

4. Market Access Barriers and Poverty in Developing East Asia

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A key element of any poverty alleviation strategy is to improve market access for exports in which the poor have a comparative advantage. This chapter analyzes market access barriers to export products that are produced by the poor in East Asia. The effects of trade liberalization on the poor are a subject of intense debate,¹ but there is general support for freeing market access for products of export interest to the poor. The discussion takes as a starting point the premise that increased exports of products of interest to the poor will help to reduce poverty.²

This first section of this chapter identifies the key export products and key markets of East Asian exporters likely to be of interest to the poor, both within countries and for those countries with lower per capita incomes, with a focus on agricultural and agroprocessing products. The following section analyzes market access barriers for those products. A concluding section suggests priorities.

It should be said at the outset that identifying and removing barriers to international trade is only part of the process of poverty alleviation. Policymakers need to consider market access barriers in conjunction with issues such as downstream integration and coordination between producers and retailers.³ The value chain between the production of commodities by the poor and the final product that reaches the markets of developed and developing countries is a key issue in improving market access for products of the poor.⁴

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¹ See Rodriguez and Rodrik (2001), for a general discussion of these issues, and Rodrik (2001).

² Much has also been written about the need for developing countries to move from labor-intensive and low-technology exports into higher-technology and higher-value-added products, and indeed, such a transition is crucial from a general development perspective. But since agricultural products and labor-intensive products remain of key interest to poor households, this chapter focuses on these products.

³ For example, consider coffee in Vietnam. Since 1990, Vietnam's coffee production has increased from 84,000 tons to 950,000 tons—mainly from small farms. Farmers sell their coffee cherries to wholesalers, but all they can do is try to ensure that their crop meets minimum quality standards. Four companies purchase half of the world's coffee production, and fewer than 20 percent of the world's population drinks 65 percent of the coffee. Traders who mediate between farmers and the major buyers are responsible for the rest of the production process. Some coffee retailers buy some supplies directly from farmers, but the coordination costs of dealing with millions of farmers are high. Starbucks, for example, buys only about 10 percent of its total coffee purchases directly from farmers. Based on Nicholas Stein, "Crisis in a Coffee Cup", *Fortune*, December 9, 2002.

⁴ See Chapter 9 in this volume for approaches.

Products and markets of export interest to the poor

Reduction of trade barriers in agriculture is particularly important for poverty reduction in East Asia.⁵ Agriculture is the main livelihood for poor households in both low-income and middle-income countries in the region. As shown in Table 4.1, agriculture represents the main source of income for over 90 percent of poor households in Cambodia and Vietnam, for over 75 percent of Indonesia's poor households, and for roughly 70 percent of poor households in Thailand and the Philippines.

Determining the exposure of the poor to international markets is a first step in identifying products of export interest to the poor. Research using a framework developed by Winters⁶ shows that their exposure is largely indirect. Poor households tend to produce primary products such as fruits and vegetables, fish and fish products, and commodities such as jute and coffee. Poor households also work for wages, in low-skill jobs such as in textiles, clothing, footwear, and travel goods. In each of these cases, output is sold to wholesalers, who then make international transactions. This chapter focuses on agricultural and agroprocessed exports. Evidence suggests that the gains from agricultural liberalization are particularly large, as shown in Figure 4.1.

Key agricultural and agro-processed exports

Within the East Asia region, there is significant diversity of products with exposure of the poor to international markets. Using an approach described in the appendix to this chapter, the structure of exports suggests some key priorities despite this diversity.⁷

Table 4.1: Share of poor households (\$1-a-day) with agriculture as main livelihood

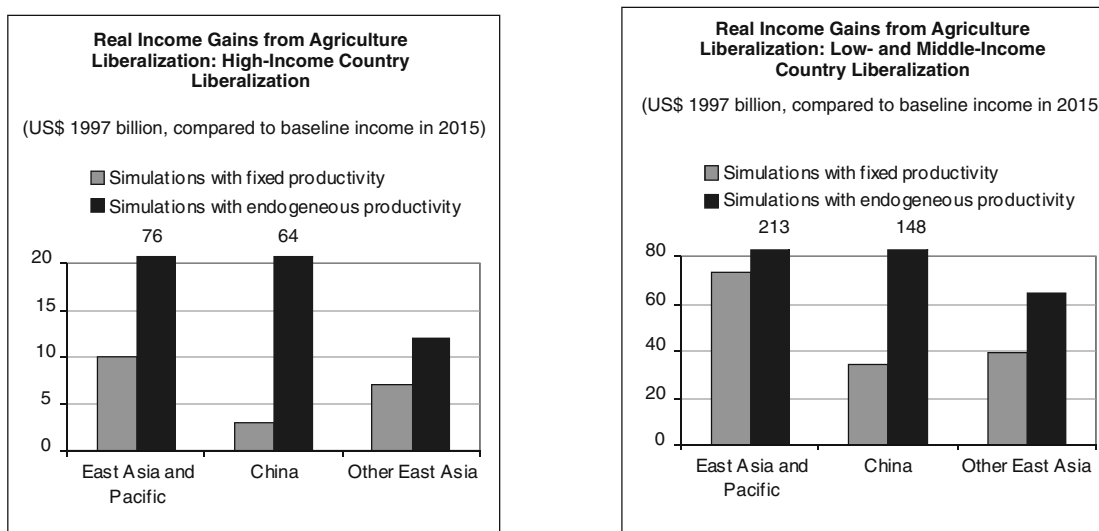
<i>Country</i>	<i>%</i>
Cambodia	96.2
Indonesia	77.1
Philippines	73.3
Thailand	68.2
Vietnam	93.3

Source: World Bank, Poverty Projections Toolkit, 2002 Estimate.

⁵ See Bacchetta and Bora (2002) and Bora (2002) for a general discussion of this topic.

⁶ McCulloch, Winters, and Cirera (2001).

⁷ See Appendix at website....

Figure 4.1: Real income gains in developing East Asia from agriculture liberalization

Source: World Bank, "Global Economic Prospects, 2002," Table 6.1.

The agricultural exports of the East Asian developing countries are quite concentrated.⁸ The top products account for between 30 percent and 90 percent of the total agricultural exports of each country. In Indonesia, for example, four products account for more than half of agricultural exports; palm and coconut oil account for 40 percent, and coffee and cocoa beans add another 14 percent. Myanmar represents an extreme case, where fresh vegetables account for more than half of agricultural exports and nearly a quarter of total exports; rice is Myanmar's next most important export, accounting for 20 percent. Similar concentration effects can be found for Cambodia, Lao PDR, and Vietnam.

Table 4.2 identifies the top products for developing East Asia based on the number of times particular types of products appear on the list of top agricultural exports for the individual countries. The most frequently listed products are spices plus cereal and other food preparations, followed by fruits and vegetables and then other products.⁹ For the poorer developing countries, fruits and vegetables and coffee appear to be relatively more important.¹⁰

Among the agroprocessed products exported by the East Asian least developed countries, not surprisingly, products such as fish and fish products are important as well as leather and rubber products. Garments and textiles also are important but not the focus of this paper.

⁸ The top 30 agricultural exports of each East Asian least developed country were identified for this study; lists are available from the author upon request.

⁹ It should be noted that the frequency count could overstate the importance of a particular category. For example, countries such as Malaysia have fairly diverse exports but export value that is heavily concentrated in a few products.

¹⁰ See last column of Appendix Table 1.

Table 4.2: Frequency of HS4 lines in top 30 exports by value

<i>MTN category for agriculture</i>			<i>Harmonized system nomenclature HS 1996</i>
<i>Times of appearance in East Asian top 30 agricultural exports</i>	<i>MTN Category</i>	<i>Description</i>	
83	12	Fruit and vegetables	Ch. 07, Ch. 08, 1105-06, 2001-08.
37	13	Coffee, tea, maté, cocoa, and preparations	0901-03, Ch. 18 (except 1802), 2101.
18	14	Sugars and sugar confectionery	Ch. 17.
86	15	Spices, cereal, and other food preparations	0407-10, 0904-10, 1101-04, 1107-09, Ch. 19, 2102-06, 2209.
15	16	Grains	Ch. 10.
29	17	Animals and products thereof	Ch. 01, Ch. 02, 1601-02.
37	18	Oil seeds, fats and oils, and their products	1201-08, Ch. 15 (except 1504), 2304-06, 382360.
27	19	Cut flowers, plants, vegetable materials; etc.	0601-03, 1211, Ch. 13, Ch. 14.
40	20	Beverages and spirits	2009, 2201-08.
11	21	Dairy products	0401-06.
21	22	Tobacco	Ch. 24.
76	23	Other agricultural products	Ch.05 (except 0509), 0604, 1209-10, 1212-14, 1802, 230110, 2302-03, 2307- 09, 290543-45, 3301, 3501-05, 380910, 382460, 4101-03, 4301, 5001- 03, 5101-03, 5201-03, 5301-02.

Note: Ch = Harmonized system chapter; HS4=Harmonized System to 4 digits. MTN=Multilateral Trade Negotiation, WTO.

Markets for key agroproducts

The key markets for the key agroproducts of the East Asian least developed countries are summarized in Table 4.3.¹¹ Not surprisingly, the main feature of the results is the concentration of exports to ASEAN members, China, the European Union, Japan, and the United States. Myanmar is the exception, with India and Pakistan in its list of destinations.

Regional agricultural markets are large. Notably, China is the first or second largest market for all economies with the exception of Brunei, Singapore, Indonesia, and the Philippines (where it is third, fourth, and fifth largest). ASEAN is also a large and important market, with the rest of ASEAN being the first or second largest market for all the ASEAN economies. For the northern Asian economies of Japan, Korea, and China, ASEAN is the third or fourth largest market.

There also is a clear distinction between markets in which preferential access through the ASEAN Free Trade Agreement (AFTA) is important, and those in which most favored nation (MFN) rates apply. Some countries have nonreciprocal preferences through the Generalized System of Preferences (GSP). Cambodia as a least developed country is eligible for a specific set of preferences.

¹¹ The key markets have been identified for each of the key four-digit products, on the basis of aggregated overall agricultural exports. ASEAN was grouped given the similarity of members' protection profiles in the ASEAN Free Trade Area, allowing further attention to be focused on non-ASEAN markets such as Canada, Japan, the European Union, and the United States.

Table 4.3: Key markets for East Asian agricultural exports

<i>Reporter</i>	<i>Export value</i>	<i>Agri. exports/ agri. imports</i>	<i>Agri. exports/ agri. imports</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Brunei Darussalam	1,007,143	0.004	0.04	Other ASEAN (90.3)	EU (6.2)	Yemen (1.4)	Australia (0.8)	Areas, n.e.s. (0.8)
China	11,946,201,904	1.3	4.79	Japan (28.9)	Other China* (16.3)	ASEAN (12.3)	EU (11.1)	Korea, Rep. of (10.4)
Hong Kong (China)	4,046,168,687	0.5	2.00	China* (71.7)	ASEAN (13.0)	USA (4.7)	Japan (3.0)	EU (2.5)
Indonesia	4,048,359,304	1.0	6.52	EU (23.0)	Other ASEAN (20.7)	India (13.5)	USA (11.6)	China, HK (8.3)
Japan	1,628,656,355	0.04	0.34	China* (41.3)	USA (20.5)	ASEAN (11.2)	Korea, Rep. of (10.0)	EU (7.7)
Malaysia	4,918,276,068	1.4	5.01	Other ASEAN (27.2)	China* (12.8)	India (12.2)	EU (10.7)	Pakistan (6.1)
Mongolia	62,917,847	1.0	14.83	China* HK (75.0)	Russia Fed. (13.2)	EU (5.5)	Areas, n.e.s. (4.5)	Japan (1.6)
Myanmar	199,419,463	2.2	44.38	India (23.7)	Other ASEAN (23.7)	Pakistan (13.3)	Japan (8.1)	Sri Lanka (6.5)
Taiwan (China)	1,016,346,249	0.2	0.68	Japan (34.0)	China* (19.4)	USA (18.3)	ASEAN (11.3)	EU (4.4)
Philippines	1,496,655,871	0.6	3.93	USA (29.4)	Japan (20.0)	EU (19.0)	China* (11.2)	Other ASEAN (9.1)
Korea, Rep. of	1,591,817,483	0.2	0.92	Japan (48.6)	China* (17.1)	USA (10.0)	ASEAN (7.1)	Russian Fed. (4.6)
Singapore	2,829,032,672	0.7	2.05	Other ASEAN (40.6)	Japan (14.6)	China* (11.0)	EU (6.9)	USA (3.8)
Thailand	6,088,003,412	2.3	8.85	Other ASEAN (20.0)	Japan (19.6)	EU (15.1)	China* (12.3)	USA (8.2)

* Includes China, Hong Kong (China), Taiwan (China), Macao (China). Areas, n.e.s.=all other areas not specified.

Source: UN Comtrade data.

Market access barriers

This section examines the implications of some of the market access policies of importing countries in sectors of key interest to East Asian developing countries. In agriculture, governments use myriad policies beyond tariffs that not only protect their markets but also distort them so that efficient producers are not the key suppliers of products.¹²

¹² ABARE (2000).

Domestic support

Hoekman and others (2002), make an important point that guides the focus of the analysis here: Comparing the impact of a 50 percent cut in domestic support with a 50 percent cut in tariffs, they find that developing countries as a group would receive a larger benefit from the cut in tariffs.¹³ This section therefore focuses on the different types of border measures and the identification of relevant nontariff measures where possible. This is not to suggest that support payments in importing countries are unimportant to developing country exporters, but rather that one needs to consider these payments in relation to the export potential of specific countries. Hoekman and others (2002) show that domestic subsidy payments are concentrated in a few sectors such as meat, dairy products, and cereals (Table 4.4).

Most products important to the poor of East Asia, such as fruits, vegetables, and spices, together account for only 7 percent. However, domestic support is important for rice, another product important to the poor of East Asia. Within cereals, rice accounts for a significant share of all direct support commitments, totaling US\$46 billion driven by US\$36 billion in the case of Japan.

Table 4.4: Commitments and average direct domestic support levels, 1995-98

<i>HS-2 Product</i>	<i>Direct support (\$ mil)</i>		<i>As % of total</i>	
	<i>Commitment</i>	<i>1995-98</i>	<i>Commitment</i>	<i>1995-98</i>
01 Live animals.	250	63	0.1	0.1
02 Meat and edible meat offal	60155	14907	22.3	18.5
04 Dairy prod; birds' eggs; honey	39372	11557	14.6	14.3
06 Live tree and other plant; bulb, cut flowers	0	14	0.0	0.0
07 Edible vegetables and roots and tubers	10326	3975	3.8	4.9
08 Edible fruit and nuts; melons	7879	3474	2.9	4.3
09 Coffee, tea, maté, and spices	1272	50	0.5	0.1
10 Cereals.	104109	27953	38.5	34.6
11 Milled products; malt; starches	421	142	0.2	0.2
12 Oil seed, oleaginous fruits	8577	447	3.2	0.6
13 Lac; gums, resins, other vegetables	0	0	0.0	0.0
15 Animal/vegetable fats and oilsand products	1899	1050	0.7	1.3
17 Sugars and sugar confectionery	12370	5304	4.6	6.6
18 Cocoa and cocoa preparations	16	0	0.0	0.0
20 Prep of vegetable, fruit, nuts products	892	529	0.3	0.7
21 Miscellaneous edible preparations	0	0	0.0	0.0
22 Beverages, spirits, and vinegar	4306	1172	1.6	1.5
23 Residues and waste from food industry	382	192	0.1	0.2
24 Tobacco and manufactured tobacco products	2662	735	1.0	0.9
50 Silk.	416	14	0.2	0.0
51 Wool, fine/coarse animal hair nest	124	17	0.0	0.0
52 Cotton.	3411	655	1.3	0.8
53 Other vegetable textile fibers and yarns	34	71	0.0	0.1
98 Nonproduct-specific	11276	8392	4.2	10.4
Total agricultural products above	270151	80714	100.0	100.0

Note: Direct domestic support is defined as the sum of WTO DS4-9 categories.

Source: Hoekman, Ng, and Ollareaga (2002). Based on WTO document G/AG/NG/S/1.

¹³ The reasons for this are the high incidence of domestic support in products that are of relatively low importance to developing countries and the fact that tariffs affect world prices more strongly than do subsidies. This is not to say that support payments in importing countries are unimportant to developing country exporters, but rather that one needs to consider these payments in relation to the exports of specific countries.

Tariff barriers

Since several different types of measures can be collectively referred to as tariffs, it is useful to clarify the measures that are analyzed here. The first distinction is between bound and applied MFN tariffs. Bound tariff rates are negotiated in the WTO and are the ceilings that apply to tariffs. Applied tariffs are the actual duties applied at customs on an MFN basis¹⁴; they can be raised in a manner consistent with a country's WTO obligations as long as the increase is not above the bound rate. In this chapter, the focus is on applied rates. Second, it is important to identify the prevalence of specific tariffs as well as ad valorem duties; data are presented to show the prevalence of specific tariffs on the exports of developing Asian countries.

Table 4.5 provides an overview of the simple average of tariff rates applied on products of interest to the poor in East Asian countries.¹⁵ These figures have been calculated using only ad valorem lines. Many countries do not report ad valorem equivalents for specific tariffs, so these may reflect largely barriers from ad valorem tariffs.¹⁶ The table does show reasonably high numbers in the key agricultural categories (categories 12-23)—in particular fruits and vegetables (category 12); coffee, tea, and cocoa (category 13); and cut flowers (category 19). Average tariffs are also high on agro-processing products of traditional export interest to the poor: leather, rubber, footwear, and travel goods (category 3) and fish and fish products (category 11).¹⁷ The data here are on the basis of MFN trade barriers and do not take into account the preferences that East Asian countries are granted in these markets.

This table confirms two general points about the landscape of protection. First, developing countries in general impose considerably higher overall average tariff rates than developed countries. Second, industrial countries apply above-average tariffs on agricultural products of particular interest to developing countries. These products tend to face tariffs at double the average rates in the United States, Japan, and the EU.

Specific tariffs are quite prevalent. Table 4.6 summarizes the structure of trade policies of the EU, Japan, and United States affecting market access for East Asia as a whole, with details in appendix tables. The data here are on the basis of MFN trade barriers and do not take into account the preferences that East Asian countries are granted in these markets. Yet they suggest that, for individual countries, *specific tariffs* can affect a very large proportion of agricultural exports, notably to the European Union and the United States. These contribute to a lack of transparency regarding the magnitude of the overall extent of protection.

¹⁴ There can also be a distinction between the applied rate of duty as in a nation's tariff schedule and the rate of duty that is applied at the customs point.

¹⁵ See technical note in the appendix to this chapter, at <http://www.worldbank.org/eaptrade>.

¹⁶ See technical note in the appendix to this chapter, at <http://www.worldbank.org/eaptrade>.

¹⁷ China's tariff profile does not take into account its final WTO accession commitments, which have yet to be fully implemented.

Table 4.5: Simple average MFN applied tariff rates by MTN category, selected Asian countries

MTN Category	Description	Brunei	China	HK, China	Taiwan, China	Indonesia	Japan	Malaysia	Myanmar	Philippines	Korea, Rep. of	Singapore	Thailand	EU	Canada	USA
1	Wood, pulp, paper, and furniture	4.1	14.1	0	4.6	7.9	1.3	10.9	6.5	8.9	5.9	0	13.8	2.2	1.5	0.8
2	Textiles and clothing	0.6	26.8	0	9.4	14.0	7.6	13.5	10.6	12.6	10.1	0	25.4	8.5	12.2	9.4
3	Leather, rubber, footwear, and travel goods	3.0	17.7	0	5.9	10.7	6.7	14.0	5.3	7.7	8.0	0	26.3	4.2	6.1	4.4
4	Metals	0.0	9.8	0	6.0	8.5	1.4	9.3	3.0	5.9	6.1	0	12.5	2.5	2.3	2.2
5	Chemicals and photographic supplies	0.4	11.4	0	3.7	6.6	2.6	3.6	2.3	4.2	7.3	0	10.4	4.9	3.0	3.4
6	Transport equipment	13.7	23.3	0	11.6	12.1	0.0	18.5	3.9	8.2	5.5	0	23.6	4.1	5.5	3.2
7	Nonelectric machinery	6.3	14.4	0	4.9	2.3	0.0	3.7	1.6	3.5	6.4	0	9.2	1.7	1.4	1.2
8	Electric machinery	14.2	16.1	0	5.3	7.7	0.2	6.7	4.2	5.0	6.1	0	13.2	2.5	2.3	1.9
9	Mineral products and precious stones and precious metals	0.5	12.1	0	4.2	6.0	0.8	8.8	4.3	5.5	5.9	0	10.0	2.0	1.7	1.9
10	Manufactured articles not elsewhere specified	5.0	18.0	0	4.8	10.3	1.1	5.1	6.4	5.5	6.8	0	15.0	2.6	2.8	2.1
11	Fish and fish products	0.0	21.5	0	27.1	5.0	5.9	2.4	8.1	9.0	16.2	0	57.6	11.2	1.1	1.1
12	Fruit and vegetables	0	22.6	0	28.7	5	8.4	2.9	13.1	10.4	55.6	0	58.9	9.8	2.7	7.8
13	Coffee, tea, maté, cocoa and preparations	0.9	26.1	0	13.8	4.9	11.6	9	14	18.9	55.3	0	60	5.8	1.4	2.6
14	Sugars and sugar confectionery	0	27.9	0	27.3	3.8	10.1	2.8	5.6	18.9	20.1	0	46.3	11.4	4.0	6.2
15	Spices, cereal, and other food preparations	0	31.4	0	20.2	5.2	12.5	2.6	8.1	9	111.8	0	42.5	5.0	3.7	3.1
16	Grains	0	54.4	0	2.8	2	1	0	0.9	18.5	192.5	0	5.4	11.5	2.2	2.2
17	Animals and products thereof	0	20.7	0	26.3	4.6	7.8	0.5	11.4	27.1	24.7	0	50.3	5.3	4.4	3.4
18	Oil seeds, fats & oils & their products	0	31.1	0	8.2	4	2.1	1.7	1.7	6.3	14.3	0	28	3.2	3.1	9.1
19	Cut flowers, plants, vegetable materials; lacs, etc.	0	12.4	0	9.2	5.7	1.3	0	4.5	3.2	28.1	0	38.5	2.4	0.7	1.2
20	Beverages and spirits	0	50.6	0	28.1	80	14.7	9.4	24.2	10.7	29.1	0	0	11.3	4.4	1.8
21	Dairy products	0	40.3	0	18.6	5	26	3.6	3.3	5	72.2	0	35.8	7.7	7.4	13.5
22	Tobacco	0	56.7	0	25.4	10.7	4.2		25	8.4	33.2	0		39.7	7.3	204.2
23	Other agricultural products	0.1	12.3	0	3.7	4.4	1.1	0.7	3.1	3.2	10.1	0	29.1	1.3	0.8	0.8

Source: WTO IDB.

Specific tariffs are quite prevalent. Table 4.6 summarizes the structure of trade policies of the EU, Japan, and United States affecting market access for East Asia as a whole, with details in appendix tables. The data here are on the basis of MFN trade barriers and do not take into account the preferences that East Asian countries are granted in these markets. Yet they suggest that, for individual countries, *specific tariffs* can affect a very large proportion of agricultural exports, notably to the European Union and the United States. These contribute to a lack of transparency regarding the magnitude of the overall extent of protection.

Table 4.6: Trade policy structure of European Union, Japan, and United States for imports from East Asian countries

	<i>Share of duty-free imports</i>	<i>Share of dutiable imports</i>	<i>Share of dutiable imports subject to specific tariffs</i>	<i>Share of products subject to specific duties in total imports</i>
Agriculture				
EU	25.65	74.35	33.26	24.72
Japan	5.81	94.19	10.88	10.25
USA	53.32	46.68	56.30	26.28
Manufactures				
EU	34.21	65.79	0.75	0.49
Japan	59.59	40.41	10.56	4.27
USA	46.14	53.86	13.31	7.17

Note: See Appendix Tables 5 and 6 for details.

In *agriculture*, more than 94 percent of East Asian countries' exports to Japan are subject to duties at the border (whether ad valorem or specific tariff basis). Almost three-quarters of their agricultural exports to the European Union and just over 46 percent of those to the United States are subject to duties. Specific tariffs are prevalent in the United States, affecting more than one-quarter of all East Asian exports of agricultural goods to the United States and more than half of the East Asian agricultural exports that are subject to duties. In the European Union, specific tariffs affect about one-quarter of total agricultural exports from East Asia, and more than one-third of those that are subject to MFN duties. For Thailand, for example, almost two-thirds of agricultural exports to the European Union are subject to specific duties, and for the Philippines, 45 percent of total agricultural exports to the United States are subject to specific duties. Within the East Asia region, however, specific duties are very rarely used as a means of trade protection. (Appendix table 3.) Specific duties are less common in Japan, affecting only around 10 percent of agricultural exports from East Asia.

East Asian countries' *manufactured exports* face fewer duties than their agricultural products, with higher proportions of zero duties in Japan, the United States, and the European Union.¹⁸ Specific duties are not significant for East Asian manufactured exports to the European Union, but they are for exports to Japan and the United States; in the United States, more than 13 percent of dutiable products—particularly certain textile and clothing products—are subject to specific duties. In the U.S. market, specific tariffs are a major element of the trade protection facing certain East Asian exporters of manufactures, particularly on textiles and clothing products. (Appendix table 3.)

The incidence of specific tariffs likely falls particularly heavily on the least developed countries exporting relatively low-value products, where the computed ad valorem equivalents of specific duties is subsequently often high.¹⁹ The reason for this is that the

¹⁸ See appendix table 4.

¹⁹ For example, in the EU market the specific duty of 128 Euro per 1,000 kg on imports of broken rice translates into an ad valorem tariff of 24.75 percent for imports from China in 2001 and 28.92 percent for imports from

methodology for conversion depends upon the per-unit value and the prevailing exchange rate. In many cases the per-unit value of products from the poor are of lower value, resulting in a high *ad valorem* rate. That is, a fixed specific tariff applied to a low value results in a higher percentage increase in the price of the product. The economic implication of this is that the increase in the lower price product will result in a convergence of the price of different goods, making the goods with lower per unit values less competitive.

Tariff escalation

High tariffs are only part of the market access picture for developing countries. Tariff escalation, whereby higher relative tariffs are imposed on processed products, reduces the incentive for producer countries to process products before exporting them. This has been a contentious issue in trade negotiations.

To put the tariff escalation issue in perspective, however, consider coffee in Vietnam. By processing its coffee, Vietnam could capture a higher proportion of the available rents. But it is difficult to perceive how Vietnamese farmers, despite their phenomenal success in coffee production, would be able to integrate downstream. As indicated earlier in this chapter, the world market for coffee is highly concentrated. Simply lowering an import tariff on processed coffee would ease market access but would not be sufficient to induce investment that ensures competitive exports of processed coffee from the coffee-producing country.

For this study, tariff escalation was analyzed in five products of interest to developing countries: coffee and tea, tomatoes, dried vegetables, crustaceans, and leather products (Table 4.7). For coffee, Canada does not discriminate between unprocessed and processed products, whereas both the European Union and the United States do to quite a large degree, with a difference in duties of around 10 percent. The MFN duties applied by developing Asian countries on coffee are much higher and differ significantly between processed and unprocessed products.²⁰ For most of the other four products, the pattern is similar.²¹

Thus, in both agriculture and manufactures, East Asian exporters appear to face significant tariff escalation in all their overseas markets. Within East Asia, however, it is clear that as the ASEAN Free Trade Agreement is fully implemented, the problem of high tariffs on regional trade and tariff escalation among ASEAN countries will be considerably reduced.

Vietnam. In the US market, specific tariffs on certain nuts exported from East Asian countries can translate into *ad valorem* equivalents in excess of 12 percent.

²⁰ Lao PDR is an exception, imposing a lower duty on processed coffee than on unprocessed.

²¹ In certain cases the tariffs on processed agricultural products can be very complex. For example, in the EU, processed food products such as biscuits, are subject not only to a tariff on the product itself (of around 9 percent) but also to specific tariffs on both the milk and sugar content of the product. This can entail very high levels of protection.

Table 4.7: Tariff escalation for selected products in selected markets, MFN, and ASEAN Free Trade Area

<i>HS6 (4-Digit Code)</i>	<i>Quad countries</i>				<i>ASEAN countries (AFTA commitments)^a</i>									
	<i>Canada</i>	<i>EU</i>	<i>Japan</i>	<i>USA</i>	<i>China</i>	<i>Cambodia</i>	<i>Indonesia</i>	<i>Lao PDR</i>	<i>Malaysia</i>	<i>Myanmar</i>	<i>Philippines</i>	<i>Taiwan, China</i>	<i>Thailand</i>	<i>Vietnam</i>
Agriculture														
<i>Coffee</i>														
Unprocessed (0901)	0.0	0	12.0	0.2	25	30	5 (0)	40 (0)	0	5 (4)	51 (5)	5.3	40 (5)	25 (5)
Processed (2101)	0	9.5	18.7	12.2	50	35	5 (5)	20	11.6 (2)	15	35 (5)	22.5	47 (5)	50
<i>Tomatoes</i>														
Unprocessed (0702)	0.0	Entry Prices (b)	0.0	Specific and seasonal (c)	13	7	5(0)	40 (0)	0	15	10 (5)	10	60 (5)	30 (5)
Processed (2002)	11.5	14.4	12.6	11.9	25	35	5 (0)	30	5.8 (0)	15	11.6 (4)	24	30 (5)	50
<i>Vegetables</i>														
Unprocessed (0713)	2.5	3.2	11.2	1.2	7.2	7	5 (5)	40(0)	0	0	4 (4)	12	60 (5)	30 (50)
Processed (1106)	6.0	15	15.9	6.9	25	35	5 (0)	5 (0)	5 (0)	4	10 (3)	20	60 (5)	20 (5)
Nonagricultural products														
<i>Crustaceans</i>														
Unprocessed (0306)	5	11.07	3.8	7.5	30.2	15	5.0 (5)	10 (0)	8 (2.5)	10 (3)	10.8 (5)	36.5	60 (5)	30 (5)
Processed (1605)	4.35	19.04	5.9	7.1	25	35	16 (0)	10 (0)	20 (2.5)	15	5 (5)	30.0	40 (5)	50 (5)
<i>Leather</i>														
Unprocessed (4104)	3.3	0 to 5.5	24	3.4	8.7	35	0 (0)	20	0	7.5 (5)	4 (3)	2.5	5	5
Processed (6403)	18	7.7	7.2	10	25	24	15 (5)	10 (0)	30 (0)	2 (2)	15 (5)	5	40 (5)	50

Notes:

- a. The commitments made by AFTA members are in brackets. No bracket implies that no commitment has been made.
b. The tariff comprises an ad valorem component and a specific duty that increases the lower the prices. The duties are also seasonal. For example, the ad valorem component ranges from 8.8 to 14.4 percent.
c. The specific duty ranges from 2.8 to 3.9 cents per kilo depending on the season.

Preferential rates

Though the focus of this chapter is on multilateral market access, a brief discussion of nonreciprocal preferential arrangements is in order, because for certain exports from certain countries these preferences may make the multilateral market access barriers less relevant.²² However, evidence suggests that limited coverage and rules of origin in various schemes limit their impact on barriers to products important to the poor of East Asia.

²² There are two important issues for developing Asian countries regarding preferential rates: the non-reciprocal preferences that they are granted in the industrial country markets and the reciprocal granting of preferences in the context of regional integration. As discussed elsewhere in this volume, an important question for these countries is whether or not improved market access at the regional level could be an intermediary step towards multilateral liberalization. In industrial markets, the issue is whether preferences remove or limit the impact of the above-average tariffs and the extensive use of specific tariffs on products of particular relevance to the poorest countries.

The U.S. Generalized System of Preferences (GSP) scheme effectively excludes the key products exported by the poorest East Asian countries—textiles and clothing—as well as most of these countries’ agricultural exports, so most of the exports of East Asian countries enter the U.S. market at MFN rates. Levels of agricultural protection on the products currently exported to the United States by East Asian countries are relatively low.

To the European Union, the least developed countries’ access for textiles, clothing, and agricultural products is formally more open, since under the Everything but Arms agreement these countries have duty- and quota-free access to the EU market. However, their access to the EU market appears to be constrained by restrictive rules of origin. For countries other than the least developed countries, textiles and clothing exports are covered by the EU’s GSP scheme, but the amount of duty reduction is typically less than for other products. Agricultural products, with some exceptions, are covered by the EU scheme, but the reduction on specific duties is only 30 percent. Further, when the MFN duty comprises both an ad valorem and a specific component, the specific component is not reduced.

The GSP is of high relevance for the exports of the least developed countries and Vietnam to the European Union. Almost 100 percent of Cambodia’s exports to the European Union, 93 percent of the exports of Lao PDR, and 83 percent of the exports of Vietnam are eligible for preferential access to the European Union. For other East Asian countries, the GSP is less important, and poor households in these countries do not benefit. For example, less than 30 percent of China’s exports to the European Union are eligible for preferences, and only 15 percent of Malaysia’s exports are eligible.

Further details of preferential access arrangements for poor East Asian countries to the European Union and the United States are given in the appendix to this chapter.²³

A key feature of many nonreciprocal preference schemes is their low level of utilization on products actually exported by developing countries. For example, while almost all of Cambodia’s exports to the European Union were eligible for preferences, only 36 percent actually took advantage of these preferences.²⁴ For the other East Asian developing countries, the take-up of preferences never exceeds two-thirds of the value of exports eligible for preferences. A key reason is the prevalence of stringent rules of origin.

Nontariff measures

While data on nontariff measures are very difficult to collect, they remain an important barrier in agroproducts. Analysis by Cerrex (2002), reproduced as Table 4.8, shows that for the products of concern to the poor and poor countries of East Asia, the key issues are health and safety regulations, notably maximum pesticide residue levels; difficulties with understanding and administering standards; lack of technical assistance; and, in some cases, seasonal tariffs. For example, health and safety standards are a major barrier for fresh fruit,

²³ At <http://www.worldbank.org/eaptrade>.

²⁴ Brenton (2003) shows that, even with duty free access on paper, Cambodia faced an average tariff equivalent to 7.7 percent on its exports to the EU.

vegetables, fish, sweet biscuits, and other foodstuffs and drinks. Organic products face high costs of complying with EU standards and definitions and problems of certification.

Unfortunately, despite the importance of nontariff measures affecting the market access of agricultural products, very little work has been done to quantify their impact. The best way to get a handle on these kinds of issues would be through case studies.

Table 4.8: Nontariff measures affecting products of interest to developing countries

<i>Product</i>	<i>HS number</i>	<i>Particular problems</i>
Fresh fruit		Health/safety – pesticide residue levels; difficulties in complying with EU standards: i.e., expensive, lack of technical knowledge, difficulty with interpretation of directives. Common Agriculture Policy levies; quota/license requirements; seasonal preferences; residual tariffs remain high. Generally no tariff preference for GSP suppliers
Processed fruit/fruit-vegetable juices	Ex 20.07 to 20.09	Same as above, especially high residual tariffs. No concession for GSP.
Jams and jellies	Ex 20.07	Preference given although residual duty remains very high.
Natural honey	04.09	No preference for GSP. High residual duties.
Rice	10.06	Affect quotas and licensing and levies – very complicated tariff structure.
Vegetables		Health/safety regulations – maximum pesticide residue levels; difficulties with understanding and administering standards; lack of technical assistance. Seasonal preferences for some products. No preference generally for tomatoes.
Organic products	Misc.	High costs of complying with EU standards and definitions; problems with certification; lack of subsidies from national governments; costs of meeting phytosanitary standards. Mixture of tariff preferences, e.g., no GSP preferences for chicken or pork; minimal GSP preference for sausages.
Walnuts	Ex 08.02	Tariff quotas may apply.
Fish	Ex Ch 3 and 16	High residual tariffs often granting GSPs no preference; problems of origin rules; cost of meeting and administering health regulations; difficulties and cost of testing procedures.
Chocolates		Origin rules and sugar levies.
Sweet biscuits	19.05	Difficulties meeting health/phytosanitary standards; sugar levies; quotas.
Fresh flowers		
Orchids and rose stems	06.03	Difficulties in meeting environment and social standards; CAP levies and duties; quota/license requirements.
Wine	Ex 22.04	Subject to continuing high duties; specific excise duties; removal of GSP preference for certain countries.
Cocoa	Ex 18	A mixture of the effect of sugar levies; origin rules for chocolate, quotas and the number of preferences available (up to 28) make this the most complicated chapter in the tariff.
Foodstuffs and drinks, electrical and engineering goods	Passim	Standards.
Wheat gluten	11.09	Quotas may apply; no preference for GSP countries.
Refined palm oil	15.11	CAP levies and duties may apply; quota restrictions.
Frozen vegetables	Ch 7 and Ch 20	Need for financial assistance for freezing capacity.
Essential oils and perfumes	33.01 and 33.03	Operation of excise duties to the disadvantage of cheaper products.

Note: This list is not meant to be fully comprehensive of the products or of the problems. Information given is at mid-2001.
Source: Cerrex (2002).

Conclusions

Agriculture represents the predominant source of income for poor households in East Asia. In products of special importance to these poor households—agricultural and agroprocessing products—important barriers remain in developed country markets.

In contrast to the move toward increased transparency in trade policy for manufacturers, agriculture and agroprocessing remain protected in myriad ways. This results in a lack of transparency regarding the magnitude of production on products important to the poor, especially from barriers such as standards, specific duties, and complex quota schemes.

In each major market, certain types of barriers are more prevalent than others. But each major market has significant barriers. The European Union and the United States levy above-average ad valorem tariffs on agricultural products and on textiles and clothing. Specific tariffs are a key element of protection of agricultural products in the European Union and the United States (and also affect textiles and clothing imports into the United States). Domestic support and quotas remain an important element of protection in Japan, notably for rice. Tariff escalation in EU, North American, and Japanese markets results in high effective protection rates and discourages diversification into processing activities. Standards increasingly are a major barrier, with East Asian exporters facing difficulties in meeting health and safety standards, for example.

Important barriers also remain in intraregional and intradeveloping country trade. Regional agricultural markets are particularly large in East Asia, so substantial gains would flow from reducing barriers further. For ASEAN and China, these barriers partly are being addressed within the context of regional free trade arrangements.

The results of the analysis in this chapter suggest that reducing trade barriers to agriculture-based products important to the poor of East Asia should be a key trade policy objective. Because no single trade protection element dominates in barriers to these products—and because each trade protection element is important in at least one major market—the approach toward trade policy needs to be broad. Hence, the targets for this trade policy will need to cover all of the following:

- Reducing the above-average tariff rates
- Reducing the extent of tariff escalation and providing additional routes for product diversification and export growth in developing countries
- Re-examining health and safety regulations and procedures for administering them
- Improving the transparency of tariff schedules by converting non-ad valorem rates to ad valorem rates.

The arena to pursue these objectives is another issue. The chapter has stressed that for many of the poorer countries, nonreciprocal market access is a key component of their export strategy. However, these schemes remain beyond the scope of multilateral negotiations for reasons that are beyond the scope of this chapter. Nevertheless, there is clearly an opportunity for improvements in market access condition through further clarification and

simplification of rule of origin procedures, clearer and more streamlined applications of standards, and, in the case of some developed markets, a broadening of the coverage of such schemes.

There is also the opportunity to address some of the market access barriers discussed in this chapter through the current round of multilateral negotiations. A clear mandate has been given to negotiators to address barriers specifically for products of interest to developing countries. This includes the reduction of tariff barriers, the conversion of non-ad valorem lines to ad valorem rates, reducing domestic support, and disciplining export subsidies. The type of result that emerges from the negotiations, however, is conditioned on effective participation in the negotiations by developing countries.

The third possible avenue to pursue enhanced market access is through the ASEAN Free Trade Area process and other regional arrangements. The current implementation schedule has resulted in reductions in barriers in the more advanced ASEAN members. This is an important step since there is evidence to suggest that production for many products is done on a regional basis. A more liberal regional trading landscape will encourage further processing and specialization in a regional context, which could enhance opportunities for exporters the types of products that we have discussed here.

Appendix to Chapter 4: Market Access Barriers and Poverty in Developing East Asia

Data sources

The protection data for this chapter were sourced from two different databases: the World Trade Organization's Integrated Database and the United Nations Conference on Trade and Development (UNCTAD) Trade Analysis and Information System (TRAINS). The extractions from the TRAINS database included the published data and unpublished data on the ASEAN Free Trade Area commitments of ASEAN members.

Definition of products and markets of interest

Given the significant diversity in the definition of products and the regional focus of this chapter, a decision was needed about the level of detail at which to examine the structure of exports. At one end is the detailed tariff-line level of protection and imports¹, while at the other are aggregated measures.

For agricultural exports, the first step was to examine the exports of each country at the four-digit level of the harmonized system (HS) nomenclature, to identify the degree of concentration of exports using export values. A high concentration value is when a significant share of the total value of exports is limited to a small range of products (Table 4.1). Except where exports were found to be highly concentrated, the two-digit classification level was used.

The second step was to identify the key markets for each of the key four-digit products, on the basis of aggregated overall agricultural exports (Table 4.2). The reason for taking this approach is that the key markets for many of the countries are within the ASEAN Free Trade Area, whose members' protection profiles are reasonably similar, allowing further attention to be focused on the non-ASEAN markets.

No doubt more sophisticated methodologies could be used to identify products of export interest. Indeed, one could argue that using the top exports, as an indicator of products of interest does not take into account the dynamics of exports; a product that is a country's top export could be characterized by low export growth worldwide. And a high export growth product could be characterized by low export value. Another problem with this methodology is the simultaneity problem of market access barriers and exports: an export product could have low export value not because of lack of competitiveness, but because of a variety of tariff and non-tariff measures. Another approach would be to examine products, which would be consistent with comparative advantage theory independent of their value and volume. That is the products of export interest would be those products that one would expect, a

¹ HS lines in the text refers a 6 digit code, within the Harmonised System of tariffs, which describes a particular type of product.

priori, to be predicted by theory. For the poor these would be the traditional labour-intensive products. As indicated above and as will be shown below the products, which have been identified, are quite consistent with factor endowments trade theory. Furthermore, for some countries the degree of concentration is reasonably low, which implies that for these countries there is a much broader range of products of export interest to them. (See Appendix Table 1)

Despite these reservations, the results obtained by examining the value of exports are plausible.

Calculation of duties

The pattern of protection facing the products that are investigated in this paper is quite complicated. In some cases the duties are *ad valorem* and in others they are specific duties. This section outlines how the duties were calculated in Tables 4.4, and 4.6 in the main text.

Only the applied rates of duty as notified to the WTO IDB are used. The rate of duty used in Table 4.4 is called the most favored nation statutory duty approved by the national authorities and is the one that is published in the national tariff schedule. Most of the time this tariff is also the one applied to imports. The averages were calculated by first calculating the average tariff for each Harmonized System line at the 6 digit level. However, given the incidence of non-ad valorem lines these averages should be considered as underestimates, since ad valorem equivalents were used only if the member supplied them.

For [Appendix Tables 4 and 5], constructed using more detailed tariff line data, a more comprehensive approach was adopted than for [Table 4.4]. In this case, the averages were calculated using the dutiable value to capture the degree of residual protection in these lines. Ideally, data on the imports of each of the developing East Asian countries should have been used and the averages calculated for those lines for which they have positive exports. The difference between the terms dutiable and applied is the following: dutiable is the opposite of duty-free and therefore refers only to non-duty-free items (considering only the value of the duty) and applied refers, in the IDB, either to the MFN legal duty either to the MFN effectively applied and this last category can be dutiable or duty-free. In some organizations the designation “applied” refers to any type of duty used for collecting the duty tax, including preferential duties.

The incidence and impact of non *ad valorem* lines is of considerable importance to agricultural products, and less so to industrial products. The application of specific duties and quotas affect the degree of market access through different channels than price measures. There are a number of different approaches to calculating *ad valorem* equivalents (AVE). The approach used for this chapter is based on Stawowy (2001), whenever an *ad valorem* equivalent was not available in the IDB. However, due to the limited nature of his dataset, the data are used only for members of the QUAD for the year 2000. *Ad valorem* equivalents available in the IDB for the EU and the United States were available only for 2000. (Table 4.5)

Preferential rates

The key products exported by the poorest countries in East Asia and the activities that are intensive in the use of unskilled labor throughout the region—agricultural products and textiles and clothing—are typically excluded from preferences in the US. The EU does offer preferential access for these products, including duty-free access for the LDCs, but there are sectoral exclusions for certain countries and market access tends to be constrained by restrictive rules of origin.

Appendix Table 4.2 summarizes some of the key details from the EU scheme and Appendix table 4.3 summarizes the US scheme.

Under the EU scheme, all East Asian countries except Korea are eligible for GSP preferences, but the following sectoral exclusions apply:

Cambodia: None (LDC – Everything but Arms)

China: Other products of animal origin; Grains, seeds, fruits and plants; Chemicals except fertilizers; Articles of leather and fur skins; Clothing; Footwear; glass and Ceramic; Base metals and articles of base metals; Miscellaneous manufactures.

Indonesia: Fats, oils and waxes; Wood; Footwear.

Laos: None (LDC – Everything but Arms)

Malaysia: Cereals and malt and starches; Fats, oils and waxes; Plastics and rubber; Wood; Clothing; Consumer electronics.

Mongolia: – None.

Philippines: Fats, oils and waxes.

Thailand: Fishery products; Trees, plants, cut flowers, edible vegetables and nuts; Edible preparations and vegetables; Plastics and rubber; Articles of leather and fur skins; Clothing; Footwear; Jewelry and precious metals; Miscellaneous manufactures.

Vietnam: None.

Appendix Table 4.2 shows the importance of products eligible for GSP preferences in the exports of each East Asian country, to the EU in total and separately for agricultural products and for manufactures. The share falls below 100 percent the more important are exports of products for which the MFN duty is zero and the more important are the sectors excluded from the scheme. There are also some agricultural products, such as rice, which are excluded from general GSP preferences (although they are, in the case of rice with delay, included for the LDCs). Appendix table 2 also shows the proportion of exports eligible for preferences that actually requested preferential access to the EU. Exports that did not request preferential access would have paid the full MFN tariff.

The US GSP scheme (Appendix Table 4.3) excludes China, Korea, Laos, and Vietnam. For the other countries a relatively small proportion of trade is eligible for preferences. This reflects in part that a significant proportion of exports to the US from these countries are of products for which the MFN duty is zero but also that key products in agriculture and textiles and clothing are excluded from preferences. Thus, only 15 percent of Thailand's exports to the US receive preferences, although almost 60 percent are in dutiable products. Similarly,

nearly two-thirds of Cambodia's exports to the US are in dutiable products but less than a half of one percent of total exports receive preferential access. Appendix table 3 shows that under current trade structures, the highest levels of US protection facing exporters in East Asia are on manufactured products. The actual level of protection is higher due to the quotas imposed on the textiles and clothing exports of many of the countries in the region.

Appendix table 4.1: Characteristics of LDC exports

Country	Concentration Index at HS-4 level ^a	Concentration Index at HS-6 level ^b	Share of agriculture in total exports ^c	Market diversification	Principal exports
Afghanistan	67.6	67.6	78.5	4	Animal-hair, fur skins, grapes
Angola	98.7	97.8	0.0	3	Petroleum oils, diamonds, crustaceans
Bangladesh	32.6	24.1	0.8	2	Apparel, crustaceans, leather
Benin	67.3	67.0	74.2	5	Cotton, leather, misc. chemicals
Bhutan	55.3	55.3	8.4	3	Turbines, wheat, coal, coffee
Burkina Faso	68.2	66.2	67.5	5	Cotton, oilseeds, sugar
Burundi	90.8	90.6	90.5	3	Coffee, ores
Cambodia	52.6	35.2	0.4	2	Apparel, wood, footwear
Cape Verde	49.8	47.9	0.9	2	Footwear, apparel, mineral fuels
C. African Rep	87.3	86.1	9.1	1	Diamonds, wood, cotton, coffee
Comoros	80.9	80.9	79.1	3	Coffee, essential oils, ores
Dem. Rep Congo	86.2	88.4	3.5	2	Diamonds, mineral fuels, ores, coffee
Djibouti	31.6	31.4	16.1	3	Peals, oilseeds, live animals
Esq. Guinea	93.3	92.7	0.4	2	Mineral fuels, wood, fish
Eritrea	34.1	31.7	18.6	2	Precious metal, fish leather
Ethiopia	76.1	72.3	84.0	4	Coffee, oilseeds, leather
Gambia	61.9	61.7	16.7	3	Diamonds, electronic equipment, fish
Guinea	83.4	81.6	4.8	2	Ores, diamonds, petroleum oils
Guinea-Bissau	93.3	91.2	49.5	1	Petroleum oils, fish, wood
Haiti	49.7	48.0	10.3	1	Apparel, coffee, edible fruits
Kiribati	92.2	86.5	0.0	2	Fish, electronic equipment
Lao PDR	40.0	26.0	12.3	3	Wood, apparel, coffee
Lesotho	67.4	64.3	0.3	1	Apparel, precious stones
Liberia	83.5	67.1	0.8	3	Ships, wood, diamonds
Madagascar	40.7	35.2	32.9	4	Apparel, fish, coffee
Malawi	82.8	76.7	89.0	7	Tobacco, tea, coffee, sugar
Maldives	57.0	51.3	0.4	4	Apparel, seafood, fish
Mali	80.3	78.2	80.6	8	Cotton, electronic equipment
Mauritania	89.1	67.2	0.3	3	Ores, fish
Mozambique	49.2	48.8	32.3	4	Crustaceans, aluminum, cotton
Myanmar	35.1	23.5	10.8	6	Apparel, wood, crustaceans
Nepal	54.6	46.6	12.9	3	Carpets, apparel
Niger	94.0	93.4	5.1	2	Petroleum oils, inorganic chemicals
Rwanda	85.3	85.3	66.5	5	Coffee, ores
Samoa	83.4	79.2	9.4	2	Electrical equipment, fish
Sao Tome & Principe	70.8	44.6	20.8	4	Fish, cocoa, machine tools
Senegal	41.0	39.9	26.8	4	Vegetable oil, fish, residues
Sierra Leone	70.1	60.8	5.5	1	Motor vehicles, furniture
Solomon Islands	77.2	70.0	8.5	5	Wood, seafood, fish
Somalia	79.6	73.7	86.7	2	Live animals, wood
Sudan	86.4	86.4	21.7	4	Petroleum oils, oilseeds, live animals
Tanzania	48.5	39.9	46.2	6	Fish, coffee, tobacco
Togo	69.0	60.8	43.4	7	Natural phosphates, cotton, coffee
Uganda	76.0	69.3	73.9	4	Coffee, fish, tobacco
Vanuatu	68.8	61.3	12.5	4	Ships, fish, copra
Yemen	95.6	92.8	1.7	5	Petroleum oils, fish
Zambia	64.5	64.3	11.9	6	Copper, base metals, cotton

Source: Bora (2002).

Appendix table 4.2: EU trade preferences to East Asian countries, 2001
(values in 000 Euro)

All goods	Cambodia	China	Indonesia	Korea	Laos	Malaysia	Mongolia	Philippines	Thailand	Vietnam
Trade value eligible for GSP (1)	481366	22447994	5147807		133872	2318093	10171	1448194	3937515	3647441
Trade value requesting preferences (2)	174072	13871095	2791342		79504	1060691	4402	525610	2242110	2147900
Total trade value (3)	482637	75487667	10760238	21540554	143798	15630642	39519	7418500	12317971	4380883
Share of GSP (1)/(3)*100	99.74	29.74	47.84		93.10	14.83	25.74	19.52	31.97	83.26
Share with preferential access (2)/(1)*100	36.16	61.79	54.22		59.39	45.76	43.28	36.29	56.94	58.89

Agriculture	Cambodia	China	Indonesia	Korea	Laos	Malaysia	Mongolia	Philippines	Thailand	Vietnam
Trade value eligible for GSP (1)	51	1035608	377359		617	170021	5	83445	25884	134267
Trade value requesting preferences (2)	0	674754	225282		504	116587	0	47087	11585	109305
Total trade value (3)	54	2148574	1267221	139604	8435	793562	536	421132	1632316	448684
Share of GSP (1)/(3)*100	93.54	48.20	29.78	0.00	7.31	21.43	0.95	19.81	1.59	29.92
Share with preferential access (2)/(1)*100	0.00	65.16	59.70		81.79	68.57	0.00	56.43	44.76	81.41

Manufactures	Cambodia	China	Indonesia	Korea	Laos	Malaysia	Mongolia	Philippines	Thailand	Vietnam
Trade value eligible for GSP (1)	481,316	21,412,386	4,770,448		133,255	2,148,072	10,166	1,364,749	3,911,630	3,513,174
Trade value requesting preferences (2)	174,072	13,196,341	2,566,060		79,000	944,104	4,402	478,523	2,230,524	2,038,595
Total trade value (3)	482,583	73,339,093	9,493,017	21,400,950	135,363	14,837,080	38,983	6,997,368	10,685,655	3,932,199
Share of GSP (1)/(3)*100	99.74	29.20	50.25		98.44	14.48	26.08	19.50	36.61	89.34
Share with preferential access (2)/(1)*100	36.17	61.63	53.79		59.28	43.95	43.31	35.06	57.02	58.03

Note: Korea is not eligible for GSP; Myanmar temporarily does not benefit from GSP.

Sources: UNCTAD TRAINS database and EUROSTAT CD-ROM.

Appendix table 4.3: US trade preferences to East Asian countries, 2001
(values in dollars)

	Cambodia	China	Indonesia	Korea	Laos	Mongolia	Philippines	Thailand	Vietnam
Trade value under GSP	3,740		1,321,809			466	676,073	2,201,288	
Total trade value	964,166	102,069,326	9,930,737	34,917,186	3,859	143,440	11,307,197	14,672,235	1,026,410
Calculated duties	152,296	3,870,348	596,380	978,000	1,754	23,185	418,073	513,709	77,942
Share of GSP	0.39		13.31			0.33	5.98	15.00	
Applied tariff	15.80	3.79	6.01	2.80	45.45	16.16	3.70	3.50	7.59

Agriculture

	Cambodia	China	Indonesia	Korea	Laos	Mongolia	Philippines	Thailand	Vietnam
Trade value under GSP	253		54,936			0	60,679	184,371	
Total trade value	620	1,486,000	878,131	223,528	66	60	570,028	2,143,057	632,292
Calculated duties	0.239	21,686	8,112	7,560	2	0	11,481	31,480	6,342
Share of GSP	40.85		6.26			0.00	10.65	8.60	
Applied tariff	0.04	1.46	0.92	3.38	4.33	0.00	2.01	1.47	1.00

Manufactures

	Cambodia	China	Indonesia	Korea	Laos	Mongolia	Philippines	Thailand	Vietnam
Trade value under GSP	348		126687			46	61539	201691	
Total trade value	963,546	100,583,325	9,052,605	34,693,657	3,793	143,380	10,737,169	12,529,177	394,118
Calculated duties	152,296	3,848,662	588,268	970,439	1,751	23,185	406,592	482,228	71,599
Share of GSP	0.36		13.99			0.33	5.73	16.10	
Applied tariff	15.81	3.83	6.50	2.80	46.18	16.17	3.79	3.85	18.17

Note: China, Laos, Korea, Malaysia and Vietnam are not eligible for GSP treatment.

Source: US International Trade Commission database.

Appendix Table 4.4: Structure of agricultural exports from East Asian countries to the EU, Japan, US, and East Asia region, 2001

Reporter/ market	Partner	Trade value	Duty-free imports (1)	Dutiable imports (2)	Specific duty imports (3)	Share of duty-free imports [(1)/(1+2)]*100	Share of dutiable imports [(2)/(1+2)]*100	Share of specific duty [(3)/(2)]*100
EU	Cambodia	177	9	168	5	5.08	94.92	2.98
	China	1,768,032	586,687	1,181,345	334,880	33.18	66.82	28.35
	Indonesia	1,373,487	413,212	960,275	117,413	30.08	69.92	12.23
	Korea	118,628	7,035	111,593	28,073	5.93	94.07	25.16
	Laos	11,371	10,684	687	287	93.96	6.04	41.78
	Malaysia	632,127	121,446	510,681	22,471	19.21	80.79	4.40
	Mongolia	606	606	0	0	100.00	0.00	0.00
	Philippines	356,893	80,174	276,719	58,836	22.46	77.54	21.26
	Thailand	1,417,183	28,661	1,388,522	932,430	2.02	97.98	67.15
	Vietnam	446,617	322,733	123,884	20,028	72.26	27.74	16.17
Japan	Cambodia	5,551	6	5,544	0	0.12	99.88	0.00
	China	6,424,281	493,339	5,930,942	480,181	7.68	92.32	8.10
	Indonesia	1,157,905	111,074	1,046,831	35,706	9.59	90.41	3.41
	Korea	1,875,992	38,545	1,837,447	312,093	2.05	97.95	16.99
	Laos	5	0	5	0	0.00	100.00	0.00
	Malaysia	340,415	15,298	325,116	18,426	4.49	95.51	5.67
	Mongolia	277	235	42	32	84.68	15.32	76.47
	Myanmar	71,229	14,994	56,234	4,326	21.05	78.95	7.69
	Philippines	744,468	7,483	736,984	27,226	1.01	98.99	3.69
	Thailand	2,325,698	68,935	2,256,763	489,516	2.96	97.04	21.69
	Vietnam	569,243	35,251	533,991	16,711	6.19	93.81	3.13
US	Cambodia	683	247	436	285	36.13	63.87	65.41
	China	1,622,532	850,775	771,757	514,813	52.44	47.56	66.71
	Korea	244,100	43,683	200,417	99,788	17.90	82.10	49.79
	Indonesia	954,377	668,680	285,697	155,744	70.06	29.94	54.51
	Laos	75	57	17	17	76.48	23.52	100.00
	Malaysia	250,567	215,211	35,355	23,374	85.89	14.11	66.11
	Mongolia	77	0	77	0	0.00	100.00	0.00

	Myanmar	34,376	29,946	4,429	4,427	87.12	12.88	99.95
	Philippines	668,724	300,491	368,233	299,178	44.93	55.07	81.25
	Thailand	2,299,056	944,089	1,354,967	662,006	41.06	58.94	48.86
	Vietnam	680,685	548,688	131,996	15,615	80.61	19.39	11.83
	Selected Intra-ASEAN							
China	ASEAN	1,255,744	3,225	1,252,519	6,837	0.26	99.74	0.55
	Selected ASEAN	1,186,892	3,220	1,183,672	659	0.27	99.73	0.06
	Malaysia	428,371	10	428,361	531	0.00	100.00	0.12
Singapore	Selected ASEAN	1,347,637	1,313,472	34,164	34,164	97.46	2.54	100.00
	Malaysia	94,108,508	91,188,691	2,919,817	2,919,817	96.90	3.10	100.00
Indonesia	China*	424,843	234,018	190,824	0	55.08	44.92	0.00
	Malaysia*	106,091	33,876	72,215	0	31.93	68.07	0.00
	Thai*	325,241	244,131	81,110	0	75.06	24.94	0.00
	Philippines*	25,876	686	25,189	0	2.65	97.35	0.00

Notes: Selected ASEAN includes Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, and Vietnam.

Source: UNCTAD TRAINS database.

Appendix Table 4.5: Structure of manufactured exports from East Asian countries to the EU, Japan, US, and East Asia region, 2001

Reporter/ market	Partner	Trade value	Duty-free imports (1)	Dutiable imports (2)	Specific duty imports (3)	Share of duty- free imports [(1)/(1+2)]*100	Share of dutiable imports [(2)/(1+2)]*100	Share of specific duty [(3)/(2)]*100
EU	Cambodia	326,162	3,447	322,715	5	1.06	98.94	0.00
	China	61,968,969	14,360,676	47,608,293	530,646	23.17	76.83	1.11
	Indonesia	8,523,855	2,754,250	5,769,605	806	32.31	67.69	0.01
	Korea	21,896,036	9,350,827	12,545,209	13,826	42.71	57.29	0.11
	Laos	109,791	1,125	108,666	0	1.02	98.98	0.00
	Malaysia	13,154,272	8,027,793	5,126,479	14,602	61.03	38.97	0.28
	Mongolia	45,660	34,504	11,156	101	75.57	24.43	0.91
	Philippines	5,754,068	4,209,682	1,544,386	11,255	73.16	26.84	0.73
	Thailand	9,715,475	3,570,143	6,145,332	39,887	36.75	63.25	0.65
	Vietnam	3,207,087	314,475	2,892,612	822	9.81	90.19	0.26
Japan	Cambodia	46,311	967	45,344	0	2.09	97.91	0.00
	China	48,233,160	20,670,348	27,562,812	361,984	42.86	57.14	1.31
	Indo	15,150,950	11,690,166	3,460,784	546,429	77.16	22.84	15.79
	Korea	18,256,472	10,108,805	8,147,666	3,297,310	55.37	44.63	40.47
	Laos	11,952	1,909	10,043	0	15.98	84.02	0.00
	Malaysia	13,806,183	11,697,956	2,108,226	346,665	84.73	15.27	16.44
	Mongolia	9,194	4,572	4,622	0	49.73	50.27	0
	Myanmar	47,321	10,494	36,826	0	22.18	77.82	0.00
	Philippines	6,134,539	5,268,716	865,823	93,668	85.89	14.11	10.82
	Thailand	7,835,007	5,963,194	1,871,812	112,191	76.11	23.89	5.99
	Vietnam	2,060,525	1,051,699	1,008,826	3	51.04	48.96	0.00
US	Cambodia	1,014,848	3,556	1,011,291	74,663	0.35	99.65	7.38
	China	106,528,272	43,684,447	62,843,825	8,380,077	41.01	58.99	13.33
	Indo	9,898,875	2,888,100	7,010,774	1,604,359	29.18	70.82	22.88
	Korea	35,496,617	16,497,933	18,998,684	2,006,627	46.48	53.52	10.56
	Laos	3,969	113	3,855	10	2.87	97.13	0.27
	Malaysia	22,363,310	16,663,294	5,700,016	696,874	74.51	25.49	12.23

	Mongolia	152,100	184	151,916	27,648	0.12	99.88	18.20
	Myanmar	466,480	13,166	453,313	100,740	2.82	97.18	22.22
	Philippines	10,816,660	6,698,697	4,117,962	470,767	61.93	38.07	11.43
	Thailand	13,055,214	5,444,213	7,611,000	699,242	41.70	58.30	9.19
	Vietnam	446,291	25,347	420,943	293,041	5.68	94.32	69.62
	Selected intra-ASEAN							
China	ASEAN	20,859,175	89,582	20,769,593	2,023,186	0.43	99.57	9.74
	Selected ASEAN	15,747,566	78,752	15,668,814	1,961,087	0.50	99.50	12.52
	Malaysia	5,051,006	17,424	5,033,581	184,817	0.34	99.66	3.67
Singapore	Selected ASEAN	27,262,645	27,262,380	264	0	100.00	0.00	0.00
	Malaysia	19,141,353	19,141,353	0	0	100.00	0.00	0.00
Indonesia	China*	1,597,127	429,851	1,167,275	232	26.91	73.09	0.02
	Malaysia*	1,022,681	190,597	832,084	0	18.64	81.36	0.00
	Thailand*	783,817	140,460	643,357	0	17.92	82.08	0.00
	Philippines*	88,856	22,838	66,017	0	25.70	74.30	0.00

Notes: Selected ASEAN includes Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, and Vietnam.

* Only 2000 data available.

Source: UNCTAD TRAINS database.

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