UNITED
NATIONS

TD

United Nations
Conference
on Trade and
Development

Distr.
GENERAL

TD/B/COM.1/14/Rev.1
28 January 2000

Original : ENGLISH

TRADE AND DEVELOPMENT BOARD
Commission on Trade in Goods and Services
and Commodities

THE POST-URUGUAY ROUND TARIFF ENVIRONMENT FOR DEVELOPING COUNTRY EXPORTS: TARIFF PEAKS AND TARIFF ESCALATION

UNCTAD/WTO joint study

EXECUTIVE SUMMARY:

This study analyses the post-Uruguay Round tariff situation that will prevail for products imported from developing countries, once all Uruguay Round concessions have been implemented, in the four developed country markets of Canada, the European Union, Japan and the United States, as well as in the four developing country markets of Brazil, China, the Republic of Korea and Malaysia. This paper was revised essentially to reflect updated data for applied tariffs and import charges for Japan after the new tariffications (2000) and for China (1998); new Generalised System of Preferences rates; as well as new estimates for *ad valorem* equivalents of specific post-Uruguay Round tariff rates based on average import unit values for 1996/1997.

Problems of high tariffs and tariff escalation remain widespread for developing countries even after the Uruguay Round. About 10 per cent of the tariff universe of the Quad countries will continue to exceed the level of 12 per cent *ad valorem* after full implementation of the Round and taking into account GSP rates. Quad countries maintain tariff peaks reaching as high as 350 per cent to 900 per cent for important export products of developing countries, essentially basic food and footwear. One fifth of the tariff peaks of the United States, about 30 per cent of those of Japan and the European Union and about one seventh of those of Canada exceed 30 per cent. The developing countries covered apply rates above 12 per cent more frequently than the Quad countries, but have fewer extremely high rates. Peak tariffs affect both agricultural and industrial products significantly. The main problems occur for major staple foods, such as sugar, rice, milk products, and meat; fruit, vegetables, fish, etc; food industry products; textiles and clothing; footwear, leather and travel goods; automotive products; and consumer electronics and watches. Peak tariffs are, for the time being, cumulated with the continued application of stringent textiles and clothing quotas by three of their most important developed country markets, as well as severe import restrictions maintained for reasons of plant and animal health. In addition to extremely high tariffs and other protection, tariff escalation remains a further

important obstacle which makes it difficult for developing countries to enter into industrial exports. This is particularly pronounced in precisely those branches that offer a realistic chance for a successful start to a wider range among them: the food industry, textiles, clothing and shoe industries, as well as wood industry products.

CONTENTS

ANNEX

INTRODUCTION

1. This study has been prepared by the secretariats of UNCTAD and the World Trade Organization (WTO) in the framework of their mutual cooperation programme. Its objective is to review the tariff situation in major developed and developing countries once all the tariff changes and quota phaseouts agreed in the Uruguay Round (UR) have been fully implemented. The study analyses the tariff situation for developing country exports and focuses on two major aspects: (a) tariff peaks; and (b) tariff escalation. For this purpose it takes account of the concessions granted by preference-giving countries under their respective generalized system of preferences (GSP) schemes.

2. The study aims at improving the understanding of the dimension of the post-Uruguay Round tariff problems and at identifying the main sectors where exports of developing countries face high tariffs in their major markets. The study further illustrates, by the example of some major export products of developing countries, the patterns of tariff escalation that are encountered in the post-Uruguay Round situation. The results of this study are intended to contribute to preparations by developing and other countries for trade negotiations.

3. To this effect, substantial work has been initiated to improve and update UNCTAD and WTO databases on tariffs and trade to the post-Uruguay Round situation. This study uses the results of this work to date to project as realistically as possible the post-Uruguay Round tariff situation for exports to eight selected major markets: in the developed countries, Canada, the European Union (EU), Japan and the United States, and in the developing countries, Brazil, China, the Republic of Korea and Malaysia. These countries are major export destinations for developing countries and comprise some of the most dynamic developing country markets. Peak tariffs were defined as rates above 12 per cent *ad valorem*, which may still provide substantial effective rates of protection to domestic producers of up to 50 per cent. The tariff data reflect the final most-favoured-nation MFN rates resulting from the Uruguay Round negotiations, or the most recent (or final) GSP rates, or suspended MFN rates, whichever are the lower. In the case of MERCOSUR they reflect the ratified commitments for alignment to the MERCOSUR Common External Tariff by the year 2000.

4. A problem in carrying out a study of peak tariffs is that a substantial proportion of peak tariffs are specific rates or combined rates. This is the case for almost all products where post-Uruguay Round MFN rates (outside tariff quotas) exceed 30 per cent *ad valorem*. Due to the lack of the tariffs' transparency, *ad valorem* equivalents were estimated. They are generally based on import unit values by tariff line when detailed values were available from the country or from UNCTAD's Trade Analysis and Information System (TRAINS). In the other cases, average unit values were calculated for 1996 and 1997 by 6-digit harmonized system positions (1996 version) using the COMTRADE database for the country concerned. If imports of a product were insignificant or import values heavily biased, world market prices or average import values of the developed countries as a group were used instead. From the point of view of exporters, *ad valorem* equivalents vary considerably, however, from one transaction to the other and may significantly deviate from these annual averages for all trade throughout a full year. The incidence of specific tariffs on their prices and earnings fluctuates with world market prices and exchange rates: it will be the higher the lower the export price and fall with rising trade prices. Post-Uruguay Round tariff data in HS 96 nomenclature are available for the European Union; cooperation by the United States authorities with respect to preliminary estimates of 1997 MFN tariff rates and for import unit values facilitated substantially the estimation process.

5. Improvement of tariff transparency, particularly in the sectors of peak tariffs, and their comparability with trade data depends crucially on

cooperation by the countries concerned. A methodology based on original country data for estimating *ad valorem* equivalents for specific tariff rates for negotiating and analytical purposes is superior to any other methodology. Nonetheless, comparisons with world market prices or other international prices are useful, where peak tariffs have reduced a country's imports to minimal levels or have allowed only imports of highest quality and highest priced products which can support such tariff rates and the resulting consumer prices for luxury products.

6. In conclusion, it seems necessary substantially to improve transparency of tariffs with regard to specific rates. In the first instance, ongoing work by WTO member countries regarding translation of post-Uruguay Round concessions into the most recent HS nomenclature should be concluded as rapidly as possible. It is also desirable for countries to provide information on *ad valorem* equivalents of specific rates currently applied and resulting from the Uruguay Round in order to increase transparency. For future trade negotiations, the option of converting all specific and combined rates into *ad valorem* rates should be further explored. The clear expression of specific duties in *ad valorem* terms would substantially facilitate the evaluation of their incidence on prices and trade in the countries concerned and by their trading partners.

I. TARIFF PEAKS

7. As a result of the Uruguay Round and national tariff reforms, average tariffs of many countries have now been reduced to relatively low levels. This has led to a widespread belief that tariffs are no longer a major problem for international trade, nor for the trade of developing countries.

8. However, this study shows that problems of high tariffs are still widespread. Even after the full implementation of all Uruguay Round concessions a substantial number of high tariffs will remain which provide for high levels of protection and affect international trade, including exports from developing countries.

Frequency

9. Both frequency and tariff levels are a matter of concern. About 10 per cent of the tariff universe of the Quad countries will continue to exceed the level of 12 per cent *ad valorem* after full implementation of the Round. This rate refers to the effectively applied tariffs for imports from developing countries. All presently applied tariff suspensions, as well as general GSP concessions as applied in favour of developing countries in 1998/1999, were subtracted. The Quad countries maintain an extremely large variation of tariff rates. In extreme cases, though for important products, their tariff peaks reach 350 to 900 per cent. The majority of their peak tariff ranges from 12 to 30 per cent. But one fifth of the peak tariffs of the United States, about 30 per cent of those of the European Union and Japan and about one seventh of those of Canada exceed 30 per cent (see tables 1 to 4).

10. Developing countries apply rates above 12 per cent *ad valorem* more frequently than the Quad countries but have fewer extremely high rates. In the four examples selected for this study, the proportion of peak tariffs ranges from 8 per cent in the Republic of Korea to 30 per cent in Malaysia and 60 per cent in Brazil and China. However, at the end of the implementation period no MFN tariffs will exceed 100 per cent in the Republic of Korea, and only very few rates will be above 20 per cent in Brazil, once the MERCOSUR Common External Tariff has been fully implemented. Malaysia's tariff will be 30 per cent or more for about one third of all peaks. This is still the case for one quarter of the peak tariffs in China, which is, however, engaged in negotiations for WTO membership and a progressive liberalization programme for

its tariff and non-tariff measures (see tables 5-8).

11. Peak tariffs affect both agricultural and industrial products significantly. Agricultural peaks are important in all developed countries, the Republic of Korea and China. Their proportion is relatively low in Brazil and Malaysia. Industrial peaks are most frequent in the United States and Canada, and more generally in the developing countries. About one fifth of Japan's peaks are in the industrial field. They play a small role in the European Union, where GSP avoids rates exceeding 12 per cent for most industrial exports from developing countries, as well as in the Republic of Korea.

Main sectors

12. The problem of peak tariffs occurs in six sectors: (a) major agricultural staple foods products; (b) fruit, vegetables, fish, etc.; (c) the food industry; (d) textiles and clothing; (e) footwear, leather and travel goods; (f) the automotive sector and a few other transport and high-technology goods, such as consumer electronics and watches.

(a) Major agricultural food and commodities

13. The most important areas with the highest frequencies and the highest rates are the major agricultural staple foods, in particular meat, sugar, milk, butter and cheese, and cereal, as well as tobacco products. Tariffication of former quantitative restrictions, levies and similar non-tariff protection measures resulted in extremely high rates exceeding in most cases 30 per cent and reaching up to 900 per cent for MFN trade above tariff quotas (see table 9).

14. The tariff quotas for such products are intended to safeguard traditional trade flows and create new minimum access opportunities for the trade of all WTO members. While several of these tariff quotas do create new trading opportunities, a number lack dynamism or are limited in their use. Frequently, the volume of the tariff quotas does not increase during the implementation period. Quotas are often allocated mainly to traditional partners or are accessible under preferential arrangements. This risks pre-empting trading opportunities and leaves little room for imports from newcomers. Products benefiting from tariff quotas are often narrowly defined, exclude standard trade qualities, or are provided for industrial use. There are important cases where tariff quotas carry peak rates or even rates exceeding 30 per cent.

15. High MFN rates for these staple food products are often combined with country-specific special measures. In application of the special agricultural safeguard clause, the United States has throughout the period since the conclusion of the Uruguay Round stipulated additional duties in its customs schedule for above-quota imports of beef, sugar, milk and dairy products, cotton, groundnut products and others. These safeguard duties are levied if the price of a specific transaction is below the reference level and rise progressively the lower the import price. The European Union has throughout applied a system of additional duties for poultry meat, eggs and sugar (which amounted in the latter case to 65-120 per cent *ad valorem* in early 1999). Japan maintains a system with similar effects, as tariffs for certain meat products, for example, are defined as the difference between the import price and a certain standard price or a multiple thereof. Furthermore, state trading and the designation of sole import agencies are still important, in particular for cereals or dairy products, in such countries as Japan, Canada and the United States. Under such a system, Japan applies substantial import mark-ups, which raise the overall import charges for such products frequently to 200-900 per cent for major foods and their processed products, such as rice (after tariffication of the previous import quota). Levies have not fully disappeared either: the Japanese sugar levy raises the import charges up to 250 per cent; the European Union maintains levies on the sugar contents of processed sugar products, etc. The Republic of Korea continues to maintain import quotas for

rice. All the price-based safeguards have had a long life: they may remain in place for the duration of the reform process, for which no termination date has been set as yet. Such a date may be determined in the course of the forthcoming negotiations scheduled under the WTO Agreement on Agriculture.

(b) Fruit, vegetables, fish, etc.

16. In these areas, MFN peaks are generally lower than in the above-mentioned major food sectors, but nonetheless very common; with some exceptions, there is a single rate without tariff quotas that would reduce their impact. In most cases, peak duties for major fruits, vegetables and some fish and crustaceans range from 12 to 30 per cent. This is frequently the case for oranges and other citrus fruit, pineapples, apples, some stone fruit, grapes and tomatoes in the high season, as well as for tuna and sardines (for consumption). In individual markets, high rates are also applied to a variety of other fresh or dried vegetables, such as asparagus, olives, mushrooms, garlic, etc. However, in some markets import duties for many fruits, vegetables and fish are substantially lower.

17. Special national features include the prohibitive tariffs for above-quota imports of bananas into the European Union (220 per cent): of dried beans and peas into Japan (370-530 per cent); and of groundnuts into the United States and Japan (132 and 470 per cent, respectively). The European Union replaced its former reference price system for fruit and vegetables by a system of tariffs which rise in parallel to lower import prices, so as to compensate any price differences below a threshold level: this is the case, for example, for oranges and other citrus fruit, grapes, apples, tomatoes, olives and cucumbers. The European Union’s tariff quotas for fish for industrial processing remain subject to reference prices. Furthermore, seasonal tariffs are common in most countries: substantially higher rates apply in the high season, which hampers continuity of supplies and profitability of exports.

(c) Food industry

18. The food industry is a major area where tariff protection remains frequent and high in the major developed country markets, even after implementation of the Uruguay Round concessions. Tariff peaks and a range of additional measures extend far beyond the immediate first processing stages to the industry as a whole and its large variety of products. Peaks are also relatively frequent in the food industry of China and the Republic of Korea.

19. The European Union’s food industry (beyond the stages of immediate processing industries) accounts for about 30 per cent of all tariff peaks, ranging with some exceptions from 12 to 100 per cent. There are several cases of additional duties to compensate processing industries for higher prices of agricultural inputs. Examples of products subject to particularly high rates include cereal and sugar-based products, fruit preparations and canned fruit juices. The food industry accounts for one sixth of all tariff peaks in the United States and these also fall mainly into the 12 to 100 per cent range. The United States applies a widespread system of combined MFN and tariff quota rates in this area, together with additional safeguard duties. Examples of products subject to United States tariff peaks include orange juice (31 per cent), peanut butter (132 per cent), and certain tobacco products (350 per cent). In Japan, the food industry accounts for 40 per cent of all tariff peaks throughout the various branches. Major product examples include margarine, canned meat and meat preparations, chewing gum and other sugar confectionery, cocoa powder and chocolate, pasta and other cereal products, preserved fruit and vegetables, fruit juices, coffee and tea syrups and extracts, cigarettes, smoking tobacco, and so forth.

20. In the four developing countries, the food industry accounts for 4 to 8 per cent of all tariff peaks in Brazil, Malaysia and China, and 30 per cent in the Republic of Korea. Major sectors affected are canned fruit and vegetables,

beverages and tobacco.

(d) Textiles and clothing

21. In the United States, the European Union and Canada, large proportions of clothing and textile imports are subject to high tariffs. Most tariff peaks are in the 12-30 per cent range, with some exceptions such as certain woollen and synthetic clothing that are subject to rates of 32 per cent in the United States (see table 10). These high tariffs are, for now, combined with quantitative import restrictions. On the other hand, there are a number of textile products of major importance for developing country exports whose MFN or GSP rates are being substantially reduced or set to zero (such as tariffs on printed cotton fabrics in the United States). In the United States and Canada, MFN rates apply for most products, even for developing countries, as most textiles and clothing are not covered by the GSP. The European Union’s GSP benefits for clothing and textile products are generally limited to a 15 per cent margin of the MFN rates and subject to several country-sector limitations. On the other hand, Japan has very few and relatively low peak tariffs in these two sectors and does not apply quantitative restrictions to developing countries’ exports (except for a few voluntary export restraint (VER) agreements with such countries as China and the Republic of Korea).

22. In some of the developing countries, clothing and textiles are still largely protected by relatively high tariffs and in China by import licencing. The Republic of Korea is a notable exception, and in Brazil protection is limited to tariffs that will be reduced to 20 per cent by the year 2000.

(e) Footwear, leather and travel goods

23. Footwear of various types is still protected by high tariffs in most developed countries. Post-Uruguay Round MFN rates will reach about 160 per cent in Japan (for a pair of leather shoes valued at US$ 25), 37.5-58 per cent for certain rubber, plastic and textile shoes in the United States, and 18 per cent for shoes in Canada. MFN duties remain relevant, as GSP benefits are limited in this sector. In the United States and Canada, most footwear and leather products are excluded from the coverage of the scheme, so that MFN tariffs apply fully to developing countries. Japan generally grants a reduction of half of the MFN duty within the limits of binding tariff quotas and ceilings for travel and leather goods and footwear, which are usually rapidly exhausted soon after the opening of the quotas. With the exception of the Republic of Korea, the developing countries maintain relatively high duties on footwear and leather products.

24. Furthermore, Japan applies a rate of 30 per cent on tanned and prepared leather. The GSP rate is half of the MFN rates and subject to tariff quotas.

(f) Automotive sector, transport equipment and electronics

25. With the exception of Japan and the Republic of Korea, the countries reviewed maintain a high level of protection for one or the other branch of the transport industry. Most of the developing countries maintain high tariff protection, with rates rising above 100 per cent in their automobile industry. In the developed countries, MFN tariff protection is more selectively applied: 25 per cent for trucks in the United States; 22 per cent for trucks and 16 per cent for buses in the European Union; and 25 per cent for ships and boats, including fishing vessels, in Canada.

26. In addition, various developed and developing countries apply high tariffs on TV receivers, video recorders, TV picture tubes and some other high technology products, such as watches. The major developing country suppliers of electronic and automotive products are often excluded from GSP benefits. In addition, anti-dumping duties are frequently applied in these industries (as well as in steel, metal and textile industries).

Least developed countries

27. Due to the application of a more favourable GSP treatment, the post-Uruguay Round position of the least developed countries (LDCs) will be more favourable than that of developing countries in general. However, a substantial number of peak tariffs will continue to apply to their important export products in all major markets.

28. Most industrial exports from LDCs to the European Union are duty-free, as most of these countries are members of the Lomé Convention. The European Union Council of Ministers has decided to extend the preferential tariff treatment under the Lomé Convention to the other least developed countries by the year 2000. As a result, no industrial peak tariffs will remain in effect for LDC products. Japan's GSP exempts most LDC exports from virtually all industrial peak tariffs as well as tariff quota limitations. Therefore, LDCs can, *inter alia*, export leather products and footwear duty-free to Japan. In 1997, the United States extended the product coverage of its GSP in favour of LDCs. As a result, many more industrial and agricultural products can benefit now from duty-free entrance and significant tariff advantages *vis à vis* other suppliers. However, such major sectors as textiles, clothing, footwear and leather products, for which LDCs would otherwise have good chances for entering industrial exports, remain outside the scope of the United States GSP, even for LDCs. Furthermore, a number of LDCs are not beneficiaries of the special GSP provisions for LDCs, the GSP or even MFN treatment. Consequently, LDCs continue to face many MFN peak duties for their major industrial exports in that country. In Canada, certain peak duties will also remain in effect for imports of LDCs with regard to products not covered by its GSP, which are essentially in the same sectors as in the United States. In developing country markets, LDCs members of the Global System of Trade Preferences among Developing Countries (GSTP) will benefit from the results of the second round of GSTP negotiations, which have been concluded. Furthermore, LDCs are progressively benefiting from the special tariff concessions and other trade support measures that certain developing countries have introduced or plan to introduce in favour of LDCs; such schemes have already been put into place by Turkey and Egypt. They also benefit from the continuing tariff reforms ongoing in major developing countries on a national basis, as well as from progress in subregional trade liberalization and intensified trade cooperation within the subregional integration and cooperation groupings of which they are members.

29. The situation is different in the agricultural sector, as quite a number of peak tariffs remain applicable to LDCs in all major markets. Since 1997, the GSP scheme of the United States provides duty-free access for most agricultural exports from LDCs, including imports within tariff quotas. Consequently, LDCs can now obtain important tariff preferences for a number of products. On the other hand, the peak tariffs on exports above the tariff quotas remain applicable to LDCs. Japan grants duty-free treatment to LDCs for a substantial range of agricultural and food industry products. However, LDCs continue to face peak MFN rates for beef and other meat products, sugar and sugar products, various fruits and fruit juices, etc. The European Union applies extensive preferences to agricultural imports from African, Caribbean and Pacific (ACP) countries. But high tariffs, including MFN peak rates, remain in effect for a number of major food products, in particular for imports beyond limited preferential tariff quotas or past trade levels. For example, this is the case for bovine meat, sheep and goat and other meat and meat products; major cereals, such as rice, wheat and rye; and for several fruit, vegetable and food industry products. Many other agricultural products and processed agricultural products obtain only a partial reduction of the MFN duties. This rebate amounts for example to 16 per cent of the MFN rate applicable to sugar and its products, various canned meat products, certain milk products and butter, etc. Consequently, even many preferential ACP rates remain at peak levels.

II. TARIFF ESCALATION

30. Not only the level of a tariff, but also the tariff structure may imply a distortion of international production and trading conditions and constitute additional barriers to market access. Tariff escalation occurs if tariffs rise with stages of further processing. Escalating tariffs provide additional protection to domestic processing industries, allowing them to produce at higher than international costs, and hence to increase artificially their value added as compared to that of efficient international competitors. This implies in turn for exporters that access to exports for processed industrial products becomes more difficult, and that vertical diversification of production for exports of higher value-added products is slowed down. In an attempt to capture these considerations, tariff escalation is frequently measured in terms of Effective Rates of Protection (ERPs). This measure relates the protection granted to the processed product, i.e. to the value added of the particular process involved, and deducts the protection for the input procured externally. De facto, many data, methodological and conceptual problems involved in the measurement of ERPs lead to the frequent use of nominal rates of tariff escalation as a proxy.

31. A note prepared by the WTO secretariat on tariff escalation in the context of the Committee on Trade and Environment (WT/CTE/W/25) arrives at the conclusion that in most countries studied (i.e, the Quad, Brazil, India, Indonesia, Malaysia, Poland and Hungary), bound post-UR tariffs imply a nominal tariff escalation in such sectors as metals, textiles and clothing, leather products, rubber products, and to some extent also wood products and furniture. The study further maintains that in view of the relatively large share of inputs in the value of the final product produced using natural resource-based products and textiles and clothing, the tariff escalation for these categories implies a substantially higher effective rate of protection. In view of the large market base of these countries, a decline in tariffs would imply a significant increase in market access for other countries supplying them with exports.

32. The Food and Agriculture Organization (FAO) study (1997) on the impact of the Uruguay Round on tariff escalation in agricultural products (ESCP No. 3) points out that as a result of the UR tariff concessions more than 80 per cent of nominal tariff wedges between raw materials and their processed products have decreased in nominal terms, creating some opportunities for developing countries to diversify their exports into higher-value processed products. However, for more than half of the commodities selected, a positive tariff escalation will remain in application and retain an important dimension. After full implementation of the UR concessions, these tariff wedges will reach, on average, 17 per cent nominally (as compared to 23 per cent in the base years 1986-1988) for the commodity pairs and the three markets selected: 16 per cent in the European Union (down from 23 per cent), 27 per cent in Japan (down from 35 per cent) and 9 per cent in the United States market (down from 12 per cent). The study also contains estimates for effective rates of protection of selected products. Post-UR ERPs, in the European Union for example, reach 44 per cent for wheat flour and 25 per cent for orange juice; in Japan, 30 per cent for refined sugar and 12 per cent for roasted coffee; and in the United States, 13 per cent for soya bean oil and 42 per cent for condensed milk. This study further finds that in certain cases ERPs will be negative, as the tariff for the agricultural raw material exceeds that for the processed product. This result is however due mainly to the fact that only bound tariffs were taken into account. In many cases, processing industries nevertheless have access to zero or low-duty imports of their raw materials under tariff quotas or autonomous tariff suspensions. Others are compensated for high domestic raw material prices by additional tariffs for their products. In actual fact, the effective protection for the industry will not be negative but may even reach substantial dimensions.

33. The FAO study concludes that tariffs and tariff escalation may present

an important problem for diversifying exports of developing countries. Although food processing is a major export industry of developing countries, their exports are largely concentrated in the first stage of processing. More advanced food industry products make up only 5 per cent of the agricultural exports of LDCs and 16.6 per cent of those of developing countries as a whole, against 32.5 per cent for developed countries. There are a number of reasons preventing developing countries from establishing value-added industries and increasing their share of processed agricultural exports. FAO concludes that for some commodities, tariff escalation probably constitutes one of the major constraints to vertical diversification of their agricultural exports.

34. The analysis in this study complements the WTO and FAO studies by an estimation of ERPs for two major export products of developing countries which are followed through various stages of the production chain from raw materials through intermediate products to final industrial consumer goods: leather shoes and cotton shirts. These estimates meet the same problems as other studies in this area, such as the difficulty in translating estimated magnitudes into trade and resource allocation effects, as well as data problems for input-output coefficients, the selection of representative products in representative price ranges, or the need to apply restrictive assumptions (for example, that world market prices and production methods would not be affected by tariff changes). The results need therefore to be interpreted with all due caution.

35. Post-Uruguay Round ERPs for the production of leather shoes vary substantially between major markets. In terms of applied rates (as distinct from much higher bound rates or lower GSP and LDC rates), ERPs are relatively low for the final stage of shoe production in the European Union and the United States, with 9 and 12 per cent, respectively. Protection for men's leather shoe producers, however, reaches high levels in Canada, with 32 per cent; in Japan this rate is 28 per cent for shoes within the tariff quota and 260 per cent at the specific MFN rate for shoes priced at US$ 25 per pair (corresponding to the average import price of such shoes in the United States). At the lower rates, costs for domestic consumers in Canada and Japan reach by and large already one third of the value added. At the Japanese MFN rate, the protection implied can be compared with two and a half times the overhead cost and salaries of management and staff of a shoe factory. ERPs for leather shoes amount to 15 per cent in the Republic of Korea and 44 per cent in Malaysia. In the United States, the ERP is much higher for footwear of plastic, rubber or textiles than for leather shoes.

36. There appears to be no homogeneous pattern of increase of effective protection by stages in the shoe industry. Effective protection doubles in the United States and Canada from the stage of the leather industry to that of footwear production (from 7 to 12 per cent and from 15 to 32 per cent, respectively), and rises even more steeply in Malaysia (from 16 to 44 per cent). On the other hand, about the same level of protection is accorded to both industries in the Republic of Korea (15 per cent). In the European Union, protection is more pronounced for the leather industry than for shoe production (at rates of 14 per cent and 9 per cent). At a rate of 14 per cent, EPR may however still slow down entry of new potential exporters aiming for forward integration from efficient cattle production. It may also be recalled that most successful footwear exporters did not build up vertical integration through these stages, but started directly with shoe production under subcontracting and special tariff provisions for outward processing.

37. The non-linearity of effective protection along the processing chain is even more pronounced for cotton shirts. Effective protection of cotton shirts varies between 7 per cent in Japan and 35 per cent in the United States among the developed countries and amounts to 20 per cent in the Republic of Korea and 58 per cent in Malaysia. Effective protection remains relatively high at the first entry level to industry. Spinning is protected at rates of 25 and 28 per cent in the United States and Canada, 40 per cent in the Republic of Korea and almost 70 per cent in Malaysia. This compares with 14 per cent in the European

Union and only 6 per cent in Japan. ERPs for the weaving stage are relatively lower and fairly similar in the European Union, Japan and the Republic of Korea (13-15 per cent), about half that level in the United States (8 per cent) and substantially higher in Malaysia.

38. As stated above, these estimates need to be interpreted with caution because of data problems. Another reason is that quantitative restrictions continue to provide additional protection for the textiles and clothing industry. GSP offers opportunities for lower tariff imports of intermediate inputs in some major markets. Both factors increase the ERP in further processing stages. On the other hand, special outward processing tariff provisions for the finished products, or certain intermediate processes such as cotton printing, diminish effective protection in the clothing and footwear industries. These results point nonetheless to the persistence of high levels of effective protection in these major consumer good industries which are of primary export importance to developing countries.

III. OVERVIEW

39. In spite of the substantial progress in trade liberalization resulting from the Uruguay Round, there remain an important number of products and sectors where peak tariffs, relatively high effective protection and significant tariff escalation will persist even once all agreed concessions are implemented, and even if one takes full account of GSP concessions.

40. While numerous peak tariffs were substantially reduced during the Round, this was not a general pattern. In effect, there are a number of products for which certain countries did not offer concessions at all, or only small reductions. The effects of the *per se* positive structural change in protection through tariffication have further created new peak tariffs throughout the agricultural sector and in large parts of the food industries. The reform process of agricultural protection, which comprises also the reduction of subsidies and domestic protection, should therefore be pursued intensively and rapidly concluded. The persistence of many high duties and the below-average reduction of many such rates is also a consequence of the fact that the Uruguay Round tariff negotiations did not establish specific targets for tariff harmonization, contrary to what had happened during the previous Rounds. Appropriate harmonization formulas which meet this new situation merit further consideration.

41. In the industrial sector, the high-tariff, high-escalation areas include many products where developing countries have a relatively high share in the imports of the major markets concerned. Footwear, clothing, textiles, etc. represent a significant proportion of exports of many developing countries. In the agricultural sector and in particular the food industry, the importance of peaks for exporters is often reflected by low levels of imports to major markets: where tariffs are very high, overall imports are frequently small. Imports from developing countries are absent over wide ranges of food industry products and sometimes even for their major agricultural export products in individual major markets. According to preliminary indications there seems to be little trade exceeding the tariff quota levels in agricultural and food industry products.

42. The effects of the Uruguay Round concessions should become transparent in the trade statistics. A preliminary review of trade data for broader product groups, including high-tariff products, tends to show that there have been substantial trade increases in some areas in major markets, and in particular the developing country markets selected. But this is by no means a general trend. There are several products and sectors where tariffs are particularly high and where trade has stagnated or even regressed between 1990 and 1996, sometimes contrary to the general trend of rapid growth of overall

import demand. This has been for example the case of imports of beef and groundnut products into the United States and shoe imports into Japan. In the European Union, a significant reduction in imports of beef with bones, other meat, and a number of cereals has complemented the absence of significant imports of several other products from developing countries. It is not possible to attribute at this stage movements in trade to tariff changes resulting from the Round. Many other factors enter into account, in particular with respect to export capacities of developing countries and competitive strength and divergent economic growth in major markets. Other market access conditions also play an important role. For example, the sanitary and phytosanitary problems of many developing countries, and the way in which corresponding import restrictions are still applied by many importing countries, may provide some explanation for highly skewed trading patterns by destination.

43. The nature of the peak tariffs and their selective application would warrant complementing the existing tariff and trade database with detailed national trade data specifying for each tariff line the trade flows under the various tariff regimes and rates applied. This should include individual trade flows by partner countries under the MFN, GSP and LDC rates, preferential trade within free trade agreements, customs unions or other preferential arrangements, trade under outward processing regimes, and autonomous tariff rates. This work could be useful for backstopping future negotiations on agricultural and industrial products, including harmonization of peak tariffs. It requires the full cooperation of the WTO member States for supplying this information to the secretariats. The TRAINS system of UNCTAD is being adjusted for disseminating such information in a computerized format to member countries and private business.

References:

The Impact of the Uruguay Round on Tariff Escalation in Industrial Products, Jostein Lindland FAO, ESCP No. 3, Rome, April 1997.

Tariff Escalation Note by the WTO secretariat, WT/CTE/W/25, Geneva, 22 March 1996.

Tariff Escalation and Environment OECD Working Papers, vol. V, No. 10, Paris, 1997.

Tariffication in the Uruguay Round: How much Liberalisation Merlinda D. Ingco, Blackwell Publishers, Ltd., Oxford, 1996.

Strengthening the Participation of Developing Countries in World Trade and the Multilateral Trading System TD/375/Rev. 1, UNCTAD, Geneva, 1996.

The World's Leather and Leather Products Industry: A Study of Production, Trade Patterns and Future Trends Robert H. Ballance, Ghislain Robyn, Helmut Forstner, UNIDO, Vienna, 1993.

International Yearbook of Industrial Statistics 1996 UNIDO.

The Uruguay Round, Statistics on Tariff Concessions Given and Received J. Michael Finger, Merlinda D. Ingco, Ulrich Reincke, The World Bank, Washington, D.C., 1996.

A User's Manual for TRAINS, Trade Analysis and Information System UNCTAD, Geneva, 1996.

Table 1: Distribution of tariff peaks by product groups
European Union

Product group	Number of items						No. of peaks	Share
	Total	**12-19%**	**20-29%**	**30-99%**	**100-299%**	**>=300%**	**Total**	**in total (%)**
Meat, live animals, etc. (1-2)1/	351	53	66	79	13	1	212	16.8
Fish and crustaceans (3)	373	93	43	.	.		136	10.8
Dairy products (4)	197	15	20	77	9	.	121	9.6
Fruit and vegetables (7-8)	417	108	9	4	1	.	122	9.7
Cereals, flour and meat, etc. (10-11)	174	19	28	75	.	.	122	9.7
Vegetable oils, fats, oilseeds, etc. (12, 15)	211	1	1	7	1	1	11	1.9
Canned and prepared meat, fish, etc. (16)	118	30	19	8	.	.	57	4.5
Sugar, cocoa and preparations (17,18)2/	75	14	31	6	.	.	51	4.0
Prepared fruit, vegetables (20)	340	151	75	30	1	.	257	20.3
Other food industry products (19,21)	90	15	22	8	.	.	45	3.6
Beverages and tobacco (22, 24)	202	39	13	5	2	.	59	4.7
Other agricultural products (5-6, 9, 13-14, 23)	231	6	4	14	4	..	28	2.1
SUBTOTAL: Agricultural and fishery products (1-24)	**2779**	**544**	**331**	**313**	**31**	**2**	**1221**	**97.7**
SUBTOTAL: Mineral products, fuels (25-27)	**257**	**.**	**.**	**.**	**.**	**.**	**0**	**0**
Leather, leather products (41-43)	138	.	.	.	.	.	0	0
Textiles (50-60, 63)	967	3	.	.	.	.	3	0.2
Clothing (61-62)	378	.	.	.	.	.	0	0
Footwear (64)	82	3	.	.	.	.	3	0.2
SUBTOTAL: Leather, textiles, clothing (41-43, 50-64)	**1565**	**6**	**.**	**.**	**.**	**.**	**6**	**0.5**
Glass and ceramic products (69-70)	198	.	.	.	.	.	0	0
Consumer electronics (8516-8542)	435	.	.	.	.	.	0	0
Vehicles (87)	184	15	.	.	.	.	15	1.2
Watches and clocks (91)	65	.	.	.	.	.	0	0
Chemicals, plastic and rubber products (28-40)	1596	6	7	8	.	.	21	1.3
Wood, paper, furniture, etc. (44-49, 65-68, 71, 92-96)	942	.	.	.	.	.	0	0
Metal products, machinery, etc. (72-86, 88-90)	2786	.	.	.	.	.	0	0
SUBTOTAL: Industrial products (28-96)	**7771**	**27**	**7**	**8**	**.**	**.**	**42**	**3.3**
TOTAL: ALL PRODUCTS (1-96)	**10807**	**571**	**338**	**341**	**31**	**2**	**1263**	**100**

1/ Additional safeguard duties on poultry meat and eggs.
2/ Additional safeguard duties and levies on sugar products.

Table 2: Distribution of tariff peaks by product groups
Japan

Product group	Number of items						No. of peaks	Share
	Total	12-19%	20-29%	30-99%	100-299%	>=300%	Total	in total (%)
Meat, live animals, etc. (1-2)	140	11	3	19	13	4	50	5.6
Fish and crustaceans (3)	189	.	.	.	.	.	0	0
Dairy products (4)	146	2	44	37	16	27	126	14.1
Fruit and vegetables (7-8)	209	18	1	2	1	6	28	3.1
Cereals, flour and meat, etc. (10-11)	135	11	34	4	22	14	85	9.9
Vegetable oils, fats, oilseeds, etc. (12, 15)	161	6	0	2	.	3	11	1.2
Canned and prepared meat, fish, etc. (16)	101	1	22	3	1	2	29	3.2
Sugar, cocoa and preparations (17, 18)	80	3	21	22	7	1	54	6.1
Prepared fruit, vegetables (20)	231	67	45	6	0	0	118	13.2
Other food industry products (19, 21)	232	58	115	12	21	8	214	23.7
Beverages and tobacco (22, 24)	65	17	14	4	.	.	35	3.9
Other agricultural products (5-6, 9, 13-14, 23)	208	10	.	.	.	.	10	1.1
SUBTOTAL: Agricultural and fishery products (1-24)	**1897**	**204**	**299**	**111**	**81**	**65**	**760**	**85.1**
SUBTOTAL: Mineral products, fuels (25-27)	**194**	**.**	**.**	**.**	**.**	**.**	**0**	**0**
Leather, leather products (41-43)	173	17	6	15	.	.	38	4.3
Textiles (50-60, 63)	1551	5	.	.	6	.	11	1.2
Clothing (61-62)	572	.	.	.	.	.	0	0
Footwear (64)	114	20	33	.	22	7	82	9.2
SUBTOTAL: Leather, textiles, clothing (41-43, 50-64)	**2410**	**42**	**39**	**15**	**28**	**7**	**131**	**14.7**
Glass and ceramic products (69-70)	112	.	.	.	.	.	0	0
Consumer electronics (8516-8542)	211	.	.	.	.	.	0	0
Vehicles (87)	83	.	.	.	.	.	0	0
Watches and clocks (91)	60	.	.	.	.	.	0	0
Chemicals, plastic and rubber products (28-40)	1335	2	.	.	.	.	2	0.2
Wood, paper, furniture, etc. (44-49, 65-68, 71, 92-96)	791	.	.	.	.	.	0	0
Metal products, machinery, etc. (72-86, 88-90)	1878	.	.	.	.	.	0	0
SUBTOTAL: Industrial products (28-96)	**6880**	**44**	**39**	**15**	**28**	**7**	**133**	**14.9**
TOTAL: ALL PRODUCTS (1-96)	**8971**	**248**	**338**	**126**	**109**	**72**	**893**	**100.0**

Table 3: Distribution of tariff peaks by product groups
U.S.A.

Product group		Number of items					No. of peaks	Share
	Total	12-19%	20-29%	30-99%	100-299%	>=300%	Total	in total (%)
Meat, live animals, etc. (1-2)1/	116	1	6	.	.	.	7	0.8
Fish and crustaceans (3)	114	.	.	.	.	.	0	0
Dairy products (4)1/	251	44	29	58	5	4	140	15.3
Fruit and vegetables (7-8)	269	16	13	.	.	.	30	3.3
Cereals, flour and meat, etc. (10-11)	59	.	.	.	.	.	0	0
Vegetable oils, fats, oilseeds, etc. (12, 15)1/	124	4	.	2	2	.	8	0.9
Canned and prepared meat, fish, etc. (16)	90	2	1	1	.	.	4	0.4
Sugar, cocoa and preparations (17, 18)1/	144	20	6	13	2	.	41	4.5
Prepared fruit, vegetables (20)	169	20	3	2	3	.	28	3.1
Other food industry products (19, 21)	156	21	11	18	2	.	52	5.7
Beverages and tobacco (22, 24)	126	10	1	3	1	7	22	2.4
Other agricultural products (5-6, 9, 13-14, 23)	161	.	.	2	.	.	2	0.2
SUBTOTAL: Agricultural and fishery products (1-24)	**1779**	**138**	**70**	**99**	**15**	**11**	**333**	**36.6**
SUBTOTAL: Mineral products, fuels (25-27)	**183**	**.**	**.**	**.**	**.**	**.**	**0**	**0**
Leather, leather products (41-43)	156	14	5	.	.	.	19	2.1
Textiles (50-60. 63)1/	984	184	25	1	.	.	210	23
Clothing (61-62)	559	170	69	8	.	.	247	27.1
Footwear (64)	115	6	11	31	.	.	48	5.3
SUBTOTAL: Leather, textiles, clothing (41-43, 50-64)	**1814**	**374**	**110**	**40**	**.**	**.**	**524**	**57.4**
Glass and ceramic products (69-70)	232	12	9	2	.	.	23	2.5
Consumer electronics (8516-8542)	370	5	.	.	.	.	5	0.5
Vehicles (87)	166	.	6	.	.	.	6	0.7
Watches and clocks (91)	175	5	2	1	.	.	8	0.9
Chemicals, plastic and rubber products (28-40)	2014	1	.	.	.	.	1	0.1
Wood, paper, furniture, etc. (44-49, 65-68, 71, 92-96)	982	3	.	2	.	.	5	0.5
Metal products, machinery, etc. (72-86, 88-90)	2370	7	.	.	.	.	7	0.8
SUBTOTAL: Industrial products (28-96)	**8123**	**407**	**127**	**45**	**.**	**.**	**579**	**63.4**
TOTAL: ALL PRODUCTS (1-96)	**10085**	**545**	**197**	**144**	**15**	**11**	**912**	**100**

1/ Additional safeguard duties for beef, dairy products, sugar and sugar products, groundnuts, and other processed feed industry products, as well as cotton.

Table 4: Distribution of tariff peaks by product groups
Canada

Product group	Total	Number of items					No. of peaks	Share
		12-19%	20-29%	30-99%	100-299%	>=300%	Total	in total (%)
Meat, live animals, etc. (1-2)	133	.	1	.	8	.	9	1.5
Fish and crustaceans (3)	89	..	..	..	..	..	0	0
Dairy products (4)	87	.	.	2	36	.	38	6.6
Fruit and vegetables (7-8)	238	27	.	.	.	.	27	4.7
Cereals, flour and meat, etc. (10-11)	90	3	8	10	.	.	21	3.6
Vegetable oils, fats, oilseeds, etc. (12, 15)	120	.	.	1	1	.	2	0.3
Canned and prepared meat, fish, etc. (16)	91	5	.	.	8	.	13	2.2
Sugar, cocoa and preparations (17, 18)	59	4	.	.	2	.	6	1.0
Prepared fruit, vegetables (20)	92	10	.	.	.	.	10	1.7
Other food industry products (19, 21)	164	11	1	1	8	.	21	3.6
Beverages and tobacco (22, 24)	95	3	.	1	3	.	7	1.2
Other agricultural products (5-6, 9, 13-14, 23)	171	2	.	1	2	.	5	0.9
SUBTOTAL.: Agricultural and fishery products (1-24)	**1429**	**65**	**10**	**16**	**68**	**.**	**159**	**27.4**
SUBTOTAL: Mineral products, fuels (25-27)	**187**	**5**	**.**	**.**	**.**	**.**	**5**	**0.9**
Leather, leather products (41-43)	107	10	.	.	.	.	10	1.7
Textiles (50-60. 63)	791	177	7	.	.	.	184	31.9
Clothing (61-62)	251	120	5	.	.	.	125	21.7
Footwear (64)	60	13	15	.	.		28	4.8
SUBTOTAL: Leather, textiles, clothing (41-43, 50-64)	**1209**	**320**	**27**	**.**	**.**	**.**	**347**	**60.1**
Glass and ceramic products (69-70)	152	7	.	.	.	.	7	1.2
Consumer electronics (8516-8542)	418	8	.	.	.	.	8	1.4
Vehicles (87)	160	1	,	,	,	,	1	0.2
Watches and clocks (91)	83	5	.	.	.	.	5	0.9
Chemicals, plastic and rubber products (28-40)	1254	14	,	,	,	,	14	2.4
Wood, paper, furniture, etc. (44-49, 65-68, 71, 92-96)	835	13	.	.	.	.	13	2.2
Metal products, machinery, etc. (72-86, 88-90)	2680	6	12	.	.	.	18	3.1
SUBTOTAL: Industrial products (28-96)	**6791**	**374**	**39**	**.**	**.**	**.**	**413**	**71.6**
TOTAL: ALL PRODUCTS (1-96)	**8407**	**444**	**49**	**16**	**68**	**.**	**577**	**100.0**

Table 5: Distribution of tariff peaks by product groups
Brazil

Product group	Number of items*						No. of peaks	Share
	Total	12-19%	20-29%	30-99%	100-299%	>=300%	Total	in total (%)
Meat, live animals, etc. (1-2)	86	2	.	.	.	.	2	0
Fish and crustaceans (3)	100	.	.	.	.	.	0	0
Dairy products (4)	43	36	.	.	.	.	36	0.7
Fruit and vegetables (7-8)	140	.		,	.	.	0	0
Cereals, flour and meat, etc. (10-11)	72	10	.	.	.	.	10	0.2
Vegetable oils, fats, oilseeds, etc. (12, 15)	125	5	.	.	.	.	5	0.1
Canned and prepared meat, fish, etc. (16)	32	32	.	.	.	.	32	0.6
Sugar, cocoa and preparations (17, 18)	35	24	9	.	.	.	33	0.6
Prepared fruit, vegetables (20)	51	51	.	.	-	-	51	0-9
Other food industry products (19, 21)	59	57	.	.	.	.	57	1
Beverages and tobacco (22, 24)	45	14	28		.	.	42	0.8
Other agricultural products (5-6, 9, 13-14, 23)	151	3	.	.	.	.	3	0.1
SUBTOTAL: Agricultural and fishery products (1-24)	**939**	**234**	**37**	**.**	**.**	**.**	**271**	**5**
SUBTOTAL: Mineral products, fuels (25-27)	**212**	**.**	**.**	**.**	**.**	**.**	**0**	**0**
Leather, leather products (41-43)	108	7	29	.	.	.	36	0.7
Textiles (50-60, 63)	704	542	81	,	.	.	623	11.4
Clothing (61-62)	238	..	238	.	.	.	238	4.49
Footwear (64)	33	6	27	.	.	.	33	0.6
SUBTOTAL: Leather, textiles, clothing (41-43, 50-64)	**1083**	**555**	**375**	**.**	**.**	**.**	**930**	**17.1**
Glass and ceramic products (69-70)	139	66	8	.	.	.	74	1.4
Consumer electronics (8516-8542)	396	195	69	.	.	.	264	4.8
Vehicles (87)	125	65	19	28	.	.	122	2.2
Watches and clocks (91)	70	39	31	.	.	.	70	1.3
Chemicals, plastic and rubber products (28-40)	3024	1325	.	.	.	.	1325	24.3
Wood, paper, furniture, etc. (44-49, 65-68, 71, 92-96)	640	332	80	.	.	.	412	7.6
Metal products, machinery, etc. (72-86, 88-90)	2503	1919	63	.	.	.	1982	3646
SUBTOTAL: Industrial products (28-96)	**7980**	**4496**	**655**	**28**	**.**	**.**	**5179**	**95**
TOTAL: ALL PRODUCTS (1-96)	**9131**	**1730**	**692**	**28**	**.**	**.**	**5450**	**100**

*Post-UR rates or MERCOSUR common external tariff rates.

Table 6: Distribution of tariff peaks by product groups
China*

Product group	Number of items						No. of peaks	Share
	Total	12-19%	20-29%	30-99%	100-299%	>=300%	Total	in total (%)
Meat, live animals, etc. (1-2)	97	.	53	12	.	.	65	1.5
Fish and crustaceans (3)	112	20	33	41	.	.	94	2.2
Dairy products (4)	37	.	19	16	.	.	35	0.8
Fruit and vegetables (7-8)	162	77	5	58	.	.	140	3.3
Cereals, flour and meat, etc. (10-11)	57	1	5	24	.12	.	42	1.0
Vegetable oils, fats, oilseeds, etc. (12, 15)	150	22	23	41	9	.	95	2.2
Canned and prepared meat, fish, etc. (16)	35	.	35	.	.	.	35	0.8
Sugar, cocoa and preparations (17, 18)	29	6	1	15	.	.	22	0.5
Prepared fruit, vegetables (20)	72	.	34	38	-	-	72	1.7
Other food industry products (19, 21)	40	1	17	21	.	.	38	0.9
Beverages and tobacco (22, 24)	35	.	1	31	.	.	32	0.7
Other agricultural products (5-6, 9, 13-14, 23)	154	41	27	16	.	.	84	2.0
SUBTOTAL: Agricultural and fishery products (1-24)	**900**	**168**	**253**	**313**	**21**	**.**	**755**	**17.6**
SUBTOTAL: Mineral products, fuels (25-27)	**186**	**6**	**0**	**0**	**.**	**.**	**6**	**0.1**
Leather, leather products (41-43)	87	18	40	7	.	.	65	1.5
Textiles (50-60, 63)	771	181	219	292	.	.	692	16.1
Clothing (61-62)	283	.	24	259	.	.	283	6.7
Footwear (64)	29	.	29	.	.	.	29	0.7
SUBTOTAL: Leather, textiles, clothing (41-43, 50-64)	**1170**	**199**	**312**	**558**	**.**	**.**	**1069**	**24.9**
Glass and ceramic products (69-70)	109	55	28	19	.	.	102	2.4
Consumer electronics (8516-8542)	278	103	21	65	.	.	189	4.4
Vehicles (87)	182	15	42	84	.	.	150	3.5
Watches and clocks (91)	57	14	42	..	.	.	56	1.3
Chemicals, plastic and rubber products (28-40)	13410	289	96	30	.	.	415	9.7
Wood, paper, furniture, etc. (44-49, 65-68, 71, 92-96)	636	164	235	41	.	.	440	10.3
Metal products, machinery, etc. (72-86, 88-90)	1964	852	215	36	.	.	1103	25.7
SUBTOTAL: Industrial products (28-96)	**5737**	**1691**	**991**	**833**	**9**	**.**	**3524**	**82.3**
TOTAL: ALL PRODUCTS (1-96)	**6903**	**1865**	**1244**	**1146**	**30**	**.**	**4285**	**100.0**

*MFN rates of 1998.

Table 7: Distribution of tariff peaks by product groups
Republic of Korea

Product group	Number of items						No. of peaks	Share
	Total	12-19%	20-29%	30-99%	100-299%	>=300%	Total	in total (%)
Meat, live animals, etc. (1-2)	118	21	35	18	.	.	74	8.9
Fish and crustaceans (3)	239	1	158	.	.	.	159	19.1
Dairy products (4)	44	.	11	30	.	.	41	4.9
Fruit and vegetables (7-8)	184	2	58	120	.	.	180	21.7
Cereals, flour and meat, etc. (10-11)	90	1	1	3	.	.	5	0.6
Vegetable oils, fats, oilseeds, etc. (12, 15)	229	11	45	17	.	.	73	8.8
Canned and prepared meat, fish, etc. (16)	81	1	65	15	.	.	81	9.7
Sugar, cocoa and preparations (17, 18)	52	.	3	.	.	.	3	0.4
Prepared fruit, vegetables (20)	91	2	20	68	.	.	90	10.8
Other food industry products (19, 21)	105	3	.	7	.	.	10	1.2
Beverages and tobacco (22, 24)	78	.	11	56	.	.	67	8.1
Other agricultural products (5-6, 9, 13-14, 23)	264	4	22	7	.	.	33	4
SUBTOTAL: Agricultural and fishery products (1-24)	**1575**	**46**	**429**	**341**	**.**	**.**	**816**	**98.2**
SUBTOTAL: Mineral products, fuels (25-27)	**332**	**.**	**.**	**.**	**.**	**.**	**0**	**0**
Leather, leather products (41-43)	252	.	.	.	.	.	0	0
Textiles (50-60, 63)	941	.	.	.	.	.	0	0
Clothing (61-62)	329	.	.	.	.	.	0	0
Footwear (64)	55	.	.	.	.	.	0	0
SUBTOTAL: Leather, textiles, clothing (41-43, 50-64)	**1577**	**.**	**.**	**.**	**.**	**.**	**0**	**0**
Glass and ceramic products (69-70)	209	.	.	.	.	.	0	0
Consumer electronics (8516-8542)	378	7	.	.	.	.	7	0.8
Vehicles (87)	196	.	.	.	.	.	0	0
Watches and clocks (91)	84	.	.	.	.	.	0	0
Chemicals, plastic and rubber products (28-40)	2501	4	3	.	.	.	7	0.8
Wood, paper, furniture, etc. (44-49, 65-68, 71, 92-96)	1067	.	.	.	.	.	0	0
Metal products, machinery, etc. (72-86, 88-90)	2735	1	.	.	.	.	1	0.1
SUBTOTAL: Industrial products (28-96)	**8747**	**12**	**3**	**.**	**.**	**.**	**15**	**1.8**
TOTAL: ALL PRODUCTS (1-96)	**10654**	**58**	**432**	**341**	**.**	**.**	**831**	**100**

Table 8: Distribution of tariff peaks by product groups
Malaysia

Product group	Number of items						No. of peaks	Share
	Total	12-19%	20-29%	30-99%	100-299%	>=300%	Total	in total (%)
Meat, live animals, etc. (1-2)	89	.	.	.	.	.	0	0
Fish and crustaceans (3)	127	.	29	.	.	.	29	1
Dairy products (4)	54	.	.	.	.	.	0	0
Fruit and vegetables (7-8)	169	2	2	14	4	.	22	0.7
Cereals, flour and meat, etc. (10-11)	59	.	.	.	.	.	0	0
Vegetable oils, fats, oilseeds, etc. (12, 15)	222	1	3	.	.	.	4	0.1
Canned and prepared meat, fish, etc. (16)	77	2	37	.	.	.	39	1.3
Sugar, cocoa and preparations (17, 18)	44	11	.	3	.	.	14	0.5
Prepared fruit, vegetables (20)	144	19	48	3	.	.	70	2.4
Other food industry products (19, 21)	83	24	13	.	.	.	37	1.3
Beverages and tobacco (22,24)	58	3	2	8	31	.	44	1.5
Other agricultural products (5-6, 9, 13-14, 23)	126	.	3	1	.	.	4	0.1
SUBTOTAL: Agricultural and fishery products (1-24)	**1252**	**62**	**137**	**29**	**35**	**.**	**263**	**8.9**
SUBTOTAL: Mineral products, fuels (25-27)	**199**	**2**	**7**	**5**	**2**	**.**	**16**	**0.5**
Leather, leather products (41-43)	105	3	26	.	.	.	29	1
Textiles (50-60, 63)	845	12	395	140	.	.	547	18.6
Clothing (61, 62)	248	.	235	3	.	.	238	8.1
Footwear (64)	48	.	16	24	.	.	40	1.4
SUBTOTAL: Leather, textiles, clothing (41-43, 50-64)	**1246**	**15**	**672**	**167**	**.**	**.**	**854**	**29**
Glass and ceramic products (69-70)	132	.	37	41	.	.	78	2.6
Consumer electronics (8516-8542)	305	51	71	20	.	.	142	4.8
Vehicles (87)	312	.	43	138	26	.	207	7
Watches and clocks (91)	59	.	1	1	.	.	2	0.1
Chemicals, plastic and rubber products (28-40)	1828	28	204	196	1	.	429	14.6
Wood, paper, furniture, etc. (44-49, 65-68,71, 92-96)	2196	38	306	72	4	.	420	14.3
Metal products, machinery, etc. (72-86, 88-90)	2238	42	329	164	.	.	535	18.2
SUBTOTAL: Industrial products (28-96)	**8316**	**174**	**1 663**	**799**	**31**	**.**	**2667**	**90.5**
TOTAL: ALL PRODUCTS (1-96)	**9767**	**238**	**1 807**	**833**	**68**	**.**	**2946**	**100**

Table 9 : Tariff peak products

Post-UR tariffs on exports from developing countries

Agricultural products

Product description	EU	Japan	USA	Canada	Brazil	China	Korea Rep of	Malaysia
Bovine meat, chilled	86	40	26 2/	26	10	45	40	0
Bovine meat, frozen (boneless)	215	40	26 2/	26	12	45	30	0
Pork, frozen	38	100	0	0	10	20	25	0
Chicken meat, whole, frozen	23	12	2	238	10	20	20	0
Tunas, frozen	22	4	0	0	10	15	10	0
Sardines, frozen	23	4	0	0	10	20	10	0
Milk (>3% fat)	113	220 1/	66 2/	241	14	25	36	0
Milk in powder, without sugar	66	160 1/	55 2/	243	16	25	40	0
Milk in powder, with sugar	54	280 1/	85 2/	243	16	25	40	0
Yoghurt	69	620 1/	63 2/	238	16	50	36	10
Butter	68	300 1/	80 2/	300	16	50	40	5
Cheese	120	30	42 2/	246	16	50	36	10
Tomatoes, fresh or chilled	14	3	8	13	10	13	45	0
Cucumbers, fresh or chilled	16	3	13	13	10	13	27	0
Mushrooms	13	4	21	9	10	13	30	0
Olives, green.	24	3	0	0	10	13	30	0
Olives, prov. preserved	16	9	12	0	10	13	27	10
Peas , dried	0	530	1	0	10	8	27	0
Beans, dried	0	370	0	0	10	8	30	0
Manioc, dried	75	15	0	0	10	13	20	5
Bananas, fresh	180	23	0	0	10	25	30	115
Pineapples, fresh	5	17	0	0	10	20	30	97
Oranges, fresh	16	32	4	0	10	40	50	10
Grapefruit, fresh	1	10	24	0	10	40	30	10
Grapes, fresh	18	12	1	0	10	40	45	10
Apples, fresh	11	17	0	0	10	30	45	10
Green tea	0	17	0	0	10	30	40	25
Wheat	65	290 1/	2	77	10	114	5	0
Maize	84	70 1/	0	1	8	114	5	0
Rice	71	900 1/	0	1	10	114	5	0
Wheat flour	44	200 1/	2	33	12	91	4	0
Maize flour	29	21	0	6	10	91	5	0
Wheat, groats and meal	74	190 1/	1	50	10	91	5	0
Maize, groats and meal	24	21	0	3	10	91	5	0
Malt of wheat	52	42	1	25	14	30	30	0
Wheat starch	32	240 1/	0	22	10	20	8	0
Groundnuts, shelled	0	470	132 2/	0	10	15	40	5
Soya bean oil, refined	8	13	19	10	10	122	5	5
Olive oil, refined	60	0	0	0	10	18	8	0
Margarine	31	30	10	56	12	40	8	4
Sausages	25	21	0	0	16	25	18	15
Pork hams, prepared	30	110	0	10	16	25	30	10
Beef meat, prepared	17	21	0	10	16	25	30	0

Product description	EU	Japan	USA	Canada	Brazil	China	Korea Rep of	Malaysia
Canned herrings	20	5	0	5	16	25	20	5
Canned sardines	13	5	20	0	16	25	20	5
Canned tunas	24	5	35	9	16	25	20	5
Cane sugar, raw	73	100 1/	90 2/	7	16	30	5	0
White sugar	71	85 1/	77 2/	7	16	30	8	0
Cane molasses	5	95	0 2/	5	16	8	3	0
Chewing gum	18	24	0	5	20	15	8	15
Sugar confectionery	21	25	33 2/	5	20	15	8	15
Cocoa powder with sugar	22	30	44 2/	5	18	10	8	15
Chocolates, not filled	21	30	39 2/	4	20	12	8	15
Pasta, uncooked, without eggs	37	22	0	5	16	25	8	15
Tapioca	32	10	0	0	16	25	8	5
Sweet biscuits	26	20	0	16	18	25	8	15
Cucumbers, preserved	17	12	0	8	14	25	30	20
Tomatoes, preserved	14	16	13	12	14	25	45	20
Mushrooms, preserved	24	14	11	17	14	25	30	20
Beans, shelled, preserved	15	17	0	8	14	25	20	20
Fruit and nuts, preserved by sugar	30	13	16	10	14	35	30	0
Fruit jams, marmalades, purees	36	34	10	9	14	30	30	0
Peanut butter	9	12	132 2/	0	14	30	50	5
Groundnuts, roasted	8	21	132 2/	0	14	30	50	5
Pineapples, prep. or preserved	18	30	1	0	14	30	45	58
Citrus fruit, prep. or preserved	21	30	14	0	14	30	45	20
Fruit mixtures, prep. or preserved	16	6	15	6	14	25	45	20
Orange juice	52	30	31	2	14	35	50	20
Grapefruit juice	44	30	19	0	14	35	30	20
Pineapple juice	46	30	12	0	14	35	50	20
Tomato juice	17	30	0	13	14	35	30	20
Grape juice	215	30	14	10	14	35	45	20
Apple juice	63	34	0	9	14	35	45	20
Coffee preparations	8	130	27 2/	0	16	50	8	5
Tea preparations, essences	0	100	91 2/	0	16	50	40	20
Tomato ketchup	7	21	6	13	18	30	8	15
Other spirits, >80% vo.	32	27	0	1	20	65	30	95
Tobacco, stemmed, stripped	5	0	350	0	14	40	20	350
Cigarettes	40	0	10	13	20	65	40	165
Smoking tobacco	52	30	310	5	20	70	40	150

Note: Post-Uruguay Round MFN rates above tariff quotas; or applied MFN rates (1998-2000) or general GSP rates, if lower.

1/ Including additional amounts levied by the Government, mark-ups, levies.
2/ Progressive additional safeguard duties are levied if import prices are below the level indicated in the tariff.

Table 10: Tariff peak products

Post-UR tariffs on exports from developing countries

Industrial products

Product description	EU	Japan*	USA	Canada	Brazil	China	Korea Rep. of	Malaysia
Bovine skin leather, tanned	5	30	0	0	10	9	5	0
Sheep and lamb skin leather, prepared	2	30	2	0	10	14	5	0
Suitcases, briefcases of leather	1	10	8	7	20	25	8	25
Suitcases of plastics or textiles	4	8	20	7	20	35	8	25
Small pocket leather goods	1	10	20	5	20	25	8	25
Leather gloves	7	10	14	10	20	25	8	25
Woven fabrics of >80% combed wool	12	8	25	14	18	30	8	0
Carpets, knotted, of wool or fine animal hair	6	8	0	10	20	32	8	30
Babies garments, knitted or croch., synthetic fibres	11	22	16	18	20	33	8	20
Women's blouses, knitted or croch., man-made fibres	11	11	32	18	20	35	8	20
T-shirts, knitted or crocheted, of cotton	11	11	17	18	20	30	8	20
T-shirts, knitted or crocheted, of synthetic fibres	11	11	32	18	20	35	8	20
Pullovers, knitted or crocheted, of man-made fibres	11	11	32	18	20	32	8	20
Men's coats, woven, of wool or fine animal hair	11	9	17	18	20	35	8	20
Men's trousers, woven, of wool or fine animal hair	11	9	17	18	20	35	8	20
Men's trousers, woven, of cotton	11	9	17	17	20	31	8	20
Men's trousers, woven of synthetic fibres	11	9	28	18	20	35	8	20
Women's dresses, woven of wool or fine animal hair	11	9	14	18	20	35	8	20
Women's trousers, woven, of synthetic fibres	11	9	29	18	20	35	8	20
Men's shirts, woven, of cotton	11	7	20	17	20	31	8	20
Men's shirts, woven, of man-made fibres	11	7	28	18	20	35	8	20
Women's blouses, woven, of man-made fibres	11	9	27	18	20	35	8	20
Babies' garments, woven, of synthetic fibres	9	9	29	18	20	33	8	20
Ties, bow ties & cravats, woven, of man-made fibres	11	0	14	18	20	33	8	25
Bed linen, printed, of man-made fibres	11	5	15	18	20	33	8	30
Waterproof footwear	13	27	38	20	20	25	8	30
Footwear, outer soles and uppers of rubber/plastic	13	7	56	18	20	25	8	30
Footwear with leather uppers	6	140	10	18	20	25	8	30
Sports footwear (with textile uppers)	13	8	58	16	20	25	8	25
Parts of footwear, uppers and parts thereof	3	25	42	8	18	25	8	25
Ceramic tableware, kitchen-ware, etc. (excl. china)	9	0	28	0	20	30	8	30
Drinking glasses of glass	8	0	29	0	18	30	8	25
Glassware for kitchen, toilets etc.	8	0	38	0	18	30	8	25
TV picture tubes, colour	10	0	15	5	18	18	8	0
Cars, capacity <2.500 cm3	7	0	3	6	35	80	10	140
Diesel trucks	15	0	25	6	20	40	10	30
Bicycles	11	0	11	9	20	25	8	25
Watch movements	2	0	33	5	18	20	8	0

*GSP rates exist at half the MFN rate for most of these products, but are limited by tariff quotas or tariff ceiling.