WINNERS AND LOSERS
ACP AND THE DOHA ROUND
Session-2

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Winners and losers
ACP and the Doha Round

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Trade Policy and Sustainable Development Meeting
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Can Doha be revived?

• Unresolved since 2008
• Much is agreed
• Obstacles remain
• Renewed interest, new proposals
Trading environment changed

- Rising prices
- Food security
- Domestic support
- Public stockholding
- RTAs
- Emerging markets
Look at two proposals

• Rev 4 Draft Modalities
• Paraguay proposal
  • average cut 54% with minimum of 20%.
  • 5% SP with cut of 10%
  • DVG 36/15%, 12% SP

Assess impact on ACP countries
Average cut not cut in average

- Tariff cuts are unweighted
- To get 54% average, cut 42.5% by 100%
- Remainder by 20%
- Larger cut could be on low tariffs
  Little better than minimum.
Tariff peaks untouched.
Request and offer difficult to quantify.
Global general equilibrium

- GTAP
- Version 9, base 2011
- Bilateral trade and tariffs
- Includes preferential tariffs (needed for FTAs) from TASTE
- Whole economy
- Includes resource (land, labour, capital) constraints
- Limitation - each country: one region, one household
• Aggregates tariffs weighted by bilateral trade
• Contains bilateral bound and applied tariffs and trade
• 5052 HS6 commodities x 236 regions
• 186,835,304 records
• Aggregate to 30 sectors x 32 regions
• Generate tariff cuts for GTAP
**Sectoral coverage**

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Industrial</th>
<th>Services</th>
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</thead>
<tbody>
<tr>
<td>Rice</td>
<td>Beverages &amp; tobacco</td>
<td>Transport and comm.</td>
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<tr>
<td>Wheat</td>
<td>Textiles</td>
<td>Business services</td>
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<tr>
<td>Vegetables, fruit, nuts</td>
<td>Wearing apparel</td>
<td>Other services</td>
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<td>Sugar</td>
<td>Leather</td>
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<td>Plant fibres</td>
<td>Electronics</td>
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<td>Other crops</td>
<td>Petroleum, coal products</td>
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<td>Forestry &amp; fishing</td>
<td>Motor vehicle &amp; trans equip</td>
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<tr>
<td>Resources</td>
<td>Wood &amp; paper products</td>
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<tr>
<td>Beef and veal</td>
<td>Chemical, rubber &amp; plastics</td>
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<tr>
<td>Pork and poultry</td>
<td>Machinery and equipment nec</td>
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<td>Dairy products</td>
<td>Mineral products nec</td>
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<td>Food products nec</td>
<td>Manufactures</td>
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<td>Non-ACP</td>
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<td>Other developed</td>
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<td>RoW</td>
<td>Rest of World</td>
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Bound vs applied

West Africa

Source: GTAP v9
Bound vs applied

Central Africa

- Rice
- Wheat
- Veg, fruit & nut
- Sugar
- Plant fibres
- Other crops
- Beef & veal
- Pork & poultry
- Dairy products
- Food products nec
- Bev. & tobacco

Applied vs Bound

%
East Africa

- Bound vs applied

- Products and their percentages in East Africa
  - Rice, Wheat, Veg, fruit & nut, Sugar, Plant fibres, Other crops, Beef & veal, Pork & poultry, Dairy products, Food products nec, Bev. & tobacco

- Graph showing the applied and bound percentages for each category.
Bound vs applied
## Tariffs facing ACP ag exports

<table>
<thead>
<tr>
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<th>2008</th>
<th>2011</th>
<th>2014</th>
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<tbody>
<tr>
<td><strong>Bound</strong></td>
<td>55.4</td>
<td>65.2</td>
<td>32.2</td>
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<td><strong>MFN</strong></td>
<td>13.3</td>
<td>13.9</td>
<td>10.1</td>
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<td><strong>Preferential</strong></td>
<td>9.7</td>
<td>8.7</td>
<td>4.0</td>
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Source: WTO IDB via WITS.
ACP applied tariffs under alternative proposals

Source: Calculations with TASTE.
Applied tariffs facing ACP

Source: Calculations with TASTE.
Applied tariffs facing ACP exports to EU

Preference erosion.

Source: Calculations with TASTE.
Welfare impacts

Source: GTAP simulations.
Implications for ACP

- Preference erosion a problem
- Rising prices of temperate product imports
- Less ambitious outcome would suit
- Not much difference between Rev. 4 and PF
- But PF not harmonising, not transparent
- NAMA also important. Less ambitious favours ACP
- Export subsidies not significant for ACP
- ACP favoured by loose interpretation of domestic support rules.
- ACP should support Doha not RTAs.
Limitations

- Would tariff cuts be implemented as modelled here?
- NTBs, AD ignored
- Ignore R&O approach
- Aggregation into six ACP groups from 77.
- Static not dynamic.
The End