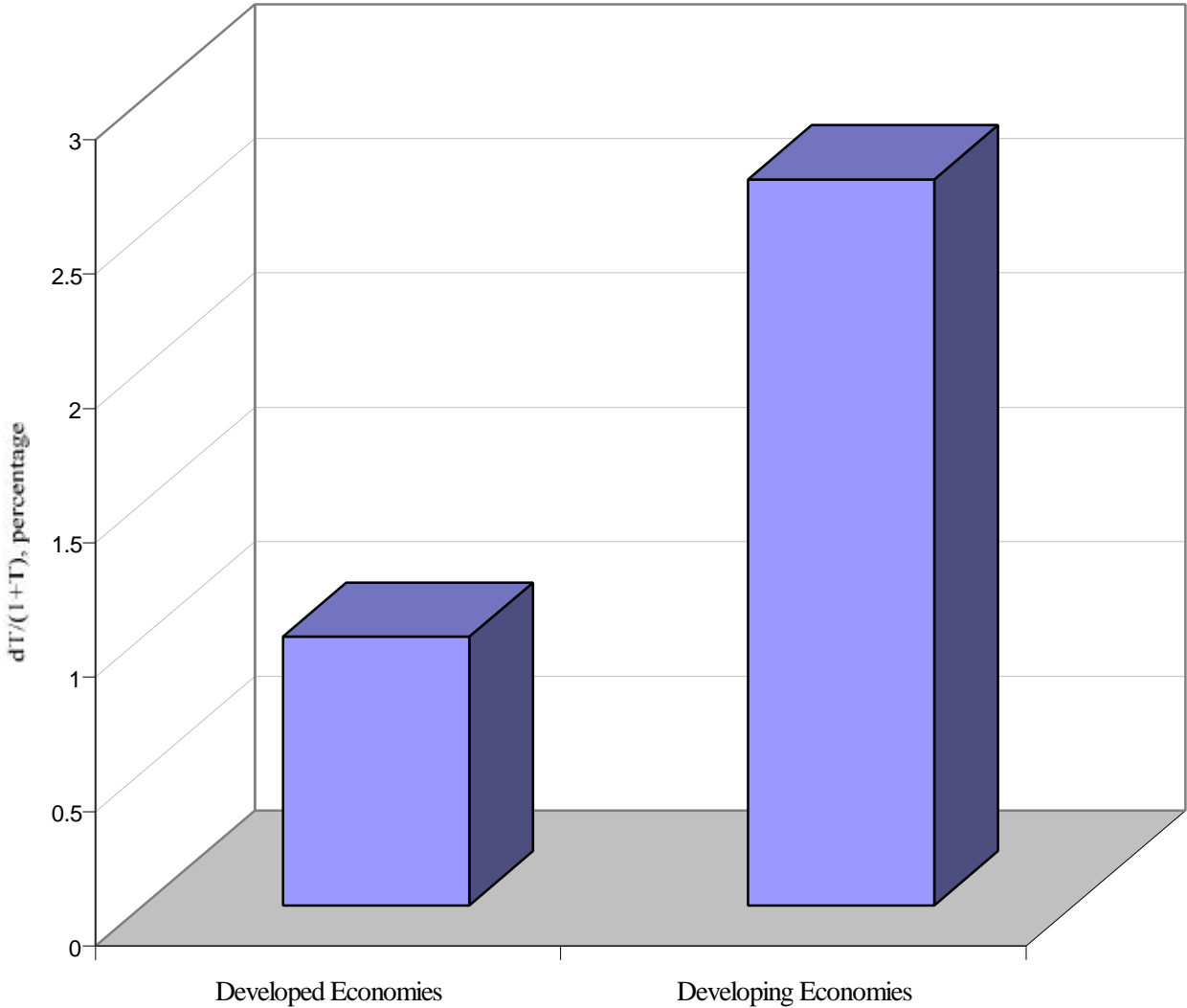
Products	Countries	Concessions	Trade covered
Pharmaceutical products	Canada, EC, Japan, Macao, Switzerland/Liechtenstein, USA	Duty free treatment for 465 pharmaceutical products from 4/97 and for another 639 products from 7/99. At the Uruguay Round, these members agreed to duty free treatment of some 6000 products.	...
Information technology products	43 WTO Members and acceding Members	Stepwise elimination of tariffs on information technology products until January 2000, selected countries until 2005 see ITA for product cover)	Covers about 10% of world – 93 percent of world trade in IT products of US\$ 500 billion in 1997
Distilled spirits	USA, EC	Tariff reductions for distilled spirits in 1997; most tariffs will be reduced to zero by 2000	...

Source: Rectifications and Modifications of Uruguay Round Schedules

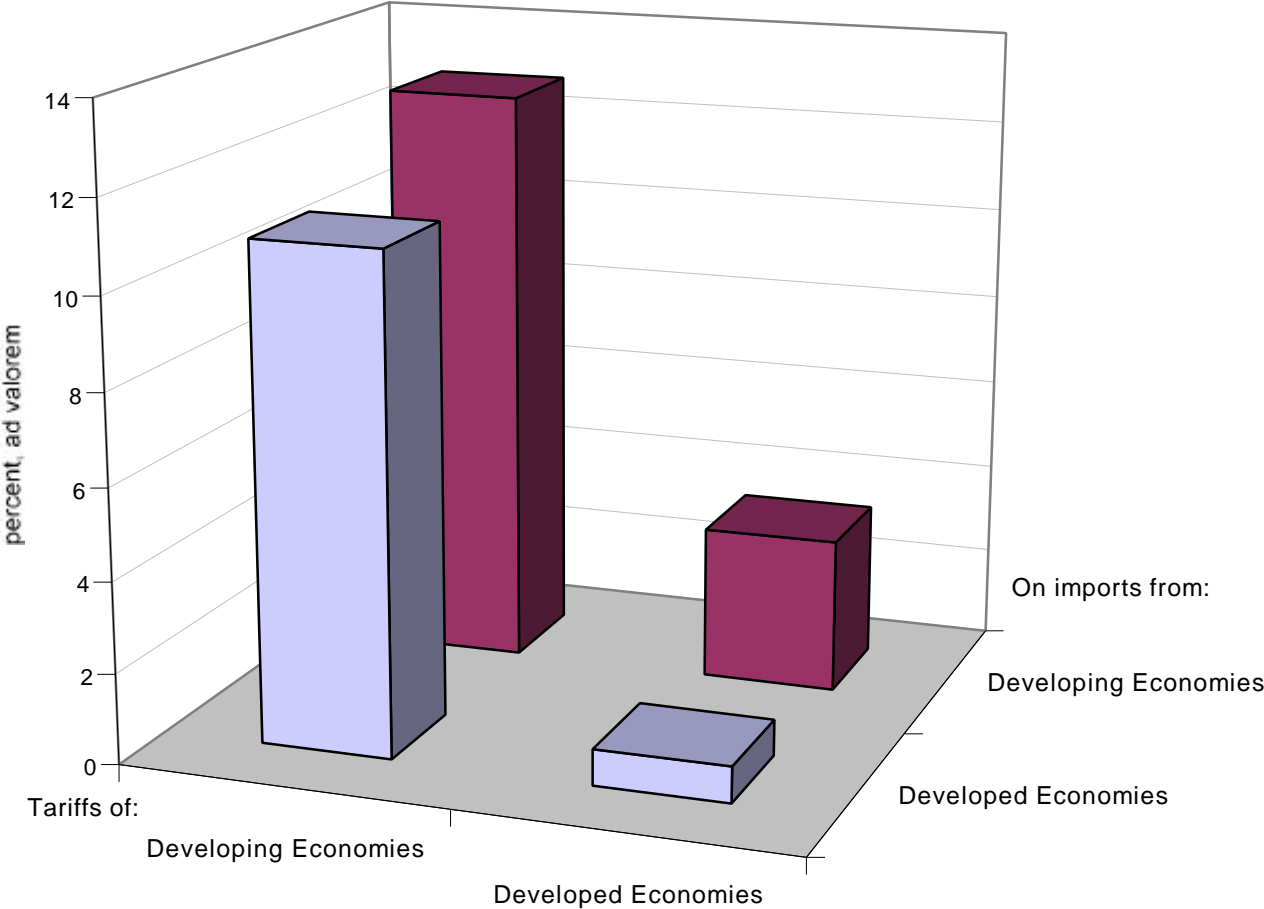
**Chart T1: Coverage of GATT Tariff Bindings, Pre- and Post-Uruguay Round**  
(Industrial Goods)



**Chart T2: Depth of Tariff Cuts Agreed at the Uruguay Round**  
(Industrial Goods)



**Chart T3: Post-Uruguay Round MFN Tariffs of Developing and of Industrial Countries on Manufactured Products**



## Quantitative Restrictions

The Uruguay Round re-emphasized GATT's concern to discipline the use of quantitative restrictions and similar instruments, and made considerable progress toward that end. Rules that allow such restrictions<sup>8</sup> have been tightened, and those outside the new rules must be phased out. Grey-area measures such as voluntary export restraints are now illegal and existing measures must be phased out. In this section we will review notifications to the WTO of legal quantitative restrictions, and of those made illegal by the Uruguay Round Agreements and scheduled for elimination. In later sections we will review restrictions that have been imposed under various of the safeguard provisions in the Uruguay Round Agreements – some of which provisions allow for quantitative restrictions.

### *GATT-legal measures*

Several GATT provisions that allow quantitative restrictions do not include notification requirements. Principal among these are Articles XX (General Exceptions)<sup>9</sup> and XXI (Security Exceptions) categories of allowed quantitative restrictions must be notified, some countries notify such restrictions, others do not.<sup>10</sup> Annex Table QR-A1 lists legal quantitative restrictions that have been notified. In this table we learn that 49 times out of 57 (86 percent) Article XX or XXI was the justification cited for a quantitative restriction.

This table provides indicative information about the mix of legal quantitative restrictions that Members apply, but it does not provide reliable information about which Members apply legal quantitative restrictions. Virtually all countries have controls on imports, e.g., of arms and of illegal drugs, the WTO Agreements do not require that Members report these restrictions and Annex Table QR-A1 indicates that few Members have chosen to report them.

Though Articles XII and XVIII B still provide for trade restrictions to defend the balance-of-payments, the Uruguay Round Understanding on Balance-of-Payments Provisions limited the scope for use of such. Even before that agreement, developing economies had been under considerable pressure to remove such restrictions. Thus use of the provision has declined. Only India, Nigeria, Tunisia, Bangladesh and Pakistan maintain restrictions under XVIII B, and schedules for phasing out balance-of-payment based non-tariff-measures have already been agreed with Tunisia and Pakistan.<sup>11</sup> India's restrictions justified under XVIII G are subject to a

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<sup>8</sup> The Agreements on Safeguards, on Agriculture and on Textiles and Clothing allow quantitative restrictions in certain circumstances. GATT 1994 allows quantitative restrictions under Article XI:2 (to deal with shortages – export restrictions – the application of standards and regulations, etc.), Article XVII (for the allocation of import licenses through state trading companies), Article XVIII B (for balance of payment reasons), and the general and security exceptions under Article XX and XXI. For agricultural products, Article 4:2 of the Agriculture Agreement supercedes Article XI:2c of GATT 1994.

<sup>9</sup> Article XX covers, inter alia, restrictions to protect public morals (e.g., prohibition of importation of pornography) technical or sanitary standards, human, animal and plant life, restrictions against imports produced by prison labor.

<sup>10</sup> GATT articles that allow restrictions have proven to be fungible in that almost any restriction can be at least arguably justified under several GATT provisions. (Finger, in Martin and Winters, 1996). There will thus be a broad margin between restrictions that the GATT allows in principle and those it allows in fact.

<sup>11</sup> Quantitative restrictions based on balance-of payment protection by India are subject to a dispute settlement proceeding, and India has shifted some of this protection outside Article XVIII b. Nigeria's BOP-based quantitative restrictions have also been questioned.

dispute settlement proceeding, and India has shifted some of the measures outside Article XVIIIb. Nigeria's BOP-based quantitative restrictions have also been questioned.

### ***Measures notified for post-Uruguay Round elimination***

The Uruguay Round Safeguards Agreement requires the phase-out of (a) all existing safeguard measures under GATT Article XIX and (b) all VERs and other restraints that would not be allowed under the Uruguay Round safeguard rules. Table QR1 lists all such measures notified by WTO Members.

With regard to VERs, a 1992 GATT tabulation (GATT 1992) identified 79 such restraints outside agriculture and textiles/clothing that were in place at the time. Korea (46) and Japan (23) were most frequently involved on the exporters' side. On the importers' side, the European Union and the US accounted for 33 and 17 VERs each. Notifications since the Uruguay Round, reported in Table QR1, indicate that these arrangements will be eliminated before the deadline specified in the agreement. Japan submitted no report of continuing VERs, Korea's report indicates that all VERs with the US and the European Union have been eliminated, as has been the Thai VER on manioc to the European Union. Though the WTO does not require such notification, eighteen Members have notified the WTO that they maintain no quantitative restrictions. They are listed in a footnote to Table QR-A1.

WTO Trade Policy Reviews further support the conclusion that VERs have disappeared. As Table QR1 reports, the Japan-EU VER on cars will be abolished by end 1999. The most recent TPR for Japan reports that all other VERs in which Japan participated have been eliminated (WTO, TPR Japan 1996). The 1996 Trade Policy Review for the US reports that the VERs agreed with other countries had been removed. These points have not been contested in discussion of the TPRs.

Despite this "elimination" of VERs, trade disputes are still being (WTO-legally) resolved by the exporting country agreeing to restrain its shipments. The antidumping and subsidies, countervailing measures agreements allow such "undertakings." Following the filing in 1998 of antidumping and countervailing duty cases by the US steel industry the US reached agreement to a VER with non-WTO Member Russia. As of March 1999 when this study was written, Brazil had proposed to curb exports voluntarily if a US antidumping case is suspended, and much pressure is being put on Japan to reduce exports to the US.

### ***Overall Progress on NTBs***

Tables QR2 and QR3 provide a view of recent reductions in the application of NTBs. The tabulations summarized in the tables cover export restraints, non-automatic licensing, variable charges and quantitative restrictions and price-quantity measures, but exclude antidumping and countervailing duties. Figures cannot be compared across these tables; the two sets of calculations are based on data at different levels of aggregation. Table QR2 tends to overstate NTB coverage compared to Table QR3. Table QR2 reports NTB coverage on the basis of national tariff lines, typically several thousand categories. Table QR3 shows NTB coverage on the basis of 85 broad data categories. When built on such aggregate categories, the indices do not distinguish between there being one NTB on one tariff line within a category and there being one NTBs on each tariff line within the category. Thus a tabulation based on broad categories (e.g., Table QR3) is likely to show a larger coverage ratio than a tabulation for the same country based on narrow tariff lines (e.g., Table QR2).

The principal findings here are that the share of tariff lines affected by such measures declined significantly in all countries, except in those which hardly used non-tariff measures before anyway (Australia and New Zealand). The US, the EU and Japan have reduced the application of such measures from 3.8–10.3 percent of tariff lines in 1993 to 2.6–4.2 percent in 1996.

Among the developed economies, the Uruguay Round Agreements have played an important role in reductions reflected in these tables (OECD, *Indicators of Tariff and Non-Tariff Trade Barriers*, Paris, 1997). The decline in the tariff line frequency ratio in Norway is mainly due to the tariffication of a large number of agricultural tariff lines whereas the elimination of VERs is a key reason for the decline in NTBs in the US and the EU.

Developing country evidence extracted from 14 WTO Trade Policy Reviews also suggests a significant reduction in quantitative restrictions. Colombia, Indonesia, Korea, Malaysia, Mexico, Morocco, South Africa and Thailand now take much less recourse to such trade restrictions.

WTO Trade Policy Reviews explicitly acknowledge the implementation of the Uruguay Round Agreements in bringing down NTBs in Mexico and Thailand by about 50 percent. In Colombia and Korea, the elimination of quantitative restrictions under the BOP provision has resulted in a major reduction of NTBs. The decline in the use of the BOP provision has been an important achievement in the post-UR period, although it was not explicitly part of the Uruguay Round.<sup>12</sup>

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<sup>12</sup> Trade Policy Reviews for the other developing countries in Table QR3 did not look into the reasons for the decline of NTBs.

**Table QR 1: Pre-existing measures notified by Members as subject to elimination under rules adopted at the Uruguay Round**

Importing Member	Restrained Exporters (if available)	Product	Instrument	Elimination Date	Sfg. Agm. Article <sup>a</sup>
Cyprus	All countries	Most imports	QRs, Prohibitions, discretionary licensing	31.12.98	11
<b>EC</b>		<b>Dried Grapes</b>	<b>Minimum Import Price</b>	<b>31.12.99</b>	<b>10</b>
<b>EC</b>		<b>Preserved Cherries</b>	<b>Minimum Import Price</b>	<b>31.12.99</b>	<b>10</b>
EC	Non-EC Countries	Live Bovine Animals	QR (Import License)	01.07.95	11
EC	Non-EC Countries	Swine and Meat of Swine	QR (Import License)	01.07.95	11
EC	Non-EC Countries	Rabbit Meat	QR (Authorization)	01.07.95	11
EC	All countries	Potatoes	QR (Certificates)	01.11.98	11
EC	Non-EC Countries, except those with a preferential agreement with the EC	Preserved Sardines	QR (Global Quota)	31.12.96	11
EC	Non-EC Countries, except those with a preferential agreement with the EC	Preserved Tuna	QR (Global Quota)	31.12.96	11
EC	Non-EC Countries	Lignite	QR	31.12.96	11
EC	Non-EC Countries	Coal	QR (Authorization)	31.12.97	11
<b>EC</b>	<b>Japan</b>	<b>Motor Vehicles</b>	<b>VER</b>	<b>31.12.99</b>	<b>11</b>
EC	Korea	Microwave Ovens	VER	02.06.97	11
EC	Korea	Color Picture Tubes	VER	02.06.97	11
EC	Thailand	Manioc	VER	30.06.95	11
Japan	Korea	Chestnuts, shelled	VER	31.12.98	11
<b>Korea</b>	<b>People's Rep. of China</b>	<b>Hot Bean Paste</b>	<b>QR (Import License)</b>	<b>31.12.99</b>	<b>10</b>
Nigeria	All countries	Wheat Flour	Import Prohibition	no date provided	10
Nigeria	All countries	Sorghum	Import Prohibition	no date provided	10
Nigeria	All countries	Millet	Import Prohibition	no date provided	10
Nigeria	All countries	Gypsum	Import Prohibition	no date provided	10
Nigeria	All countries	Kaolin	Import Prohibition	no date provided	10
South Africa	All countries	Oil and Oil Products, Petroleum, Chemicals, Rubber, Plastic	QR (Import licenses)	31.12.98, 31.12.96, 31.07.96, 28.02.97	11
UK, Germany	Korea	Stainless Steel Flat-ware	VER	31.12.98	11
all countries	Slovenia	Wood in various forms, Metal Waste and Scrap	Special Export Tax, rates 10 to 25 %	01.01.97 and 01.01.98	11
all WTO Members	Korea	Oysters in airtight containers	VER	31.12.98	11

Source: Notifications submitted by Member Countries to the WTO Committee on Safeguards

<sup>a</sup> Article 10, GATT XIX measures; Article 11, VERs and other measures inconsistent with the Safeguards Agr.

**Table QR2: Core Non Tariff Measures\* in Selected OECD Countries**

(Share of tariff lines with at least one NTB, in percentage)

Country	1993	1996
Australia	0.3	0.3
Canada	1.4	1.2
EU	9.4	4.2
Iceland	2.8	0.7
Japan	3.8	2.6
Mexico	2	1
New Zealand	0	0
Norway	24	3.8
Switzerland	3.5	0.2
Turkey	0.1	0.2
U.S.	10.3	2.9

Source: OECD 1997

\* Core Non-Tariff Measures include: export restraints, non-automatic licensing, other quantitative restrictions, variable charges and other price control measures. The figures do not cover antidumping, countervailing duties and voluntary export/price restraints.

**Table QR3: Core Non Tariff Measures\* in Selected Developing Countries**

(Share of data categories # with at least one NTB, in percentage)

Country	WTO/TPR 1989-94	WTO/TPR 1995-98
Argentina	3.1	2.1
Brazil	43.3	45.4
Chile	1.0	5.2
Colombia	55.2	10.3
Hong Kong	0.0	0.0
India	99.0	93.8
Indonesia	53.6	31.3
Korea	50.0	25.0
Malaysia	56.3	19.6
Mexico	27.8	13.4
Morocco	58.3	13.4
Singapore	0.0	1.0
South Africa	36.5	8.3
Thailand	36.5	17.5

Source: WTO Trade Policy Reviews

\* Core Non-Tariff Measures include: export restraints, non-automatic licensing, other quantitative restrictions, variable charges, and other price control measures. The figures do not include coverage of antidumping, countervailing duties and voluntary export/price restraints.

# Based on 85 broad categories.

Note: Revised April 22, 1999

## Annex Table QR-A1: Notifications of GATT-Consistent\* Quantitative Restrictions, by Member, and Justification

Member	GATT Articles or paragraphs cited		Product Categories	Type of QR(***)	Year of last Notification
	Which ones (**)	Number: Articles XX, XXI/Total			
Argentina			Vehicles	Q	1997
Australia	XX(b)	1/1	Chemicals (Ozone depleting substances)	P	1996
Chile	XX(b)	1/1	Used Vehicles	P	1996
Cyprus	XX(b),(d), XXI(a),(b)	4/4	Various Industrial Products	L	1996
Fiji	XX, XXI	2/2	Drugs, Arms etc. (anything seditious)	P	1997
Hong Kong	XX(b)	1/1	Agricultural Chemicals (s.a)	Q,P	1996-1998
Hungary			Food, Textiles, Wood, Jewelry, Motor vehicles	Q,L	1996
India	XVII, XVIII:B, XX(b),(c),(d), XXI(b)	4/6	Food, Chemicals, Machinery, Wood, Minerals, Metals, etc.	L,P,O	1996-1997
Jamaica	XX, XXI	2/2	Vehicles, Arms, Chemicals	L	1998
Japan	XI:2(c), XX(b),(g), XXI(b)(I)	4/5	Food, Mineral Products, Chemicals, Machinery, Arms	Q, O	1998
Korea	XVII, XVIII:B	0/2	Food, Mineral Products, Textiles	L	1997
Macau	XI:2(b), XX (b)	1/2	Agricultural Products, Chemicals, Arms, Machinery	L, P	1996
Malta			Food, Chemicals, Minerals, Wood, Metals, Vehicles, etc.	L	1996
Morocco	XX(b),(f),(g), (j), XXI	5/5	Various	L	1997
New Zealand	XX(b),(g),(j)	3/3	Chemicals (Ozone depleting substances)	P	1966
Pakistan	XX	1/1	Food, Chemicals, Arms	P	1997
Peru	XX(b),(g)	2/2	Used Textiles and Vehicles	P	1996-1997
Philippines	XVIII:B	0/1	Agricultural Products, Oil, Arms. Vehicles, Rubber Products, etc.	L,P	1996
South Africa	XX(a),(b),(c), XXI:b(ii)	4/4	Agricultural Products, Oil, Arms, Chemicals, Rubber, Metals, etc.	L	1996
Turkey	XI:2(a), XX(a),(b),(c),(d),(f),(g),(h); XXI:(b)(i), (b)(ii)	9/10	Animals, Food, Chemicals, Textiles, Arms	Q,P	1996-1998
Venezuela	XX(b),(g),(I)	3/3	Minerals, Chemicals, Rubber, Textiles, Used Vehicles	L,P	1996
Zambia	XX(g), XXI	2/2	Ivory, Wood, Metals	P,L,O	1996
<b>Totals</b>		<b>49/57</b>			

Source: Notifications submitted by Member Countries to the Market Access Committee

(\*) Only GATT Articles

(\*\*) Four countries in addition to the three listed here maintained at the end of 1998 quantitative restrictions under the balance of payment provision (Article XVIII B). They are Bangladesh, Nigeria (no conclusion of last consultation), Pakistan and Tunisia.

(\*\*\*) P=Prohibition, Q=Quota, L=Licensing, O=Other

P includes: Prohibition (P), Prohibition except under defined conditions (CP)

Q includes: Global quota (GQ), Global quota allocated by country (GQC), Bilateral quota (BQ)

L includes: Automatic licensing (AL), Non-automatic licensing (NAL)

O includes: QR made effective through state trading (STR), Mixing regulation (MXR), Minimum Price (MPR), Voluntary Export Restraint (VER)

Note: Countries which notified that they do not maintain quantitative restrictions and year of notifications: Bahrain (1997), Bolivia (1997), Brunei Darussalam (1996), Costa Rica (1998), Dominican Republic (1996), Gambia (1997), Haiti (1998), Honduras (1997), Iceland (1996), Liechtenstein (1997), Mongolia (1998), Paraguay (1998), Singapore (1996), Switzerland (1997), Trinidad/Tobago (1996-1998), Uganda (1996), United Arab Emirates (1997), Uruguay (1996)

## Agriculture

The agriculture negotiations focused on three categories of policy; import restrictions, domestic support programs, and export subsidy programs. We will pay attention principally to import restrictions.

### *The intent of the negotiators*

On import restrictions, the major objective of the agreement is to establish a “tariffs only” regime – to eliminate all forms of import restriction other than bound tariff rates. To do so, all members were required to “tarify” their non-tariff import restrictions. This conversion was based on the price gap methodology, with the methodological details being set out in technical guidelines on how to measure the gap between the domestic price (the price inside the protection wall) and the world price.<sup>13</sup> The base period for the conversion, members agreed, would be 1986-1988, a period when many agricultural prices had been unusually low. Because agricultural policies try to maintain a relatively stable – and high – domestic price, the price gap calculated from this base period coupled, in some cases, with other adjustments allowed by the technical guidelines, frequently resulted in high tariff rates. Developing countries had the option to submit ceiling rates on previously unbound tariff items, with the additional proviso to remove all agriculture-specific non-tariff measures, if any. Each member’s legal obligation is defined by its schedule of tariff rates annexed to the GATT 1994.<sup>14</sup>

According to the WTO Secretariat, forty countries participated in the tariffication process which covered (in aggregate) about 22 percent of their tariff lines.<sup>15</sup> Finger-Ingco-Reincke calculations over the IDB show that tariffication covered, by value, just over one-third of tariffing countries’ agriculture imports.

The modalities document also gave targets for tariff reductions. A developed country member was to reduce its duties, including those resulting from tariffication, across all agricultural tariff lines by a simple average of 36 percent over six years, with a minimum reduction of 15 percent on individual products. A developing country member was to reduce its duties by 24 percent over 10 years, and least developed countries were not required to make reductions.<sup>16</sup>

### Tariff quota commitments

As part of the tariffication package, WTO Members agreed to maintain, for tariffied products, "current" import access opportunities at levels corresponding to those existing during the 1986-88 base period at terms not less favorable than in that period. Where such current

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<sup>13</sup> Following their use to establish the draft schedules of concessions and commitments, the technical guidelines were re-issued as Uruguay Round document MTM.GNG/MA/W/24, Modalities For The Establishment Of Specific Binding Commitments Under The Reform Program, December 20, 1993.

<sup>14</sup> The reader should be careful to recognize the difference between the negotiating process through which legal commitments are agreed and the legal commitments themselves. The conversion guidelines were part of the negotiating process. They likely influenced what tariff rates one Member was willing to accept from another, but once a Member’s schedule of rates was accepted and annexed to GATT 1994, the conversions guidelines became irrelevant. No Member can be taken to the dispute settlement mechanism on its bound rates being higher than those calculated with the conversion guidelines.

<sup>15</sup> WTO Secretariat (1999), p. 136.

<sup>16</sup> Again the schedules of commitments, not the formula, define legal obligations.

access had been less than 5 per cent of domestic consumption of the product in question in the base period, the agreement required an (additional) minimum access opportunity on a most-favored nation basis<sup>17</sup> at a low tariff rate. This was to ensure that in 1995, current and minimum access opportunities combined represented at least 3 per cent of base-period consumption and are progressively expanded to reach 5 per cent of that consumption in the year 2000 (developed countries) or 2004 (developing countries), respectively.<sup>18</sup>

### ***Estimating how the agreement has changed market***

The agriculture agreement is a complex one, hence it makes sense to ask simultaneously (a) in what ways did it reduce import barriers, and (b) in what ways did it increase them? On the negative side, we will draw on available information on “dirty tariffication” – setting tariff rates higher than the tariff equivalents of the protection they replaced. On the positive side, we will begin by explaining how we arrived at our calculations of how the agreement has affected the overall level of tariffs and the overall extent of bindings.

Implementing the tariff part of the agreement involves the following steps:

- Convert to tariffs-only, i.e., determine new tariff rates for all tariff lines with NTBs, eliminate the NTBs. (Many of the new rates are specific rates, not ad valorem rates.)
- Bind all tariff lines – those on which NTBs have been converted to tariffs and those, on which there were tariffs only, i.e., no NTBs.
- Reduce the bound rates according to the agreed schedules.

The Finger-Ingco-Reincke calculations that we report here are based on work by Ingco (1995) that used 1986–1988 as the base period for calculating (a) the ad valorem equivalents of overall protection applied in that period – the price gap, and (b) the ad valorem equivalents of the tariffied bound rates.

Ingco found that many of the new bound rates were above the rates actually applied in the base period, and that some of the post-Uruguay Round bound rates – the rates that incorporate all of the scheduled reductions – are above the tariff equivalents of all protection applied before the Uruguay Round. We will review below some of her evidence on this “dirty tariffication.”

The Finger-Ingco-Reincke calculations we report here are not concerned with dirty tariffication, rather with isolating its complement – the instances in which the Uruguay Round schedules do imply a reduction of protection.

Suppose for example, that the ad valorem equivalent rates for a particular tariffied line, as of the base period, were as follows:

Base period applied protection (including the tariff equivalent of NTBs)	20%
Immediate post UR bound rate	30%
Final post UR bound rate that incorporates the scheduled reductions	18%

<sup>17</sup> Importers can however count special arrangements as part of their minimum access commitments and can allocate their minimum access to exporters that have special arrangements. Thus sugar, beef etc., imports of the US and the European Union will be allocated as before. (Hathaway and Ingco, 1996, p. 48).

<sup>18</sup> The authors have not yet determined if these import percentages are explicit legal obligations, or if they express negotiating objectives that are otherwise expressed in each country’s schedule.

In this instance, the Finger-Ingco-Reincke calculations would take as the “before-UR” rate the 20% applied rate, not the 30 % bound rate. Only if the final-UR bound rate is below the “before-UR” applied rate does the country’s Uruguay Round commitment imply a tariff reduction. Thus the “after-UR” rate in the Finger-Ingco-Reincke calculations is the lower of the “before-UR” rate or the post-UR bound rate.

The guideline of a 36 percent reduction is met in this example – the reduction of the bound rate from 30% to 18% is more than a 36 percent reduction. The Finger-Ingco-Reincke calculations, however, look at how the Uruguay Round has reduced applied protection, and would include only the reduction from the previously applied rate, i.e., from 20%, to 18%. If the final-UR bound rate were at or above the base period applied rate – in this example, at or above 20%, the Finger-Ingco-Reincke calculations would attribute zero reduction to the Uruguay Round.<sup>19</sup>

### ***Results: tariff bindings and reductions***

Judging from the sample of countries in the IDB, both developed and developing economies have now bound virtually 100 percent of their agricultural tariff lines – Table A1 – overall an expansion of coverage of about two-thirds for the developing economies, one-fourth for the developed economies. Uruguay Round adjustments imply reductions of tariff rates on about one-fourth of developed economies’ imports, on about one-fifth of developing economies’ imports. The developing economies were expected to make smaller cuts as measured by  $dT/T$ , but because we measure the depth of tariff cut by  $dT/(1+T)$  – which for a given  $dT/T$  is larger, the larger is  $T$  – we show a larger depth of cut for developing economies, whose tariff rates tend to be higher.

The figures however for scope and depth of cut by the developing economies in the IDB, are probably not representative of developing economies in general. The IDB covers all of the developed economy members of the WTO, but it covers none of the least developed countries, who were not expected to make reductions of their agricultural tariffs. The developing economies in the IDB tend to be those that have implemented significant trade reforms.

Chart A1 converts the extent and depth of tariff cuts by the developing economies into multiples of performance by the developed economies. We see there the same pattern we found in Section T for tariffs overall. Developing economies’s tariffs are still considerably above those of developed economies; the extent (import coverage) of developing economies’ Uruguay Round tariff reductions was smaller. But the depth of cut when we measure by how it will affect trading partners’ market access was considerably more by the developing economies – at least for those who are in the IDB.

#### Tariff quota commitments

The above figures do not take into account how the minimum access commitments (implemented through tariff quotas) have affected the scope of liberalization. This impact depends, of course, on which of a country’s tariffed products have imports below 5 percent of base period domestic consumption, and by how much<sup>20</sup>. At the maximum (i.e., if imports of all

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<sup>19</sup> The “after” rate is always the lower of the applied and the post-UR bound rate; hence, the Uruguay Round reduction is never negative’

<sup>20</sup> The commitments apply to opportunities, as defined by the volume at which the higher tariff quota rate applies. They are not minimum import commitments.

tariffed products were below the minimum, minimum access opportunities would affect the 22 percent of tariff lines (approximately one-third of imports, by value) that were tariffed. Hathaway and Ingco (1996, p. 49) estimate that Japan and Korea's minimum access commitments on rice will result in nearly a million tons per year of new imports, an expansion of world trade in rice of 7.5 percent over its 1992 level. Otherwise, they conclude that "the minimum access commitments will provide relatively little additional access and even less additional trade," – no more than 0.5 percent for wheat and sugar. (p. 48, 49)

### *Tariffication above existing levels of protection*

On agriculture products as on manufactures, developing economies committed to ceiling bindings above their applied rates. Averaged over the developing economies in the IDB, the average applied rate in the base period was 18 percent, their bound rates average almost 60 percent.

Countries that converted NTBs to tariffs have in some cases posted rates higher than the base year tariff equivalent of those NTBs. Japan, for example, has announced that beginning in April 1999 its tariff on rice will be \$3.05 per kilo. International Trade Reporter (1998) estimates that this rate is equivalent to 1,000 percent, ad valorem. This rate applies, of course, only to imports in excess of Japan's minimum access commitment. Hathaway and Ingco calculate that Japan's actual base period protection on rice had a tariff equivalent of about 650 percent. Ingco identifies other instances in which a developed economy's post-UR bound rate is above the tariff equivalent of its base year protection.

### *Special safeguards*

The provision on special safeguards applies only to products that were subject to tariffication. They allow additional duties to be applied in case of a precisely defined surge of import quantity, or cases of imports at prices below a precisely defined reference level. A member can apply a special safeguard to a product for the remainder of the relevant year, on a shipment by shipment basis, only if the member noted in its schedule of commitments that it claimed the right to (eventually) do so. Thirty-eight members have reserved the right to do, on varying numbers of products. For all relevant Members combined, these reservations imply a potential for imposing special safeguards on almost 6,100 tariff items. During the period January 1998 through September 1998, volume-based actions were taken by five Members affecting a total of 128 tariff items and price-based actions were also taken by five Members affecting a total of 72 tariff items.

**Table A1: Agricultural Products: Uruguay Round Tariff Bindings**

	Percent of imports GATT-bound		Post-UR bindings that reduce protection <sup>a</sup>
	Pre-UR	Post-UR	
<u>Tarified products</u>			
All economies that tarified	66	100	14
<u>Untarified products</u>			
Developed Economies	71	100	35
Developing Economies	37	100	17
<u>Tarified and untarified products</u>			
Developed Economies	72	100	26
Developing Economies	37	100	17

Notes:

<sup>a</sup> Tarified products: percentage (by value) of imports with final-UR bound rates (rates that include reductions) below the tariff equivalent of base period protection. Untarified products: percentage of imports with final-UR bound rates below base period applied rates.

Source: Finger-Ingco-Reincke, Tables G2.

**Table A2: Average Uruguay Round Tariff Cuts on Agricultural Products, Average Post Uruguay Round Applied and Bound Tariff Levels**

	UR reduction <sup>a</sup>	post-UR applied rate <sup>b</sup>	post-UR bound rate <sup>b</sup>
<u>Tarified Lines</u>			
All economies that tarified	4.2	25	32
<u>Not tarified lines</u>			
Developed Economies	1.6	5	7
Developing Economies	0.9	19	66
<u>Tarified and not tarified</u>			
Developed Economies	1.5	13	15
Developing Economies	4.7	18	60

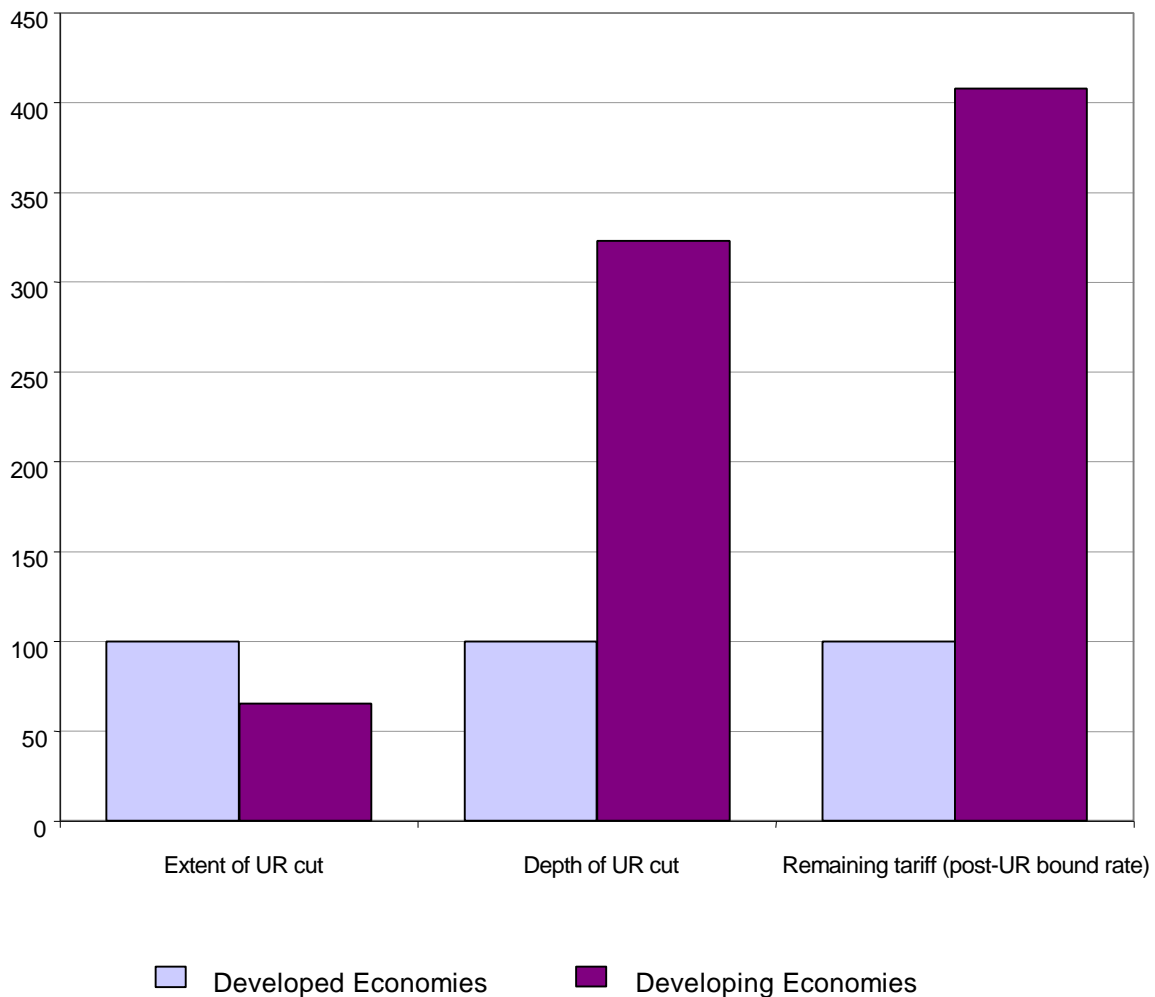
Notes:

<sup>a</sup> Change measured as  $dT/(1+T)$ , expressed as a percentage. Tarified products: change from the tariff equivalent of base period protection to final-UR bound rate. Untarified products: change from base period applied rate to the lower of base period applied rate and final-UR bound rate.

<sup>b</sup> Ad valorem equivalent based on 1986-1988 prices.

Source: Finger-Ingco-Reincke, Tables G2.

**Chart A1: Comparisons of Extent and Depth of UR Tariff Concessions on Agricultural Products, of Post-UR Bound Rates by Developed and by Developing Economies**



## Antidumping

The Uruguay Round Agreements include a new Agreement on Implementation of Article VI of the GATT 1994, which supersedes the Tokyo Round Agreement on the Implementation of Article VI of the GATT. The new Agreement includes much more details and additional requirements compared to the former rules. An antidumping measure can still only be introduced when the pricing of imports is below normal value, and the injury to domestic producers can be shown, but specificity on the required evidence and methodology has been added. Furthermore, rules regarding support from domestic industry of the antidumping claim are now spelled out. Procedural rules for hearing both sides and the time frame of investigations have been tightened. A sunset clause and requirement for review as well as a "de minimis" clause (specifying that the dumping margin has to be at least 2 percent) have been added (Croome, 1996 and 1998). Finally, countries have to report on their activities twice a year.

Although the number of countries using antidumping measures has increased considerably since the early 1990s, the feared retreat from liberalizing commitments through antidumping measures in industrialized and developing countries has largely not materialized. However, it is noteworthy that the use of antidumping has spread significantly from the five original industrial country users (Australia, Canada, the EU, New Zealand and the US). In a first "wave", a number of advanced developing countries including Mexico, Brazil and Argentina starting using antidumping in the late 1980s. More recently, many smaller and poorer developing countries have sporadically taken recourse to antidumping, so that the total number of countries which use this means of trade protection may now exceed 30.

The direct protectionist effect of antidumping as measured by the covered trade share and the number of initiated investigations has declined among the traditional the main user countries in recent years. The share of trade covered by antidumping has declined both in the US and in the EU. In the EU, this share declined from 0.6 percent of total trade in 1993 to 0.3 percent in 1997 (European Commission, 1994 and 1998). In the US, 1.6 percent of total trade was covered by antidumping investigations during the 1988-97 period, as compared to 2.3 percent during the 1985-94 period (US ITC, 1998).<sup>21</sup> In developing countries, however, the picture is more mixed. Four of the main users for which data are available, i.e., Argentina, Mexico, Korea and Turkey, report an increase in the trade coverage of antidumping as measured by the share of tariff lines in the post-Uruguay Round period, compared to 1991-94. Only Brazil applies antidumping measures to a declining share of tariff lines (Michalopoulos, 1999).

Chart AD1 and Table AD1 illustrates the development of antidumping investigations over the 1991-98 period. Between 1991 and 1994, 228-326 cases were reported annually. This number dropped from 156 to 233 cases in the following three years. Notifications by the 9 main

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<sup>21</sup> Staiger and Wolak (1996) have shown, for the US, that the initiation of an investigation already discourages trade by about half the amount of a final measure. Therefore, the comparison of trade covered by initiations is the more useful comparison. Such data, however, is only available for the US. The figures for the EU, therefore, are likely to underestimate the share of trade, which is affected by antidumping. We chose the methodology of comparing moving sums of trade coverage for the US, because there is no data on trade affected by all existing measures. While it may not provide an accurate picture of the actual trade coverage, it illustrates changes in the trade coverage through new cases.

users suggest that the total number of initiations has increased somewhat in 1998, probably to about 250 cases.<sup>22</sup>

The main industrial country users have been the US, the EU, Australia, and Canada (Finger, 1993). Since the end of the Uruguay Round, Australia, Canada and the US have reported significantly fewer cases. This may or may not indicate declining of antidumping. In the US at least, the steel industry's strategy in the early 1990s seemed to involve filing a large number of separate cases.

Some developing countries that started using antidumping in the late 1980s or early 1990s now report stagnant or declining use of antidumping (Brazil, Mexico). Even so, a number of developing countries have become important new users of antidumping, notably India, Korea, and South Africa. In fact, since 1993, developing and transition countries have initiated antidumping investigations about as frequently as the traditional users (Miranda, Torres and Ruiz, 1998). The figures in 1998 likely reflect the impact of the Asian crisis: Korea reports few cases, while Brazil, India, Mexico and the United States notified significant increases.

Table AD2 contains the countries most frequently affected by antidumping cases between 1992-94 and 1995-97. China has been targeted most frequently during both periods. The United States, one of the most frequent users of antidumping, is also one of the most targeted countries, second after China and targeted more than twice as often as Japan. After China and the US, Korea and Brazil were the main targets during the early 1990s; while Korea, Germany and Taiwan attracted the most investigations in the latter period. Industrial countries mostly target other high income and transition countries, with less than one quarter of the investigations involving developing countries (and about half of those, China). Developing countries by contrast initiate an almost equal share of investigations against either of the three country groups (Miranda, Torres and Ruiz, 1998). As to sectoral distribution, we find that producers of base metals, chemicals, machinery, electrical equipment, plastics and textiles frequently seek antidumping protection.

The share of initiated investigations that lead to a restrictive outcome (provisional measures and affirmative findings) varies somewhat from country to country. (Table AD3). Australia is the only real outlier, the proportion of cases there that lead to restrictive outcomes, particularly restrictive final outcomes, is notably below the figure for any other country.

Another interesting issue in this context is the use of price undertakings (price floors for imports) versus tariffs. For lack of time-series data, we did a tabulation for seven of the main antidumping users for 1997. In this year, only Korea and the EU report a significant share of final measures being price undertakings (Table AD4). In Korea this share exceeds 50 percent, and in the EU 20 percent. In the other 5 countries for which data was readily available, 98-100 percent of final measures consisted of duties.

While the trade coverage of antidumping is small, the level of tariffs applied on average is quite high and has in some instances reached several hundred percent. The last column of Table AD4 provides average duties imposed as part of final measures in the same seven users in 1997. Colombia applies the highest average tariff of 60 percent and Korea the lowest of 28 percent. Four of the other countries apply average rates of 30 to 40 percent. This is very high compared to "normal" average tariffs of about 4 percent on industrial products. The EU's 40

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<sup>22</sup> This is projection is based on the average share of antidumping investigations in percent of world-wide investigations, initiated by these three countries over the past three years.

percent for 1997 are also much higher than the 23 percent applied for the 1980-87 period (Messerlin, 1989). Tariffs of this magnitude should depress trade considerably, so that the above-mentioned figure for trade coverage of antidumping measures would probably be significantly higher if only small tariffs were applied.

An increasing share of investigations now constitutes reviews of measures, which have been in place for several years. In the EU, 79 out of 190 investigations have been reviews in the 1995-first half 1998 period. The number of reviews is increasing strongly in the US and 116 reviews of "old" measures were conducted in 1998. This is because measures which were in place before the conclusion of the Uruguay Round and which were imposed by countries without a sunset clause (such as the U.S) will have to be reviewed within five years after the new Antidumping Agreement came into place, i.e. before 1.1. 2000.

The Uruguay Round antidumping agreement requires periodic notification of antidumping actions (initiations and dispositions). This requirement has been honored, with most countries reporting within a few months after the end of each semester. Many reports however do not include details, such as the amount of trade involved or the specific HS identity of the products involved. Nevertheless, the good compliance to notification has allowed the WTO Secretariat to construct a useful database of antidumping, with information on initiating and target countries, the sectors, the use of preliminary measures and the final outcome (see Miranda, Torres and Ruiz, 1998).

Though the use of antidumping has not increased as much as some feared, the continued use by developed economies and the growing use by developing economies is worrisome. Increased use by developing economies has probably raised awareness that antidumping is not just the "rich countries" escape clause (not necessarily a good thing, if one presumes that openness is supportive of development), increased use generally suggests that new rules regarding antidumping were necessary (though not that the one adopted were effective), and that the use of antidumping must remain contained.

A variety of disputes regarding procedures, standards for initiating and conduction investigations, as well as substantive elements necessary for imposing duties are emerging. The recent dispute settlement case between Guatemala and Mexico on Portland cement has illustrated that the procedural and technical requirements to conduct an antidumping investigation consistent with WTO rules are quite stringent. Many developing countries are likely to find it difficult to meet these requirements and may find themselves increasingly challenged, especially by the high-income countries. The case of Korea against the US on D-Rams examined how reviews should be conducted. India and the European Union are currently consulting on unbleached cotton fibers. Testing parameters of the rules through the dispute settlement system is probably a good thing: it is likely to help clarify the rules and strengthen their authority.

The real test of the use or abuse of antidumping, however, may still be lying ahead. In recent years, the world economic climate has been quite favorable, and previous studies have shown that the use of antidumping is strongly correlated with the business cycles (see, e.g., Leidy, 1996). The slowdown in economic growth since the outbreak of the Asian crisis could, with a lag, lead to a rebound in antidumping measures and more retreats in market access commitments. The saber-rattling in the US and the considerable increase in cases by several countries in 1998 are, we hope, a transitory phenomenon.

**Table AD1: Antidumping Initiations by Reporting Country**

	1991-1994	1995-1998
Industrialized countries		
Australia	213	77
Canada	84	39
EU	135	122
US	226	94
Developing and transition countries		
Argentina	59	72
Brazil	59	54
India	15	78
Korea	14	34
Mexico	127	31
South Africa	16	72 <sup>1/</sup>

Source: WTO Secretariat, Rules Division; Anti-dumping Measures Database

<sup>1/</sup> 1995-97

**Table AD2: Antidumping Initiations by Affected Country**

	1992-94	1995-97
Industrialized countries		
France	26	8
Germany	35	30
Italy	16	16
Japan	32	23
UK	20	16
US	70	48
Developing & transition countries		
Brazil	50	23
China	115	94
India	24	21
Korea	50	40
Taiwan	31	30
Thailand	26	21

Source: WTO Secretariat, Rules Division; Anti-dumping Measures Database

**Table AD3: Share of Completed Investigations Resulting in Provisional and Definitive Measures, 1987-1997**

	Number of completed investigations	Proportion provisional measures	Proportion affirmative outcome
United States	423	83	64
Canada	186	83	63
EC	308	55	60
Korea	43	58	58
New Zealand	54	39	57
Mexico	182	63	53
Argentina	94	48	51
Brazil	75	41	43
South Africa	62	48	42
Australia	408	53	29

Source: WTO Secretariat, Rules Division; Anti-dumping Measures Database

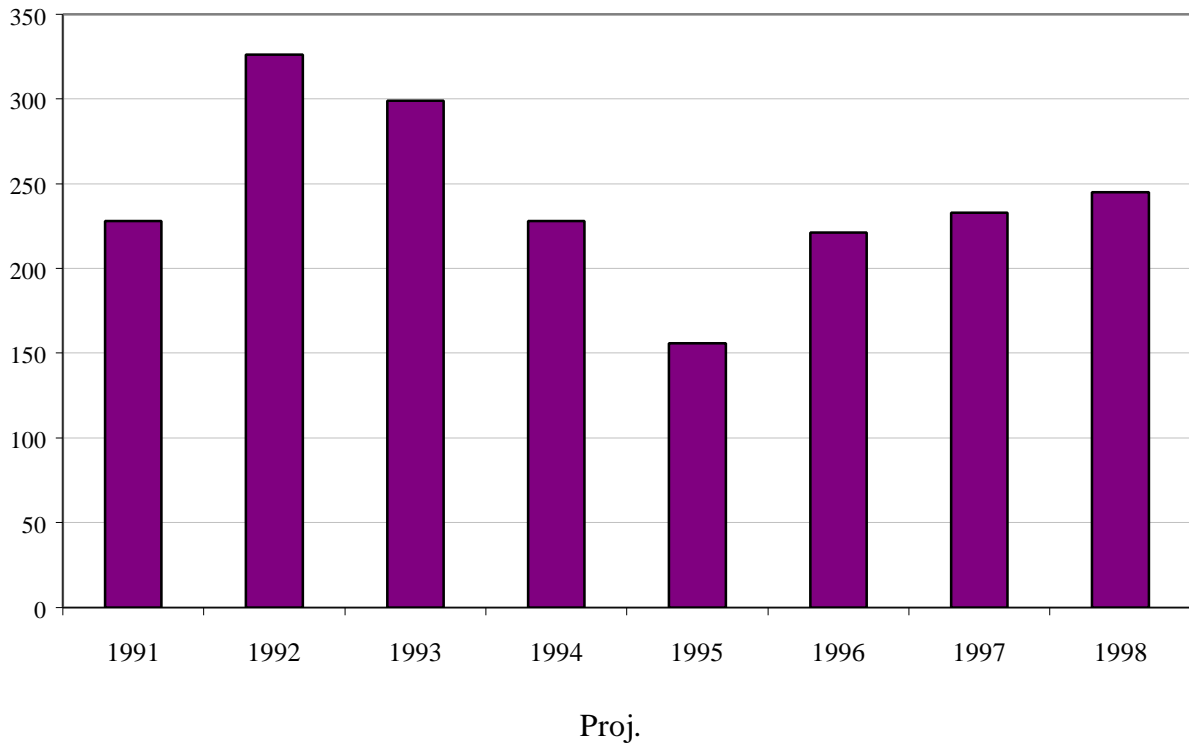
**Table AD4: Anti-dumping Duties vs. Price Undertakings, 1997**

	Share of affirmative decisions ending in duty (in %)	Share of affirmative decisions ending in price undertakings (in %)	Average duty in 1997 <sup>1/</sup>
Canada	98.0	2.0	34.1
Colombia	100.0	0.0	60.3
EC	79.5	20.5	40.4
Korea	46.7	53.3	27.9
Mexico	100.0	0.0	53.7
South Africa	100.0	0.0	34.1
US	99.4	0.6	30.5

Source: WTO Rules Division; Anti-dumping Measures Database

<sup>1/</sup> In percent; average all final measures per country in 1997; when a decision ended in a range of duties, the mean value was taken.

**Chart AD1: Anti-Dumping –Total Number of Initiated Investigations,  
All WTO Members**



Source: WTO Rules Division; Anti-dumping Measures database

## **Subsidies, countervailing duties**

Like in antidumping, the GATT rules on subsidies and countervailing duties were superseded by a comprehensive Uruguay Round Agreement. The Subsidy Agreement distinguishes three types of subsidies. Subsidies contingent upon export performance and the use of domestic over imported goods are prohibited (Article 3, and illustrative list in the Annex). They can lead to both countervailing duties and a dispute settlement case. So-called non-actionable subsidies can not be subject to countervailing duties or dispute settlement challenges although they can be brought to the Committee on Subsidies and Countervailing Measures if they result in serious adverse effects in another country. All other subsidies are "actionable", i.e., they may be subject to multilateral dispute settlement challenge or to countervailing action if they have the requisite adverse effects on another WTO Member. Like in antidumping, the Subsidy Agreement added considerably to specificity on procedures and criteria for investigation.

Rules for developing countries regarding export subsidies are more lenient than for industrial countries. Industrial countries had to phase out existing export subsidies by 1998 whereas the rules are less stringent for developing and transition countries. While subsidies are, hence, not yet prohibited for these country groups, they are still actionable and countries can initiate a countervailing duty investigation against them (see Croome, 1996 for details).

Finally, countries have to notify their specific subsidies (as defined under the Subsidy Agreement) on an annual basis, and countervailing duty activities on a semi-annual basis.

### ***Use of countervailing duties***

There are two notable developments in the use of countervailing duties:

- Overall use has declined considerably since the end of the Uruguay Round, with much of this decline due to the absence of steel cases,
- The EU has become a user of countervailing measures since 1996 after hardly having used this instrument before.

The 1992 to 1994 period saw 137 cases with the US, Australia, Brazil and Mexico being the principal users (Table CV1). The European Community and its individual members, Brazil and South Africa were the main targets of countervailing duty cases for that period. Since the Uruguay Round agreements have come into force, the number of initiations has declined drastically. The 1995-1997 period witnessed only 33 cases, one quarter of the cases during the preceding 3 years. Apart from the US, the EU and New Zealand have become the main users of this provision, with EU countries and South Africa remaining the main targets (Table CV2). Although 1998 data is still incomplete, there are signs that the very low use of countervailing duties in 1995 and 1996 was probably an exception.

Data on the trade coverage of countervailing cases is very limited. The US reports that cases initiated over the past 10 years (1988-1997) affected only 0.7 percent of total US imports. This is a decline by 50 percent compared to the 1984-94 period, when 1.4 percent of imports were affected (US ITC, 1998). We mentioned above, that the EU does not report trade coverage of countervailing cases separate from antidumping. However, given that the first EU countervailing case of the 1990s was brought about in 1996 and only 9 cases were reported for 1996/98, trade coverage should be very small. The 4 cases from 1998, for example, affected trade of US\$ 140 million.

Data on the share of decisions leading to duties versus undertakings and on the average tariff rates are also very scarce, but available data for two countries suggest that the level of protection is much lower than, for example, in antidumping. New Zealand reports two decisions leading to duties and price undertakings, each with an average duty of 7.5 percent. The US notified over 80 percent of decisions leading to duties, and average tariffs only average 4.2 percent.

There were a number of conflicts over the application of the Subsidy Agreement and the use of countervailing duties during the 1995-98 period. With respect to multilateral challenges to subsidies applied by Members, the only adopted dispute settlement panel report (by March 1999) in this area on Indonesia's national car program was decided in favor of the plaintiff, the EU. However, a number of other "prohibited" subsidies panels are ongoing as of writing. Similarly, there are a number of outstanding cases with respect to the application of countervailing measures.

Notifications regarding subsidies and countervailing duties seem to be provided relatively regularly. However, developing countries report subsidy data much less frequently, and all subsidy notifications are frequently late and of poor (data) quality.

There are no firm plans for new negotiations in this area, but some challenges remain. Given the upcoming deadlines to bring Members' subsidy schemes in line with WTO rules, there is considerable concern about developing and transition countries' ability to meet these deadlines.

**Table CV1: Numbers of Countervailing Duty Investigations Initiated by Initiating Member**

Countries	Total 92-94	Total 95-97
Argentina	4	3
Australia	19	1
Brazil	23	0
Canada	2	3
Chile	8	0
EU	0	5
Mexico	16	1
New Zealand	0	6
USA	60	10
Other	5	4
Total	137	33

Source: WTO Secretariat, Rules Division; Countervailing Measures Database

**Table CV2: Numbers of Countervailing Duty Investigations Initiated by Affected (exporter) Member**

Countries	Total 92-94	Total 95-97
Brazil	13	1
Canada	4	2
EC	12	5
Germany	6	1
India	4	4
Italy	6	6
South Africa	10	3
US	7	1
Venezuela	5	1
Other	70	9
<b>Total</b>	<b>137</b>	<b>33</b>

Source: WTO Secretariat, Rules Division; Countervailing Measures Database

## Safeguards

The Agreement on Safeguards (SGA) specifies the rules for the application of Article XIX safeguards measures. The SGA requires "serious" injury caused or threatened to be caused by imports, progressive liberalization of safeguard measures, and compensation for affected Members.<sup>23</sup> Nevertheless, the SGA provides more flexibility as to the choice of instrument—quantitative restrictions and duty increases beyond bound rates are allowed—and retaliation by affected Members is only possible after three years when certain conditions are fulfilled.<sup>24</sup> This basically makes the use of safeguards measures more attractive than before the Uruguay Round conclusion, and aims at preventing the re-emergence of so-called gray area measures (such as voluntary export restraints or orderly marketing arrangements) which mushroomed in the 1980s and early 1990s. Members also agreed on notification and phase-out of pre-existing safeguard measures.

There has been a slight increase in cases since the Uruguay Round agreement came into effect, but safeguards have not become a prominent means of protection. The early 1990s saw very few safeguard measures. Chart SG1 shows that the number of new initiations of safeguard investigations declined from five to nil over the 1991-94 period. Subsequently, new investigations increased to nine in 1998. Table SG1 reports all post UR cases. Total imports affected by an investigation amounted to less than 2 billion US\$ between 1995 and 1998 (excluding two cases by India and one by Korea). This corresponds to an unweighted average of one quarter percent of annual imports of the countries initiating investigations. For example, the five cases by the US covered in total about 0.15 percent of US annual imports, the two cases by Argentina covered 1 percent of its imports. Two of the eight cases which have been decided affirmatively resulted in a quantitative restriction, the other six in tariffs. Import quotas were allocated in both cases on the basis of previous relative import shares. Four cases were terminated or ended in a negative decision, and four decisions are still outstanding.

Our findings on safeguards confirm earlier findings that market access retreats through existing provisions have so far been limited. At the same time, the new UR Agreements have been successful in curtailing protection outside the multilateral framework. Between 1995 and spring 1999, there have been no complaints that the prohibition of gray area measures under Article 11 of the SGA has been violated. Anticipation that degressive and time-bound safeguard measures would replace antidumping as an instrument for dealing with specific import problems seems not to have been realized.

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<sup>23</sup> There seems to be a consensus that "serious injury" is a somewhat higher level of injury than "material injury" as specified under antidumping and countervailing duty rules.

<sup>24</sup> The conditions are provided in the WTO homepage under [www.wto.org/WTO/goods/safeguar.htm](http://www.wto.org/WTO/goods/safeguar.htm).

**Table SG1: Initiation of Safeguard Measures, 1991-1998**

Country	1991	1992	1993	1994	1995	1996	1997	1998	Total
Argentina							1	1	2
Australia								1	1
Austria	1		1						
Brazil						1			1
Canada			1						
Czech&Slovak	1								
EEC	3		1						
Egypt								1	1
Hungary		3							
India							1	5	6
Korea					1	2			3
USA					1	2	1	1	5
Total	5	3	3	0	2	5	3	9	19

**Table SG2: Safeguard Measures, since 1/95**

Notifying Member	Type of Product concerned	Import Value, Year prior to Investigation (Million US \$) 1/	Share of Total Merchandise Imports (%)	Initiation of Investigation (Year)	Outcome of Injury Investigation	Type of Measure & Quantification /2	
Argentina	Footwear	116.6	0.49	1997	affirmative	Tariff	4.96 \$ per pair (average) 4.04 \$ per pair (average)
	Toys	155.1	0.51	1998	ongoing		
Australia	Swinemeat	27.6	0.04	1998	affirmative		...
Brazil	Toys	133.1	0.25	1996	affirmative	Tariff	43%,29%,15% plus 20% regular tariff
Egypt	Safety matches	1.7	0.01	1998	affirmative	Tariff	34%,22%,11% plus 30% regular tariff
India	Acetylene black	...	...	1997	affirmative	Tariff	18% up to Re 12,950/metric tonne 5% up to Re 8,830/metric tonne /3
	Carbon black	24.5	0.07	1998	affirmative	Tariff	10%
	Slabstock polyol	13.1	0.04	1998	ongoing		
	Propylene glycol	3.4	0.01	1998	ongoing		
	Hardboard	0.2	0.00	1998	negative		None
	Styrene butadiene rubber	...	...	1998	terminated on 01.05.98		None
Korea	Soybean oil	...	...	1995	affirmative		None
	Dairy Products	69.4	0.05	1996	affirmative	Import	rising from 55.6 to 65.2 % of
						Quota	pre-investigation imports
	Bicycles & parts	38.9	0.03	1996	affirmative		None
USA	Tomatoes	191.9	0.03	1995	negative		None
	Brooms	12.1	0.00	1996	affirmative	Tariff	33%,32.5%,32.1% from 32% current bound rate
	Tomatoes & peppers	843.1	0.10	1996	negative		None
	Wheat gluten	90.5	0.01	1997	affirmative	QR	...
	Lamb meat	123.5	0.01	1998	ongoing		
		<b>Total 1,844.7</b>	<b>Average across countries 0.24</b>				

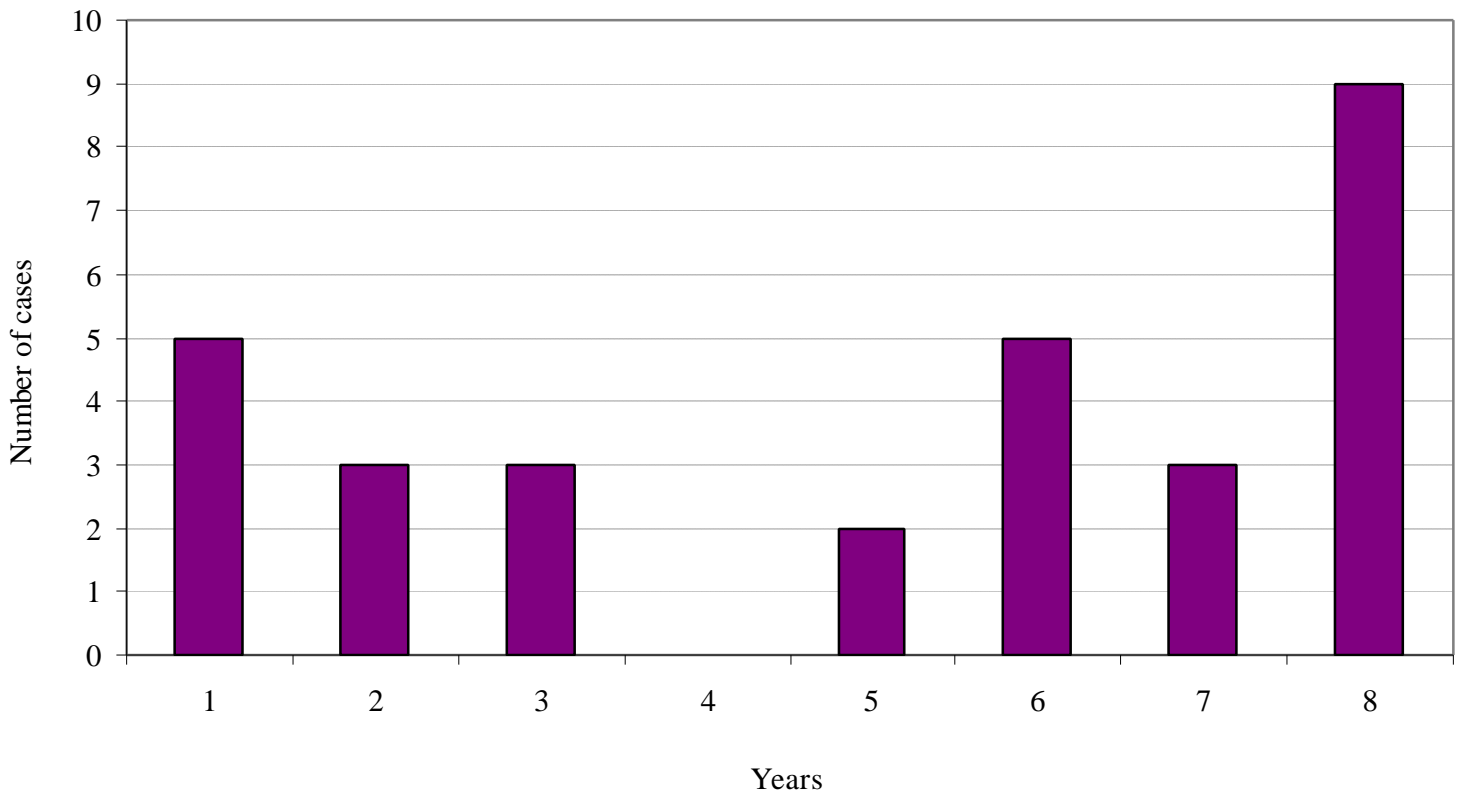
Source: Notifications submitted by Member Countries to the WTO Committee on Safeguards

1/ the year closest to the initiation of the investigation was chosen, in most cases this was the year prior to it

2/ more than one figure for one measure describes the steps of progressive liberalization

3/ a duty charged up to a maximum of value (Re) per quantity (metric tonnes)

**Chart SG1: Initiation of Safeguard Measures, 1991-1998**



## Services

Since the Uruguay Round, the multilateral trading system includes disciplines and liberalization commitments covering trade in services. Although it has been said that the first round of services negotiations has not resulted in far-reaching trade liberalization, the importance of bringing services under the multilateral umbrella of the WTO should not be underestimated (Snape, 1998; Hoekman, 1996). In most countries, at least half of GDP is generated in the services sectors with a tendency to further increases. At the same time, less than one quarter of world trade as reported in countries' balance-of-payments is in services, 60 percent of which falls under tourism and transport. Low, Mattoo and Schuknecht (1999) show that trade-openness in most services sectors is still much lower than in merchandise trade, and further technical progress and market opening could hence create enormous new trading opportunities.

The rights and obligations of WTO Members regarding services trade are specified in the General Agreement on Trade in Services (GATS). Many GATS obligations parallel those of the GATT, although there are important structural differences between the two Agreements. The non-discrimination principle, for example, features prominently in GATT and in GATS. However, it is an unconditional obligation under GATT but negotiable under the GATS. It applies only to sectors specified in schedules and can be made subject to limitations even in these cases. Moreover, the GATS permits exempting measures from the most-favored-nation treatment for limited periods.<sup>25</sup> The GATS also provides for the withdrawal of commitments for Balance-of-Payment reasons (Article XII), and under general exceptions (Article XIV). It contains a broad carve-out for prudential reasons in financial services (Annex on Financial Services) and establishes a framework for modifications of schedules (Article XXI). In some areas, negotiations on the need for and possible content of specific rules are still ongoing (see also Croome, 1996 and 1998).

The GATS schedules of commitments are structured along three dimensions; (i) by sector, (ii) by type of commitment (essentially market access and national treatment), and (iii) by mode of supply. Members made commitments for specified sectors usually selected from a list of 160-odd sectors which had been prepared for negotiation purposes. Unlike the GATT, the GATS does not only cover cross-border trade (mode 1) but also consumption abroad (mode 2), foreign commercial presence (mode 3), and the movement of natural persons (mode 4).<sup>26</sup> Especially the inclusion of commercial presence under GATS must be considered a major achievement, given that much services trade requires personal contacts between buyer and seller.<sup>27</sup> Within a given sector, commitments on market access and national treatment are specified for each mode. The entry "none" implies no restrictions (or fully free trade) while "unbound" signifies no commitments. The large majority of current commitments is subject to limitations, i.e., they are defined within a spectrum between "none" and "unbound".

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<sup>25</sup> Slightly more than half of the WTO membership has used this possibility and annexed MFN exemptions to their schedules.

<sup>26</sup> Examples for modes 2 to 4 include tourist travel abroad (mode 2), buying an insurance policy from a foreign-owned but domestically established branch office (mode 3), and the temporary contract for a business consultant abroad (mode 4).

<sup>27</sup> Trade statistics comparing trade across modes are very limited. In the US, mode 3 trade in financial, insurance and recreational services is considerably larger than mode 1 trade. In business services, trade in both modes seems about equal. Only in telecom services, trade across borders appears to be larger than the corresponding mode 3 trade (Low, Mattoo and Schuknecht, 1999). However, there are numerous data problems involved.

While most sectoral commitments stem from the Uruguay Round, continued negotiations in financial services and in basic telecom services have resulted in many additional commitments in these two sectors. Furthermore, services is the only sector outside agriculture where WTO Members are required to start negotiating further liberalization by January 1, 2000.

There seems to be considerable progress in access conditions in services trade since the Uruguay Round. However, there are limited data on what share of services trade is covered by GATS commitments, as sectorial trade statistics matching commitments are mostly not available. Furthermore, there is no systematic monitoring of Members' compliance to their service commitments. The small number of complaints and conflicts (as brought to the Services Committee and the Dispute Settlement Body) suggests that compliance is so far not a major problem. First dispute settlement cases, however, are testing the waters—most prominently the banana case against the European Union. The case has established that GATS commitments must not be impaired indirectly through, for example, administrative distortions in operating trade restrictions under GATT. In other words, services commitments must not be undermined through the application of trade measures on goods.

Two main reasons for the scarcity of conflicts and the absence of escape clause usage have been brought forward: first, the novelty of the Agreement has probably limited the experience and the potential for conflict so far.<sup>28</sup> Second, liberalization commitments are frequently relatively limited. To stress this latter point, a brief assessment of commitments across countries, sectors, modes may be worthwhile. GATS commitments are based on a positive list, i.e., apply only to sectors explicitly listed in schedules. These schedules may vary in extreme cases between one page covering one subsector and more than 100 pages covering most services sectors. Malaysia, for example, has made commitments in the largest number of sectors (over 130), and another 30 countries have made commitments in over 100 sub-sectors.<sup>29</sup> Almost all WTO Members have made commitments in tourism, but only 10 regarding rail services.

Table S1 illustrates Members' commitments under mode 1 (cross border) and mode 3 (commercial presence) in selected sectors. We limit ourselves to discussing these two modes. Mode 2 appears less important in many areas (except in tourism) and often mirrors mode 1 commitments, and mode 4 commitments are very limited for all countries. The table distinguishes between developing & transition countries on the one hand, and industrialized countries on the other hand. It looks at national treatment and market access commitments under modes 1 and 3 for the most important service sectors. The first column for each country group reports the number of countries with commitments in the represented sector. Note that the maximum possible is 105 developing/transition and 26 industrialized countries. The next four columns reflect the share of countries with "full" or "partial" commitments under these sectors. The residual share between the sum "full" and "partial" and 100 percent is the share of "unbound".

On average, a smaller share of developing and transition countries has made commitments, than of industrial countries. Amongst developing and transition countries, between about 20 percent (distribution services) and 50 percent (voice telephone, depositing, lending) of countries have made commitments under either mode. By contrast, almost all industrialized countries have made commitments in the represented sectors, except in medical services.

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<sup>28</sup> In fact, the Financial Services Agreement only came into force on March 1, 1999.

<sup>29</sup> However, the number of committed sectors alone is not an appropriate indicator of the degree of liberalization because the limitations attached can vary enormously.

Comparing commitments across modes and country groups, a larger share of developing and transition countries with commitments, has in fact committed to fully free trade under both modes. However, the sum of partial and full commitments is mostly larger for industrialized countries. Regarding mode 1, about one third of the developing and transition countries with commitments have scheduled "unbound" across the represented sub-sectors. Industrial countries have scheduled only a very small share of "unbounds" under mode 1, except in banking and security services. Regarding mode 3, almost all countries with commitments have scheduled at least partial liberalization for the represented sub-sectors.

What challenges do these findings pose? Article XIX of the GATS sets January 1, 2000 as the deadline to start new negotiations in services. Given the relatively limited liberalization commitments, negotiations should focus on improving market access conditions (Croome, 1998). Liberalization across all sectors, countries and modes should open up considerable new trading opportunities.

Some further development of GATS rules is already mandated in the Agreement itself, and more may be necessary. Effective disciplines on domestic regulation as embedded in professional qualifications, licensing requirements, and technical standards may also be an important issue to prevent such measures from being unnecessarily trade distortive. Furthermore, regulatory principles aiming at effective competition and independent regulatory oversight as agreed for the basic telecom sector, could be a precedent for other sectors where previous monopolies are gradually exposed to competition.

Finally, it is worthwhile mentioning that the trade potential in services is not only constrained by trade policies in many developing countries. A weak services infrastructure and problems in identifying export opportunities can also be a severe obstacle to services trade development. Nevertheless, it is likely that trade liberalization in conjunction with technical progress (e.g. electronic commerce) will much expand services trade and the boundary of what is tradable in the future (Bacchetta, Low, Mattoo, Schuknecht, Wager and Wehrens, 1998).

**Table S1: Commitments in Selected Services Sectors, Modes 1 and 3**

*Mode 1*

	DEVELOPING AND TRANSITION ECONOMIES					INDUSTRIALIZED COUNTRIES				
	Total countries <sup>1</sup> (number)	Market access		National treatment		Total countries <sup>1</sup> (number)	Market access		National treatment	
		Full (%)	Partial <sup>2</sup> (%)	Full (%)	Partial (%)		Full (%)	Partial (%)	Full (%)	Partial (%)
<u>Professional services</u>										
Legal	30	23	57	30	47	26	4	92	4	92
Accounting	41	29	32	37	24	26	15	81	15	81
Medical and dental	31	32	29	45	19	18	17	11	22	6
<u>Communication services</u>										
Voice telephone	51	6	82	20	65	25	12	88	20	80
Private leased circuit	41	7	88	37	54	25	12	88	20	80
Electronic mail	37	30	62	59	32	26	15	85	15	85
<u>Distribution services</u>										
Wholesale	20	40	30	40	35	25	4	96	52	48
Retail	19	26	32	26	32	25	8	92	4	96
<u>Financial services</u>										
Non-life insurance	48	15	44	25	25	26	4	92	8	88
Depositing	55	29	20	35	16	25	0	16	0	16
Lending	54	24	31	33	24	25	0	16	0	16
Trading in securities	45	24	31	29	29	26	0	19	0	19

*Mode 3*

	DEVELOPING AND TRANSITION ECONOMIES					INDUSTRIALIZED COUNTRIES				
	Total countries <sup>1</sup> (number)	Market access		National treatment		Total countries <sup>1</sup> (number)	Market access		National treatment	
		Full (%)	Partial (%)	Full (%)	Partial (%)		Full (%)	Partial (%)	Full (%)	Partial (%)
<u>Professional services</u>										
Legal	30	7	87	23	70	26	0	92	0	92
Accounting	41	10	88	37	59	26	4	96	12	88
Medical and dental	31	26	68	52	39	18	0	89	6	89
<u>Communication services</u>										
Voice telephone	51	8	90	16	76	25	0	100	8	92
Private leased circuit	41	5	95	32	59	25	0	100	8	92
Electronic mail	37	8	86	54	38	26	4	96	12	88
<u>Distribution services</u>										
Wholesale	20	30	70	30	65	25	0	100	0	100
Retail	19	11	79	16	79	25	4	96	0	100
<u>Financial services</u>										
Non-life insurance	48	10	83	19	71	26	0	100	0	100
Depositing	55	20	80	24	76	25	4	96	0	100
Lending	54	20	76	20	76	25	4	96	0	100
Trading in securities	45	18	82	13	87	26	4	96	0	100

Source: Adlung, Carzaniga and Mattoo, 1999.

<sup>1</sup>Maximum possible number of countries with commitments is 105 for developing and transition countries, and 26 for industrialized countries; EU = 15 countries.

<sup>2</sup>"Full", "partial" and "unbound" add up to 100%. The share of countries with "unbound" in a particular sector is, hence, the difference between 100 and the sum of "full" and "partial". Note, however, that this only refers to countries with scheduled commitments.

## Conclusions

(brief sketch)

- A lot of liberalization: tariff reductions, elimination of VERs and other illegal quantitative restrictions, elimination of MFA-sanctioned restrictions – most of which has yet to take place.
- Post-Uruguay Round negotiations to reduce tariffs have been significant.
- Developing countries' liberalization was significant: extent, depth of tariff cuts, bindings of unilateral liberalizations.
- Where liberalization was modest, progress was made to facilitate future negotiation of liberalization: agriculture, services.
- The agreements themselves are complex and hardly transparent: agriculture and textiles and clothing are examples.
- Use of various safeguard instruments has been minimal: Special safeguards for agriculture products, transitional safeguards for textiles and clothing. They try to suggest more liberalization than the facts indicate has taken place. The textiles and clothing agreement tries to suggest more up front liberalization than has in fact taken place.)
- Traditional trade remedies, e.g., antidumping, countervailing duties: use has been below rates in the decade before completion of the Uruguay Round. Spread of use of antidumping to developing countries is a matter of concern.

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