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Protectionism and development

New obstacles of the
centres to
international trade

*Pedro I. Mendive**

The new protectionist policy of the centres is nothing more than the insertion of new instruments and forms of restriction into a long-standing structure of trade relations. In the course of this process tariffs have been losing effectiveness and have gradually been replaced by non-tariff measures. From an analysis of 1,051 tariff headings in the United States, 479 in the EEC and 421 in Japan, which together cover more than 10,000 million dollars of Latin American exports to those markets, the author is able to establish the adverse effect of that new policy on the developing economies, which is worsened by the recent tendency of the industrial countries to arrange international trade in the form of "organized free trade".

The article concludes with an analysis of the negotiations to liberalize world trade which have been taking place in GATT since 1973; the statistically-documented conclusions are pessimistic. Besides the meagre overall results, it appears that the escalation in the tariff structures of the centres will grow, and this will increase the difference between effective and nominal rates of protection.

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Introduction

1. Purpose of the study*

The principal purpose of this study is to evaluate quantitatively and qualitatively the conditions of access for Latin American exports to three major markets: the United States, Japan and the European Economic Community. Those conditions, of course, are determined by three types of measures adopted individually or jointly by countries to protect their domestic activities and, consequently, the employment of their human and material resources. The first category is that of tariffs established in those markets in the framework of the General Agreement on Tariffs and Trade (GATT) under the "most favoured nation" clause. These tariffs are not all uniform in nature. Some are bound in the General Agreement and can only be reduced, unless a rise is agreed to by the Contracting Parties and the original negotiating countries and the main suppliers are granted fair tariff compensation on other products. In contrast, non-bound tariffs may be changed by the country applying them.

The second category is that of non-tariff measures which form a veritable tangle of barriers of different kinds hindering world trade. The new protectionism which has begun to spread in recent years resides in the use of precisely this type of barrier or measure.

The third category, still more subtle, takes the form of the actual application of restrictive decisions already adopted but not applied—or applied to other countries—which in the end represent something of a potential or foreseeable threat, as in the case of the decision to apply a barrier if specific steps are not

*This text is a revised version of the paper submitted at the Meeting on Protectionism organized by CEPAL in Buenos Aires from 31 October to 3 November 1978, with the co-operation of UNDP and under the auspices of the Argentine Government.

taken to contain exports if enterprises are relocated outside the frontiers of the country threatening to apply it. Furthermore, the mere fact that the measure is applied to one or two countries with large-scale exports is often enough for other countries which are emerging as big exporters to limit their sales abroad in advance and "voluntarily", in the face of the threatened application of such barriers.

Consequently, the purpose of this study is to quantify the average level of tariff barriers and the deviations of different items from that mean, and also to identify non-tariff barriers which affect the main export products of Latin America. All these tariff and non-tariff measures taken together provide an idea of the degree of protectionism in each market, i.e., of the conditions of access they offer to exports.

2. Method employed in this study

As a first step some 200 NCCC (ex-BTN) headings¹ of export interest to the Latin American countries, according to the countries themselves, as well as others which actually registered exports to the world market in 1976. These 200 headings were grouped in the following 7 categories of products:

1. Agricultural raw materials excluding textiles
2. Processed food products
3. Textile raw materials
4. Textiles and textile articles
5. Minerals
6. Light industries, with low capital intensity and not very advanced technology.
7. More complex industries, from the standpoint of technology and capital intensity.

Far from being arbitrary, this classification follows two clear criteria. The first is to group together products which are as uniform as possible, on a rational basis, and which receive more or less similar tariff and non-tariff treatment. The second is that these categories really represent different stages in the processing of products, which will make it possible to detect whether they receive different tariff treatment, i.e., whether there is tariff escalation with higher rates for final products than for raw material. Thus group 2, "processed foods", represents a later stage of processing of some of the agricultural raw materials included in group 1. Likewise group 4, "Textiles and textile articles" is the final stage of processing of the raw materials included in group 3, and so forth.

The tariff items included in those 200 headings amount to 1,051 for the United States, with a coverage representing almost 8,200 million dollars of Latin American exports; 431 in the case of Japan, amounting to 3,116.9 million dollars of Latin American exports to that market; and 479 in the case of the European Economic Community, with Latin American exports to the 9 member countries for a value of 8,000 million Units of Account (equivalent to US\$ 1.12 in 1976). After selecting the items, the next step was to identify the tariffs in each case, as well as the various non-tariff measures affecting them.

¹The Nomenclature of the Customs Cooperation Council, formerly the Brussels Tariff Nomenclature (BTN), has four digits. The first two indicate chapters grouping homogeneous products: from 01 to 24, agricultural products, and from 25 to 99, manufactured products. The other two digits indicate headings within each chapter, providing a more exact identification of the products. Thus heading 02.01 indicates meat of bovine animals in various forms. Finally, each country adds a series of digits after those four to arrive at the highest level of disaggregation for the tariff items or lines. For example the United States classifies vegetables, fresh, chilled or frozen, not elsewhere specified, in tariff item 07.06.13785.

The determination of the "most favoured nation" tariff rates for each item did not present any major difficulty, since they are entirely compiled by GATT and are constantly used by the UNCTAD/UNDP Interregional Project on Multilateral Trade Negotiations. On the other hand, considerable time was taken in the identification of non-tariff barriers, since they are scattered throughout an extensive series of GATT and UNCTAD documents, while in the case of agriculture they are compiled by FAO. Altogether, it was possible to identify 24 categories of non-tariff barriers or measures applied in the three markets under consideration which together affect more than 900 items.

1. BQ = Bilateral quota
2. GQ = Global quota
3. Q = Quota
4. TQ = Tariff quota
5. TRQ = Quota establishing maximum country amounts
6. QR = Quarantine
7. R = Quantitative restriction
8. SR = Seasonal restriction
9. XR = "Voluntary" restriction
10. MP = Minimum price system
11. ASP = American Selling Price system
12. DL = Discretionary licensing
13. AL = Automatic licensing
14. RL = Restrictive licensing
15. LL = Liberal licensing
16. L = Licensing
17. LIC = Internal marketing limitation
18. HS = Sanitary and phytosanitary licensing or regulation
19. P = Prohibition
20. ST = State trading or purchases
21. NE = Packaging, labelling and marking rules
22. VL = Variable levy
23. VC = Variable component
24. IT = Internal tax

With the identification of the tariffs and non-tariff measures it was possible to analyse and evaluate the conditions of access to the three markets. For this purpose, in the case of tariffs, the simple arithmetic mean was established in the case of each heading —taking into account the items under the heading which recorded exports in 1976— the deviations from the mean with each of the seven groups of products, the effective rates of protection for the domestic factors of production provided by the nominal rates in the case of processed foods, textiles and textile products, light industries and more complex industries, and the value of Latin American exports (1976) to each market.

In the case of non-tariff measures, it was possible not only to identify them by item and heading, but also to quantify them and, indirectly, appraise the degree of protectionism they establish according to the degree, quality and effectiveness of the protection afforded by each measure.

The quantity and variety of tariff items chosen is so great that, in view of their number and the value of the exports involved, they cease to be a sample and form an almost complete universe, statistically speaking. This vouches not only for the seriousness with which this study was undertaken but also for the thorough demonstration of the protectionism established in each market and, according to the findings of the study, the form in which it has progressively been designed and applied.

3. Sources used

The following institutions provided the main sources for this study: General Agreement on Tariffs and Trade (GATT); United Nations Conference on Trade and Development (UNCTAD), UNCTAD/UNDP Interregional Project on Multilateral Trade Negotiations; CEPAL/UNCTAD/UNDP Regional Project on Multilateral

Trade Negotiations; United States Tariff Commission; United States Board of Trade; United Nations Food and Agricultural

Organization (FAO); United States Drug and Food Administration; and the European Economic Community.

I

General remarks

1. *The concept of free trade and its evolution*

Free trade, in its theoretical and traditional acceptance, is associated with the concept of the optimum international division of labour. In fact, however, there is a wide gap between theory and practice. It is true that during part of the past century and the first decade of the present the conditions in which international trade developed possessed at least in part the basic characteristics of such a division of labour and restrictions on free trade were minimal compared with current levels. But this was merely the result of the fact that the world economy was composed on the one hand of a few developed countries which needed raw materials and consumer markets, and which not only produced every variety of manufactured goods but also, as capital exporters, facilitated the exploitation of the natural resources they needed from the other group of countries, which were much more numerous and had barely reached the first stages of development. Naturally, while the small group of industrialized countries was developing rapidly on the basis of a diversification of production with the advance of manufacturing, the more numerous group was developing on the basis of the exploitation of a small number of primary commodities. The capital account of the balance of

payments of the latter countries — fuelled by increasing foreign investment — allowed them not only to exploit their natural resources but also to pay for the necessary goods they imported from the more developed countries and the remittance of the profits yielded by that investment. With the exception of the United States, which from the very first displayed protectionist leanings — lucidly argued by the Constitutionalist Alexander Hamilton, one of the fathers of liberalism in the United States, in a pamphlet on the protection and subsidizing of infant industries — the remaining countries, and primarily the United Kingdom, adhered to a greater or lesser extent to the free-trade system.

This experience was incorporated and scientifically elaborated in economic theory, either along comparative cost lines as in the case of David Ricardo or in the form of B. Ohlin's theory of mutual interdependence based on the price of factors of production, stemming in turn from different relative factor endowments. This theory became enshrined as an unquestionable truth and its broad application in external trade relations was advocated by the large industrial countries. What is curious, however, at least since the First World War, is that this advocacy has been belied by their economic policy, first with the application of tariffs which were much more than purely fiscal tools, and more

recently by the growing use of effective non-tariff measures. In other words, what was theoretically sound and had to be respected by the developing countries did not apply to the large countries which had originally developed, with a vast display of scientific underpinning, the ideas of advantageous free trade and of the international division of labour.

It would be out of place here to discuss the virtues of the theory. Suffice it to point out that for the basic tenets of the theory to be carried into practice, is its necessary at least that the international division of labour, on the basis of comparative advantage, should take place with the broad participation of all members of the world economy. Otherwise, there will always be losers and winners among the countries of the world.

Meanwhile, it may be seen that protectionism has slowly been gaining ground, but in a form unknown until relatively recently. Tariffs, which until the beginning of the 1930s represented a basic instrument for closing markets or making access to them difficult, have gradually been losing importance —although they continue to be important not only because of their fiscal function but also to provide a national tariff structure whose importance and effects will be seen below— and have been replaced by non-tariff restrictions, which are more difficult to identify and provide much more effective protection. Thus, for example, the tariff revenue of eight industrial countries in relation to the value of dutiable imports was in the order of 58% before 1930. In 1950 this percentage had dropped to a little over 26%, and after the Dillon and Kennedy Rounds had dropped to 18 and 9% of imports, respectively. In contrast, non-tariff measures, which before 1930 were extremely limited in variety and application, grew enormously and by 1973 affected 3,358 items in 18 developed coun-

tries, according to the United States Tariff Commission.²

This should by no means be construed as meaning that customs tariffs have wholly lost their protectionist function. While it is true that the above figures seem to indicate a rapidly falling level in their weighted average nominal rate, it is also true that the average may and does enclose deviations which are occasionally large. These must therefore be analysed in order to discover whether they principally affect the products of export interest to the developing countries, while the tariffs which are near or beneath the average are reserved for products mainly traded among developed countries. In that case, the low average which could be deduced from the above figures would lose all significance for the developing countries, particularly if the deviations had a greater effect upon final products than on raw materials and intermediate goods (see below, the discussion of the effective rate of protection and tariff escalation).

The above-mentioned variety of non-tariff barriers or measures is so great that various classifications have been made to group them in a satisfactory and uniform manner. This point too will be taken up later, and it is enough to point out here that difficulties of identification make it possible for such measures, which do not appear on the face of it to be barriers and may be slipped in by legislation or many other means, to be established in order to restrict imports with an effectiveness which even extremely high tariffs cannot achieve. What is more, they can be used to regulate imports in whatever manner the Government of the protecting country wishes, from the standpoint both of quantity and of geographical origin.

² *Non Tariff Barriers*, April 1974, page 18.

Two systems have hitherto been applied internationally to identify them: the GATT and the UNCTAD systems. The method followed by GATT was to open a register in which the countries affected recorded the tariff item and the restrictive measure applied by a country. On a more limited coverage than in the UNCTAD system, 600 non-tariff barrier applications (1972) were identified in this way. Under the UNCTAD method, its secretariat, in consultation with the countries, undertook the identification, establishing over 2,200 non-tariff barrier applications. Subsequently, on the occasion of the present multilateral trade negotiations, GATT re-opened its register to receive new notifications of other barriers and products and thus updated its previous register. The latest register was used for the present work because it was the most up-to-date.

2. Average tariff rate and dispersion

The developed countries apply a broad system of customs exemptions (0.0 rate) and/or very low levels of tariffs on about 40% of their imports from the developing countries. Thus the average rate weighted by the value of the trade of those developing countries is low, but that average hides what are sometimes large deviations not only among imported products of various categories but also among the different import markets for the products of the developing countries. The products of export interest to the Latin American countries are subject to tariffs which are both relatively low and relatively high. The former apply to the raw materials which do not compete with the domestic production of the developed countries and to capital-intensive, high-technology industrial products, while the latter, together with middle level rates, apply to some competitive agricultural products and, in general, to

manufactures mainly involving labour-intensive technology. Thus high tariffs are applied to clothing, cloth, suiting, footwear and many leather articles, as well as to meat, tobacco and sugar, for example.

It is apparently in the United States that the deviations from the mean are greatest, although they also vary widely in other countries, according to the type of product.

3. Economic effects of tariffs and of tariff escalation

Broadly speaking, tariffs have two effects or purposes: a protectionist effect and a purely fiscal effect. However, the two are closely linked and it may be said that in general all tariffs combine these two characteristics. Only if it is extremely high or the price elasticity of demand for the product in question is practically infinite will the tariff prevent all imports, and thus be exclusively protectionist. On the other hand, if the tariff is very low and the price elasticity of demand for the good in question is practically zero, the tariff will be almost exclusively a fiscal instrument. Hence except in these two limiting cases the tariff possesses both features, and consequently affects the trade and the domestic economy both of the importing country applying the tariff and of the exporting country affected by it.

In the importing country which applies the customs duty, these effects begin with the rise in the domestic price of the good in question and, according to the size of this increase and the elasticity of demand, will lead to a specific reduction in imports of that good. The government's revenue will increase by the amount represented by the value of the additional tariffs applied, and these monetary resources will return into circulation through the government's current and capital expenditures, unless there is a similar increase in

public saving. Consequently, while the consumers of the good spend the same or a larger amount of money to purchase the same or a smaller quantity of the affected articles, this money figure will represent income for someone which will return to the market in the form of demand for other goods. This mechanism can therefore be used to alter the structure of imports, domestic production, employment and the channelling of investment.

In the country whose exports are affected by the tariff, one of two things will occur. If the remuneration of the factors of production is not "sticky" downwards (which it would be very unrealistic to assume) it will decline, which could make it possible to reduce the price and thus offset the rise caused by the tariff and allow the good to be sold in the importing country at the price which existed before the application of the tariff. In the more realistic case of downward rigidity in the payment of the factors of production, production will decline, with obvious consequences for the level and structure of total production, employment, etc.

As may be seen, tariff protection is not confined to foreign trade but triggers a chain of effects in the domestic economy, whose importance will increase commensurately with the size and extension of the protectionist process. Hence the fundamental importance for the developing countries of forming a clear idea of protectionism as it really exists today in the world economy.

It was stated above that tariffs are losing effectiveness as a protective instrument and being replaced by more effective measures; but they are maintained for other reasons in almost all countries. Differentiated tariffs for raw materials, semi-processed products and final goods lead to what is known as tariff escalation which may result in the effective rate of production for the factors

of production being greater, and sometimes much greater, than the nominal rate. Consequently, special attention should be paid to the tariff structure of the developed countries.

The structure of world production is a combination of different activities, each of which may employ inputs which are the product of other activities which in turn use inputs produced by yet other activities. Thus the tariff structure of a given country affects the international movement of resources in two opposing ways. A tariff on a final product which is higher than the tariff applied to its inputs acts as a subsidy to the location of the activity producing the product within the protecting country, whereas a tariff on an input for a specific final product which is higher than the tariff applied to the final product acts as a tax upon the siting of the productive activity of the final product in the country which applies the customs tariff. The result of these two contrary effects is known as the effective rate of protection of the tariff. In fact, what this effective rate does is to quantify the protection provided by the tariff structure for the remuneration of the domestic factors of production of the protected or dutiable product, when the value added of the final product in question is taken into account, as may be seen below in different sections of this study.

Let us assume that in a free-trade regime a specific final product is exported and imported at 100 dollars.³ Let us also assume that the inputs needed to produce the good cost 50 dollars, and that the value added is also 50 dollars, of which 25 dollars corresponds to the payment to capital and 25 dollars to the labour factor. If the importing country imposes a 20% tariff on the final good alone, then that product will cost

³To simplify the argument, export, insurance and freight costs are ignored.

120 dollars. Since by definition the inputs are duty free, the value added in the protecting country rises from 50 to 70 dollars. Now the effective rate of the tariff will be 40% instead of the nominal 20% rate, which means that if the distribution of the value added remains constant the return on capital will be 35 dollars, as will be the payment to labour. In the exporting country affected, on the other hand, these payments will continue to be 25 dollars for capital and 25 dollars for labour.

For the protected product to be able to enter the import market it will be necessary for total payments to factors of production to drop to 30 dollars, so as to offset the value of the tariff. At the same time, however, with the rise in the payments to the labour and capital factors in the protected market, the latter can develop domestic production even though it may be less efficient compared with other domestic activities and similar external activities.

The above example leads to a number of conclusions, which will give a clear idea of the problems created for the developing countries by a given tariff structure in which tariffs are higher with each successive stage of the production process.

It should be remembered that a tariff cut in the developed countries may affect the levels of domestic production of activities which were formerly protected, as well as import levels. Thus the drop in final production due to lower tariffs is accompanied by a drop in imports of the corresponding inputs. The decline in output in the activities which compete with external production will in turn increase the demand for imports of the end product, while reducing the demand for inputs. The consumption effect, due to the probable drop in the domestic price as a result of the lower tariff, may increase the demand for imports of the end product and, finally, this drop in production of the end product in the

developed country will open up possibilities for the relocation of the activity in question in the developing countries. Thus the process has contrary effects whose final result is hard to foresee without the use of other basic parameters.⁴

The following factors should also be taken into account.

i) The effective protection of an escalating tariff system on a line of production depends on the tariff applied to the end product and the tariffs applied in earlier stages (inputs), as well as on the proportion which the value added represents in the price of the final good.

ii) The effective rate of protection, given the present tariff structures and input-product ratios in the developed countries, provides greater protection to their factors of production than is suggested by the nominal rates.

iii) The existence of protective tariffs changes the structure of domestic prices in the developed country itself. Furthermore, if the country is a large one or joins up with other developed countries with similar tariff structures, it also affects relative world prices and consequently reciprocal demand and the structure of demand for inputs and final goods.

iv) Like the level of tariffs on the end product, the greatest effective protection for the factors of production of the protecting country will occur in the case of the products with the lowest tariffs on their inputs.

4. Categories and effectiveness of non-tariff measures

Any attempt to evaluate the conditions of access of the exports of a specific country or region to external markets must begin by considering the main measures, apart

The consumption effect and the production effect of the tariff, and its quantification.

from the tariffs described above, which close those foreign markets to a greater or lesser extent. These non-tariff measures are so many and varied, and are adopted and applied with such different goals, that some classification is called for.

Three clear types or categories of such measures may be distinguished:

(i) Measures adopted directly to restrict foreign purchases. There are so many of these, adopted and applied in so many different ways, that they become, as we have already said, the most effective and currently the most widely used instrument to restrict imports. Many of them are what are known as residual (illegal) measures, which are basically incompatible with the provisions of GATT, i.e., they are not declared or accepted when the country joined the General Agreement, or are not covered by a waiver (art. XXV, paragraph 5). These measures fall into four categories: *State participation in foreign trade*: (a) subsidies; (b) countervailing duties; (c) State purchases and restrictive practices; (d) State foreign trade enterprises. *Administrative and customs formalities*: (a) valuation; (b) anti-dumping measures; (c) customs classification; (d) other administrative requirements. *Specific limitations*: (a) quantitative restrictions; (b) bilateral agreements; (c) "voluntary" restrictions and minimum prices; (d) import licences; (e) global quotas, etc. *Duties*: (a) prior deposits; (b) administrative and statistical duties; (c) discriminatory duties and variable levies; (d) credit restrictions on imports.

(ii) Measures adopted for reasons which supposedly have nothing to do with foreign trade but which directly or indirectly hinder it. These measures are of different kinds and are concerned with the protection of health, the environment, the domestic consumer (quality and safety) and fauna and flora (industrial, sanitary, phy-

tosanitary and safety standard, packaging, labelling and marking regulations, etc.).

(iii) Measures which are part of policies not specifically concerned with foreign trade but which may and do affect it. Although these measures affect trade to some extent, they cannot be described as protectionist since they are supposedly an organic part of the country's overall economic policy. This category includes tax and fiscal policy, monetary policy, social policy, etc.

It is mainly the two first groups of measures with which we are concerned here.⁵

As may easily be seen from the above summary of non-tariff measures, they are all potentially much more protectionist than tariffs. Furthermore, they can be manipulated, which means that they possess extraordinary latitude of application (including discrimination) and effectiveness which in fact enables maximum and minimum limits to be fixed for foreign purchases. Of particular importance in this last case are the specific limitations which almost all take the form of some kind of quantitative restrictions. It should be pointed out that these measures may also increase the domestic prices of the affected products imported by the protecting countries: in the case of the United States, quantitative restrictions have meant a rise in costs to the consumer three times higher than the cost of the tariffs. This has also occurred in Japan and in the European Economic Community, where the variable levies applied by the Community to certain agricultural products have increased the prices of those goods by over 130%.

As may readily be understood, as the tariff level was falling and any attempt to raise it was blocked by the undertakings

⁵ Ultimately, *deliberate* floating of currencies may be considered a protectionist measure.

contracted by the developed countries under GATT (consolidation of MFN rates), a thicket of non-tariff barriers was springing up which was to a large extent not covered by the General Agreement. Their development may thus be explained as the most effective and easiest way of regulating imports in this new protectionist context.

The quantity of such measures or barriers is enormous in the European Economic Community. In the United States the number and variety are both smaller, but they remain very effective. In the United States the greatest use is made of quantitative restrictions for all kinds of products and sanitary regulations for agricultural products, whereas the EEC, in addition to these measures, uses many variable levies, variable components, sliding duties and internal taxes applied to agricultural products. Although these barriers are applied to primary commodities competing with domestic output only in order to ensure that they supplement supply and do not undermine domestic prices and the income of the factors of production is interesting to note that generally they apply to products affected by middle or low tariff rates, except in a few cases which strengthen tariff protection.

As a point of interest it should be recalled that by 1974 the frequency of application and variety of such barriers had already reached a very high level. Thus a document of the United States Tariff Commission* using data furnished *inter alia* by GATT arrived at the quantitative results set forth below in table 1.

It should be pointed out that while the United States does not have customs valuations with minimum prices, it does have five categories of customs valuations of a protectionist nature.

*U.S. Tariff Commission, *Non-Tariff Barriers*, op. cit., p. 18.

Table 1
QUANTITATIVE RESTRICTIONS IN
SEVENTEEN INDUSTRIAL COUNTRIES

Type of barrier	United States	Total
Bilateral quota	21	405
Global quota	28	164
Unspecified quota	35	268
Prohibition	32	100
Restrictive State trading	—	168
Automatic licensing	—	32
Liberal licensing	—	110
Discretionary licensing	—	602
Non-specified licensing	—	145
Minimum prices	—	490
Seasonal restriction	—	94
Restriction	2	373
Voluntary restriction	72	330
Others	—	77
Total	190	3 358

The Latin American countries most affected by the tariff and non-tariff barriers considered individually or jointly are those with temperate agricultural zones and primarily those whose industrial production and stock have reached the highest levels in Latin America, i.e., the countries which have reached the highest or middle levels of economic development, which usually coincides with a higher level of income. It is these countries which produce and export the majority of manufactured products, which it will be recalled are the products most affected by tariff and non-tariff barriers. In addition, in the case of Argentina, for example, the traditional export products are temperate-zone agricultural commodities which are subject to quotas, sanitary regulations, internal taxes and variable levies, the former in the case of the United States and almost all of them in the European Economic Community.

In addition to the above there are various practices used by the developed

countries which, while not constituting identifiable measures, are in fact potential restrictions so powerful that their mere existence induces producers and exporting countries to restrict voluntarily their sales abroad. These practices stem from the greater bargaining power or capacity of the developed countries in comparison with the developing countries. In a growing number of cases such practices have been adding to and improving the restrictive arsenal of the new protectionism.

These practices occur in cases where, as a negotiating weapon, the application of a countervailing duty is threatened, or actually applied to a given country, and its extension to another country or countries may easily be foreseen; or equally when the executive branch of the Government is officially advised to impose quotas on specific imports but does not in fact apply them; or, to mention one last case among many, when the prohibition of imports of products from a local industry is threatened if it is transferred to a foreign country. All these practices which have occurred in the case of the United States and the European Economic Community generally tend to be bilateral. In Japan, on the other hand, the trading companies, whether state or private, regulate the import of many goods on a large scale, from the standpoint not only of quantity but also of the markets supplying those goods, and can thus avoid the adoption of specific restrictive and discriminatory measures which are contrary to the spirit and letter of the General Agreement (GATT).

5. The effective rate of protection of the factors of production and its main components

Three basic factors combine to make the total effective rate of protection of factors of production generally higher than the nominal rate: tariff escalation; non-tariff

barriers which vary in application and therefore cause domestic prices in the developed countries to rise in different ways according to the type of product; and the differential freight rates established at the shipping conferences—managed by the developed countries—for different products and destinations.

As will be seen throughout this study, tariffs have lost part of their protectionist function; but the developed countries retain them in order to maintain domestic economic activities which can no longer compete with similar foreign activities, primarily labour-intensive manufacturing. This has led to a tariff structure which bears more heavily on finished products than on their inputs, thus providing a higher rate of tariff protection to their factors of production—labour and capital—than is suggested by the nominal tariff rate. Consequently, the tariff structure acts in the same way as a tax on external production and a subsidy to the protected activities.

The effective rate of protection increases with the use of non-tariff measures such as quantitative restrictions, whose nature and application vary enormously, variable levies, sanitary licences, specific domestic taxes, etc., all of which raise the domestic prices of the protected goods and consequently protect the volume of occupation of the factors of production and their incomes, albeit at the expense of the domestic economy as a whole and to the detriment of the world economy. Furthermore, in many cases non-tariff measures have a greater effect than tariffs on the determination of the effective rate of protection. Altogether, these measures which, as has been seen, principally affect agricultural raw materials competing with the domestic output of the developed countries and labour-intensive manufactured products, in which the developing countries clearly have a comparative advantage, have

caused the domestic prices of the protected products to rise by more than 130% in the European Economic Community and by more than three times the effect of the tariff in the United States.

The third major factor which helps to raise the effective rate of protection considerably above the nominal rate is the cost of shipping, measured as the difference between the f.a.s. and c.i.f. cost — in other words, insurance and freight. This cost is differential by nature and higher for bulky products of low value per unit of weight or volume. This category is mainly composed of agricultural and mining products.

A study published in 1977 on tariff and transport barriers,⁶ using world trade weights reaches the conclusion that while the average nominal rate of protection is 10.6% for customs tariffs, it amounts to 14.7% in the case of transport costs, giving a total nominal rate of protection of 25.3%; converted into effective rates of protection of the factors of production these become 19.9%, 35.6% and 55.5% respectively. Although these figures are not entirely trustworthy due to the difficulties involved in their calculation and the inevitable unreliable elements used in their quantification, they indicate an extremely important order of magnitude.⁷ In any event, this is an average using world trade weight, and therefore there are great deviations according to the product and country, par-

ticularly in customs tariffs for manufactured goods and most of all in the transport costs of commodities (mainly agricultural and mineral products).

This combination of tariff and non-tariff barriers and differential transport costs increases the inelasticity of world demand for the products in question, adding to the instability of prices in the world economy and within the producer countries which, through the well-known mechanism of relative prices, causes the international distribution of income and the allocation and level of employment of human and material resources to change. In other words, the structure of tariffs and the non-tariff measures in the developed countries, together with the differential cost of transport, not only raise the effective rate of protection but also alter the structure of their imports. From another standpoint, those imports are partly exports from the developing countries, whose structure they alter. As we shall see, they also encourage the developed countries to import raw materials rather than final products, whereas the demand for manufactures is directed towards high technology goods produced by the developed countries rather than the technologically simple manufactures produced by the developing countries. Thus a liberalization of trade by the dismantling of the present structure of tariffs and non-tariff barriers could generate an increase in exports of manufactures (and of some agricultural products) which the developing countries produce by making intensive use of labour whose cost is, of course, much lower than in the developed countries.

⁶G.P. Sampson and A.J. Yates, "Tariff and Transport Barriers Facing Australian Exports", in *Journal of Transport Economics and Policy*, March 1977.

⁷A first difficulty stems from the measurement of the cost of transport as the difference between f.a.s. and c.i.f. costs; a second, from the use of input-output matrices, in this case from UNCTAD; and a third, from the errors arising out of the fact that the matrices do not take into account the substitutions which exist among factors of production.

6. *Obstacles to the free play of the international division of labour and their effects*

One important point should now be raised. The industrial development reached in

some of the more developed countries of Latin America is founded effectively and primordially on the growth and progress of the type of industry which produces the manufactured goods included in the categories defined below as light industry and more capital-intensive industry, using technology which is more sophisticated and advanced although still within their reach. At the international level, these countries have an unquestionable comparative advantage consisting in the great difference between their wage levels and those in the highly industrialized countries, a gap which is not closed by the greater physical productivity of labour in the latter. It should be recalled that this greater physical productivity is due not only to *inherent* qualities of the labour force —training,

etc.— but also to factors *deriving* from the greater capital intensity in production and the much more advanced technology used. Table 2 offers a clear view of the situation.

In any case, it is on these two categories of products that the Latin American countries are relying to achieve a higher level of industrial development with an effective employment of their labour force and a diversification and growth of their exports. In addition, it is these products which bear the highest tariff burden and effective level of protection, with many non-tariff barriers, primarily quantitative restrictions, impeding their export and consequently their internal development on the basis of larger scales of production and lower costs.

Table 2

SALARY-PHYSICAL PRODUCTIVITY RATIO IN THE UNITED STATES AND
THREE LATIN AMERICAN COUNTRIES

Country	Wages per worker ^a	Value added per worker ^a	V. A. W ^b
United States	4.05	3.50	2.18
Argentina	1.00	1.00	3.77
United States	5.00	3.00	2.02
Brazil	1.00	1.00	3.33
United States	6.46	3.67	2.00
Chile	1.00	1.00	3.90

Source: Doc. 16 of the CEPAL/UNCTAD/UNDP Regional Project on Multilateral Trade Negotiations.

^aThe United States figures indicate the number of times the average wage and value added per worker are higher than in the corresponding Latin American country whose products were compared.

^bNumber of units of value added obtained annually by unit of wages. The higher figure indicates the comparative advantage of the country to which it corresponds. For example, whereas in the United States one unit of wages produces 2.18 units of value added in Argentina it produces 3.77 units. For the products compared, Argentina has a clear comparative advantage.

Table 3

BREAKDOWN OF LATIN AMERICAN EXPORTS

<i>Product</i>	<i>1955</i>	<i>1970 (Percentage of total)</i>	<i>1975</i>
Agricultural raw materials	77.1	65.4	66.8
Minerals	8.6	10.7	7.4
Manufactures	12.4	21.3	24.3
Others (not elsewhere specified)	1.9	2.6	1.5
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

Sources: United Nations, International Monetary Fund and UNCTAD.

Nevertheless, such barriers cannot be absolute and therefore, within the limits and meagre facilities which the industrial countries offer their imports, Latin American sales have grown steadily. This situation is reflected in the change in the composition of Latin American exports to the world (excluding petroleum).

It would, of course, be difficult to say what composition Latin American exports might have at present if the limiting and dislocating obstacles outlined above had not existed. On the other hand, it is easy to suppose that the breakdown suggested by the figures of table 3 would favour manufactures still further, for two principal reasons. Firstly, because of the greater price elasticity of demand in the developed countries, and secondly, because of the greater rigidity of supply of minerals and agricultural products, generally speaking, in the developing countries in the short and medium term, although with some important exceptions in the case of agricultural products (such as soya).

In fact, as may be inferred from the above, a change has taken place in the international pattern of comparative advantages

considered by type of product and by country.

The developed countries continue to-day —perhaps more than ever— to progress in industrial production; but within this production a significant change has occurred. The preeminence of the developed countries is clearly visible in the case of industrial products involving increasingly intensive use of capital, both in equipment and in scientific and technological research, and in the application of advanced technology which, while reducing employment of labour, calls for ever greater amounts of capital and wider markets because of the large production scales required. On the other hand, they have been losing to an increasing extent their predominance in activities which require only modest amounts of capital for research and middle-level technology, while being labour intensive. In this case the comparative advantage in the world economy has shifted to the developing countries including, naturally, the Latin American countries.

In a wide range of products, such as textiles in all their variety —cloth, suiting, clothing and other apparel made of cotton,

wool and synthetic fibre mixtures—; footwear of various kinds of materials; a very long series of processed foods, and so forth, the domestic economies of the developed countries have visibly been affected by serious competition of imports from Latin America and other developing countries. While this process has been part of the historical development of the economies of those countries, it is perhaps somewhat surprising how broad and rapid it has now become.

Strictly speaking, there is a fundamental difference in the breadth of the process of change in the international pattern of comparative advantages taking place at present compared with what occurred in the past. Previously, only one or two countries were gradually achieving greater development based on industrial progress whose output not only satisfied domestic consumption but gradually won external markets. In an expanding world market, and with many developing countries needing those types of products, no dislocation occurred in the world economy.

In recent years, however, and increasingly rapidly this process has been spreading to a large number of developing countries which have suddenly appeared on the world scene as exporters of a wide range of manufactured end products produced advantageously with the intensive use of labour, their abundant factor.

While this change in the pattern of industrial development may have taken the industrialized countries by surprise, their shared reaction does not appear to be in line with the known solutions of the past. The process of gradual industrialization of the more advanced developing countries is irreversible. Firstly, because they have already developed a series of industrial activities which are firmly rooted both politically and economically; and secondly, because technical know-how, ex-

ternal economies and other favourable conditions already exist to continue developing present activities more broadly, and to embark on new ones, all with clear comparative advantages in comparison with similar activities in the developed countries. Consequently the industrialized countries, in accordance with the solutions they themselves put forward in the past, should convert their own internal activities when these are carried out more economically in other countries, a process which should of course take place over a sufficient and sensible period of time. Instead of this economically advisable solution, all kinds of measures have been adopted which constitute so many more obstacles to the access of those products to their markets, in other words, in the defence of factors—labour and capital—employed in activities, which are uneconomic, or inefficient in comparison with external production and with alternative domestic activities, which leads to an economically unsound allocation of resources.

One of the reasons usually brought forward in international fora to justify these procedures consists in the interpretation of the low wages paid in the developing economies. The fallacy of the argument is demonstrated by the economic theory elaborated in the industrial countries themselves. The level of wages paid in the developing economies is not arbitrary, but the result of the marginal productivity of the factors of production (in the Marshallian sense) which is in fact determined by the relative supply of those factors in each economy. Thus in Latin America the abundant factor, relatively speaking, is labour and the scarce factor capital. In the United States or Germany, the abundant factor is capital and the scarce factor labour. Consequently in Latin America capital is relatively expensive and wages are cheap, which is exactly the contrary of what occurs in the above-mentioned industrial countries.

In the face of these complex economic and trade problems, ranging from tariff and non-tariff protection to the unconditional defence of the factors of production employed in inefficient activities in the developed countries, all of which affects the bases of broad international trade and the harmonious and diversified development of the economies of the developing countries, the means currently open to the latter to defend their legitimate interests do not appear to be sufficiently effective.

In confirmation of this conclusion, there follows a document drafted by the group of developing countries and distributed by GATT:

**"STATEMENT BY DELEGATIONS
OF DEVELOPING COUNTRIES
ON CURRENT STATUS OF TOKYO
ROUND NEGOTIATIONS
14 JULY 1978**

"1. Developing countries have seen the Statement by some major trading nations on 13 July 1978.

"2. Developing countries were not consulted on the Framework of understanding on the Tokyo Round issued under a Statement by some major trading nations on 13 July 1978. A complete and balanced assessment on the current status of the Tokyo Round negotiations can only be made with the full participation of all countries involved".

"3. The Statement by some major trading nations does not adequately reflect certain issues of major concern to developing countries and has omitted others, such as:

- tropical products;
- the principle that safeguard actions should not discriminate against developing countries;

—the right of developing countries to use subsidies in their industrial development policies;

—improvement of Article XVIII (Government Assistance to Economic Development) in the context of the future trading system;

—elimination of Quantitative Restrictions affecting the trade of developing countries in products of major interest to them.

"4. Furthermore, the Statement by some major trading partners does not accurately reflect the present state of negotiations on certain key issues, such as, in agriculture, wheat, meat, dairy and other products. The present status of the current negotiations causes deep concern as regards the most important interests in international trade of the developing countries. Offers on tariff and non-tariff measures are far from the objectives outlined in the Tokyo Declaration.

"5. The authors of the joint Statement, while acknowledging that there are uncertainties with regard to offers in important sectors, refer to the need for reaching reciprocal balance among themselves. The developing countries seriously apprehend that some sectors of great importance to them, including textiles and other products, may be left out or receive poor treatment in the process.

"6. A number of important texts referred to in the Statement by some major trading partners as a basis for finalization of negotiations in different areas were prepared without an opportunity for active participation by developing countries, and thus contain elements which may seriously affect trading interests of developing countries. Consequently, future agreement in such areas will require full participation of developing countries.

"7. The developing countries must express their apprehension that the balance sheet of negotiations could be negative both in substantive and normative areas. They stress that in the remaining months the negotiations must be conducted with more regard for the important principles of transparency and full participation by all participants.

"8. On their part, the developing countries will continue to make all the necessary efforts to assure the successful conclusion of the Multilateral Trade Negotiations in the shortest possible time, for attainment of the objectives of the Tokyo Declaration."⁸

7. Prospects

A detailed study of the statistical material and other information collected clearly shows the use of tariffs by type and group of product with the clear intention of favouring and promoting in relative terms the external trade of the products commonly exported among the developed countries while hindering market access for the products of interest, by their nature, to the developing countries. To this end a structure has been established in which tariffs tend to be higher in parallel with the degree of processing of products.

In addition, the increasing use of non-tariff measures and differential ocean freight rates, which more than offsets many tariff reductions agreed to since the Dillon and Kennedy Rounds, complete the picture of the obstacles to access to those markets.

The increasing use of such measures in recent years, due to the worsening of the economic and monetary problems affecting the world economy, is also reflected in the present data and analysis.

At all events, it does not seem that the situation with respect to the openness of markets will become simpler in the short or medium term through the two major mechanisms on which the developing countries have placed their hopes: the present round of multilateral trade negotiations in GATT and the Generalized System of Preferences put into practice in recent years by the industrialized countries.

With respect to the multilateral trade negotiations, the foreseeable results after six years of work in GATT appear extremely scanty in the case of tariffs and practically nil in the case of the main non-tariff measures hindering Latin American exports to the world market. At most they will only tend to consolidate and not to worsen the rules of the game applied today by the developed countries in order to maintain their share of world trade. For their part, the GSP, given their limiting clauses with respect to maximum amount of access, the existence of special safeguards, the discretionary faculty they provide to modify the list of products, the unilateral rather than contractual nature of such systems, the complexity of procedures required to demonstrate national origin of the product, etc., as well as the products themselves included in them do not appear to be —and this has proved to be the case hitherto— either the best solution to the trade and economic problems of Latin America or a significant opening up of the markets of the countries adopting such systems.

Hence there do not seem to be any sound short-term solutions to the serious commercial and economic problems in existence today.

⁸ GATT, Document MTN/INF/38, 17 July 1978.

II

Conditions of access to the United States market

The first point which emerges from the data on tariff and non-tariff measures in the case of the United States is that the simple arithmetical average rate for the group of 1,051 tariff lines of export interest to Latin America considered in the study is under 10%, which is a modest figure although higher than has been suggested by various authors for total United States imports.

With respect to non-tariff barriers, their variety is smaller, being applied to only 40% of the items under consideration, and their protective effect is considerable, as in the case of various quantitative restrictions and sanitary regulations and certificates. This general point goes together with the confirmation of the existence of complementarity in the combined use of tariffs and non-tariff measures, in that low or middle-level tariffs are accompanied by such measures; thus food and various inputs enter the United States economy with low duties, but if they compete with domestic production imports are held at specific levels by means of non-tariff barriers. Another general observation may be drawn from the material collected. The United States tariff structure has been designed over time in such a way as to attain two basic objectives. Firstly, to provide certain manufactured goods (textiles and light industry, which are labour intensive and employ rather unsophisticated technology) with an effective rate of protection which is greater, and sometimes much greater, than the nominal MFN rate, by

means of a tariff escalation where tariffs are higher the further one passes along the process of fabrication. Yet another general point is that in the case of capital-intensive manufactures involving advanced technology — investment goods and luxury consumer durables — the effective rate of tariff protection of the domestic factors of production is only relatively higher than the nominal rate. This explains why in the Dillon and especially the Kennedy Rounds the greatest tariffs reductions took place on this type of product, in which the developed countries were most interested, and in a period of economic expansion.

Going into details, it should be noted that the 1,051 tariff items of export interest to Latin America in 1976 covered exports from the region to the United States for a total of 8,195.9 million dollars (see table 4).

The simple arithmetic average of the tariffs applied to those exports was 9.2%, with negative deviations for the groups of products classified in this study as agricultural raw materials, textile raw materials, minerals and complex industries (high capital intensity and technology); and above-average deviations in the case of processed foods, textiles and textile products and light industries, which use relatively simple technology and are labour-intensive (see table 4).

While still at this general level, one of the most important points to emerge, is the varying level of the effective rate of tariff

Table 4
UNITED STATES
(Summary)

MFN rate for the 7 groups (simple arithmetic mean) ^a		9.2%
Value of Latin American exports to the United States (1976)		8 195.9 million dollars
<i>Deviation of each group from the general mean</i>		
Agricultural raw materials	—4.5 percentage points	
Processed foods	+ 0.1 percentage points	
Textile raw materials	—2.8 percentage points	
Textiles and textile products	+ 14.6 percentage points	
Minerals	—5.5 percentage points	
Light industries	+ 0.2 percentage points	
More complex industries	—2.5 percentage points	
<i>Effective rate of tariff protection^b</i>		
Processed foods		22.1%
Textiles and textile products		42.5%
Light industries		24.1%
More complex industries		16.2%
<i>Restrictions^c</i>		
Quantitative		65 headings
Sanitary		10 headings
Others		1 heading
<i>Items considered in the 165 headings</i>		1 051 items

^aThe MFN rate according to the most-favoured nation treatment established in Article I of the General Agreement on Tariffs and Trade, whereby any concession granted by any contracting party to any product originating in any other country shall be accorded immediately to similar products originating in the territories of all other contracting parties.

^bUsing the UNCTAD input-output matrix. The results should be taken as merely indicative due to the form in which the matrix was used, the structure of the matrix and the fact that it does not take account of mutual substitutions of the factors of production which may occur over time. In any event, its order of magnitude, as such, should be considered as falling within the acceptable range.

^cIn the case of agricultural raw materials and foods, a further 19 headings were identified which were affected by 18 internal taxes and a selective internal tax. These were not included in the tables because they only range from 2% to 6%, with the most frequent rate being 3%. These taxes are applied in the District of Columbia and 44 States, in almost all cases at the level of the final consumer.

protection for each group of manufactures, obtained roughly by considering the coefficients of the input-output matrix prepared by UNCTAD. Thus, the effective rate of protection is high (22.1%) for processed foods as a group, and also for light industry (24.1%). The effective rate for the more complex industries is in the middle range (16.2%), which is in keeping with the points

made above. On the other hand, the effective rate of protection for textiles and textile products is very high (42.5%).

In addition, as was stated above, the protective action of these effective tariff rates is supplemented by weighty and effective restrictive measures (444 tariff items affected by quantitative restrictions, sanitary regulations and certificates, and

licensing) which primarily affect textile manufactures, processed foods and light industry.

This brings us to another point of interest. Various studies have argued that the average tariff rate in the United States is extremely low, an assertion commonly used to emphasize that the United States has not adopted a protectionist position in its foreign trade. However, an analysis of the deviations with respect to this average rate in the case of products of export

interest to Latin America, and of the tariff structure (and consequently the effective rate) and the non-tariff measures applied, hardly warrants this conclusion.

In the case of the "agricultural raw materials" group, comprising 156 items, the tariffs range from exemption (free) to 15.2%. At the lower end, well below 10%, there are some 22 positions with 100 items. In some 80 items, imports are limited by quantitative restrictions and sanitary regulations (see table 5).

Table 5

UNITED STATES: AGRICULTURAL RAW MATERIALS (EXCLUDING TEXTILES)^a
(Thousands of dollars)

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	—	—	—	—
Middle	10 to 17%	3	10.0 to 15.2	+ 5.3 to 10.4	TQ(1), TRQ(1)
Low	0.0 to 9%	22	0.0 to 9.2	—0.1 to - 4.7	R(1), Q(3), TQ(1), GQ(3), HS(6)
<i>Total</i>	—	25	—	—	16 restrictions (10 quantitative and 6 sanitary)

Note: Tariff rate (simple arithmetic mean): 4.7%. Value of Latin American exports to the United States: 3,878.1 million dollars. The 25 headings cover 156 tariff items.

^aSee annex 1.

^bFour digits.

Whatever the case may be, the table fully supports the point made above. In the first place, in the case of unprocessed food and raw materials, the tariff is generally low, with a simple arithmetic average of 4.7%, significantly higher deviations occurring

in only a couple of headings. This is in line with the policy of holding down the cost of food and of the inputs used by domestic industry, as an efficient means of offering more effective protection to the factors of production occupied in subsequent manu-

facturing stages or processes. However, since many of these imports compete with similar domestic production, the broad application of restrictive non-tariff measures makes it possible to regulate the quantity of imports in such a way that they only complement domestic supply in order to adjust its volume to that of demand.

In the "processed foods" group of products, which in a way can mostly be considered as goods processed from the products included in the preceding group, the situation with respect to tariffs and to some extent non-tariff barriers is different from

that of the "agricultural raw materials" group.

Firstly, the average tariff rate (9.3%) is practically 100% higher. Secondly, the deviations from this average rate are significant in two high tariff headings (see table 6). From the standpoint of non-tariff measures, these are applied more broadly than in the previous group. Twelve restrictions affect the 17 headings considered, 8 of which may be considered quantitative and 4 sanitary (35 items with quantitative restrictions and 18 items with sanitary barriers).

Table 6

UNITED STATES: PROCESSED FOODS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	2	20.0 to 24.5	+ 10.7 to 15.4	Q(1), HS(1)
Average	10 to 17%	4	13.1 to 13.7	+ 3.8 to + 4.4	Q(1), QG(1), HS(1)
Low	0.0 to 9%	11	0.0 to 9.8	—9.3 to + 0.6	Q(2), GQ(3), HS(2), P(1)
Total	—	17	—	—	12 restrictions (7 quantitative 1 prohibition and 4 sanitary)

Note: Tariff rate (simple arithmetic mean): 9.3%. Value of Latin American exports to the United States: 995.9 million dollars. The 17 headings cover 85 tariff items.

^aSee annex 2.

^bFour digits.

This difference in the tariff and non-tariff treatment of the two related groups confirms the nominal tariff escalation (4.7% for raw materials and 9.3% for

processed food products), from which one can infer that the effective rate of protection of the factors of production employed in the group is higher than the nominal

rate. Indeed, as was mentioned above, the effective rate is 22.1%, which places it in the middle-high range.

Finally, it should be noted that the volume of trade in each of the two groups is quite different, amounting to the extraordinarily high figure of 3,878.1 million dollars of United States imports of agricultural raw materials from Latin America in 1976 as against only 995.9 million dollars of processed food imports. There can be no

doubt that both the effective rate of protection and the non-tariff barriers must have affected this result to some extent.

Textile products have been considered in two different groups. The first comprising, textile raw materials or textiles with very little processing, and the other final goods or almost wholly manufactured products. The data on the first group is set forth in table 7, and the data on textiles and textile products in table 8.

Table 7

UNITED STATES: TEXTILE RAW MATERIALS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	—	—	—	—
Average	10 to 17%	2	10.0 to 11.5	+ 2.0 to + 12.0	XR(3), BQ(1)
Low	0.0 to 9%	9	0.0 to 6.4	— 5.9 to + 3.9	XR(4), GQ(3)
<i>Total</i>	—	12	—	—	11 restrictions (all quantitative)

Note: Tariff rate (simple arithmetic mean): 5.9%. Value of Latin American exports to the United States: 47.6 million dollars. The 12 headings cover 41 tariff items.

^aSee annex 3.

^bFour digits.

The main features of the United States treatment of textile raw materials, from the standpoint of both tariff and non-tariff measures, are wholly in line with those pointed out above for agricultural raw materials: an extremely low simple arithmetic average rate (5.9%), with 75% of the individual tariffs by heading in the low range, and with only one significant devi-

ation above the mean. On the other hand, as in the case of agricultural raw materials, the broad use of quantitative restrictions (on 11 out of the 12 headings considered, and 21 of the 41 items they cover) affected the amount of imports, which in 1976 amounted to only 47.6 million dollars. In other words, behind a tariff structure which is apparently scarcely protectionist, non-

Table 8

UNITED STATES: TEXTILES AND TEXTILE PRODUCTS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	2	40.4 to 33.6	+ 11.6 to + 6.6	XR(2), XR(1)
High	18 to 30%	7	27.8 to 20.5	+ 3.8 to — 3.5	XR(7), XR(4), BQ(2)
Average	10 to 17%	2	17.7 to 15.9	— 6.3 to — 8.1	BQ(2), XR(1), XR(1)
Low	0.0 to 9%	1	9.6	— 14.3	XR(1), XR(1)
<i>Total</i>	—	<i>12</i>	—	—	22 quantitative restrictions

Note: Tariff rate (simple arithmetic mean): 23.95%. Value of Latin American exports to the United States: 370.3 million dollars. The 12 headings cover 201 tariff items.

^aSee annex 4.

^bFour digits.

tariff barriers kept down the volume of imports to this very low level. This group is an excellent example of the nature and effects of the new protectionism applied by the developed countries.

The treatment of textile manufactures is far more protectionist, from the standpoint of both tariffs and non-tariff measures (see table 8). Looking first at tariffs, what is immediately striking is the height of the average rate (24%) with appreciable deviations upwards and downwards. Secondly, 75% of the tariffs lie in the high and very high ranges, with nominal rates of between 20.5% and 40.4%. The effective rate, with a certain margin of error in the calculation, is almost 95%, while the average effective rate of protection for the entire group is 42.5%.

In this case, then, the United States tariff structure unquestionably protects the factors of production employed in its inefficient textile industry with an effective rate which, considering only the more efficient external items and the tariff rates affecting them, frequently amounts to well over 80 and even 100%.

As if this tariff escalation with an average rate of 5.9% for raw materials and 24% for textile manufactures did not provide enough protection, textile manufactures are subject to non-tariff protectionist pressures without equal in the other groups of products under consideration. The 12 headings considered are subject to 22 quantitative restrictions in all. What is more, the 201 items included in those 12 headings are affected by over 190 restric-

tions, since some of them are affected by two or three restrictions simultaneously.

It is perhaps in the textile sector that the developed countries have shown the greatest subtlety and effectiveness in the design of machinery which, for the time being, stands out among the measures commonly applied in the new type of protectionism. This machinery is characterized by the so-called textiles agreement, accession to which is practically obligatory in order to have access to a foreign market. Adherence to the agreement leads to the signing of bilateral agreements establishing binding quotas as well as annual growth percentages for exports over the base quota.⁹ By March 1978 the United States had already signed agreements of

this kind with seven Latin American countries, which establish a binding quota, or in other words hold down exports at a fixed level. What is curious is that to date agreements have been signed between developing and developed countries but there is no known agreement between two or more developed countries in the framework of the "multifibre" agreement.

As may be expected, imports of textile manufactures under such conditions were extremely low in 1976, amounting to 370.3 million dollars.

The group comprising minerals, in various stages of processing, of export interest to Latin America appears to receive the most liberal treatment among all the products considered (see table 9).

Table 9

UNITED STATES: MINERALS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	—	—	—	—
Middle	10 to 17%	—	—	—	—
Low	0.0 to 9%	8	0.0 to 9.5	—3.7 to +5.8	L(1)
<i>Total</i>	—	8	—	—	1 quantitative restriction

Note: Tariff rate (simple arithmetic mean): 3.7%. Value of Latin American exports to the United States: 1,136.6 million dollars. The eight headings cover 51 tariff items.

^aSee annex 5.

^bFour digits.

⁹ Various developed countries are signatories of this agreement, including, of course, the members of the European Economic Community.

The average tariff in this group is the lowest recorded (3.7%) and only 1 restriction (licensing) has been identified for

the eight headings under consideration, which cover 51 items. The value of United States imports from the Latin American countries in 1976 amounted to the high figure of 1,136.6 million dollars.

In appearance, the treatment of this group is governed by the same tariff principle as the United States applies to the other raw materials discussed above. From the standpoint of non-tariff measures, however, the treatment is more liberal, judging by the number of barriers applied in the other two cases. Consequently imports of mineral raw materials bear lower duties, so that higher rates can be applied to the import of products processed with those minerals, thus establishing a tariff escalation resulting in an effective rate which is higher than the nominal rate. In addition, the absence of apparent quantitative limitations suggests that domestic supply needs to be supplemented to satisfy do-

mestic demand for these raw materials, either to maintain levels of reserves and deposits or for other reasons.

The "light industries" group, in which 31 headings covering 270 items were considered, is of particular interest for Latin America because it is in these products that international comparative advantages stemming from the relative abundance of labour occur and also because these products include those which will or at least should in the future allow a diversification of production and exports. Together with the articles in the "processed foods" and "textile manufactures" groups, they form the so-called non-traditional products. The great importance of these exports has already been pointed out.

As may be seen from table 10, the average nominal tariff rate (9.4%) is not very high. Deviations from this mean are quite

Table 10

UNITED STATES: LIGHT INDUSTRIES^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	2	23.5 to 19.0	+ 14.2 to + 9.7	GQ(1), XR(1)
Middle	10 to 17%	8	17.4 to 11.1	+ 8.1 to + 1.8	Q(1)
Low	0.0 to 9%	21	0.0 to 9.9	+ 0.6 to — 9.4	ASP(1), XR(2), GQ(1), Q(1), NE(1)
<i>Total</i>	—	<i>31</i>	—	—	7 quantitative restrictions, 1 ASP, 1 NE: total 9

Note: Tariff rate (simple arithmetic mean): 9.4%. Value of Latin American exports to the United States: 511.7 million dollars. The 31 headings cover 270 tariff items.

^aSee annex 6.

^bFour digits.

large in two headings in the high range and in a number of headings in the middle range (for a total of 63 tariff items). However, the majority of the headings (21, covering 170 items) lie in the low range, with quite a large number of duty-free items. This is basically the reason why the average rate for the whole group is quite low.

This relatively liberal tariff treatment is not accompanied by similar treatment with regard to non-tariff barriers. Nine headings with 95 tariff lines are affected by quantitative restrictions. Strictly speaking, this low tariff range for the 21 headings and 170 items as a group stems from the fact that even before the developing countries began to attain international competitiveness and export such products, the tariffs had been negotiated and consoli-

dated in GATT. In view of the legal impossibility of increasing them, recourse was had to the new type of protectionism, which is most visible in the concerted use of non-tariff measures. As stated above, these measures are much more effective than tariffs from the protectionist point of view.

Thus it is not surprising that the volume of trade, or the value of Latin American exports to the United States, did not amount to very much (511.7 million dollars).

Finally, the group of products considered as being relatively capital-intensive, which employ advanced technology and are somewhat sophisticated, have a low average rate which is below the average for the seven groups as a whole (see table 11).

Table 11

UNITED STATES: MORE COMPLEX INDUSTRIES^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	1	34.4	+ 26.7	
High	18 to 30%	3	20.7 to 19.6	+ 13.0 to + 11.9	
Middle	10 to 17%	10	15.6 to 10.0	+ 7.9 to + 2.3	
Low	0.0 to 9%	46	9.9 to 0.0	+ 2.2 to —7.7	P(4)
<i>Total</i>	—	<i>60</i>	—	—	4 restrictions: 4 prohibitions (2 of them without MFN rate or trade)

Note: Tariff rate (simple arithmetic mean): 5.0%. Value of Latin American exports to the EEC: 425.2% million units of account. The 17 headings cover 21 tariff items.

^aSee annex 7.

^bFour digits.

Only four rates show a sizeable upward deviation from the mean, with tariffs ranging from 19.6 to 34.4%. These are the four rates placed in the high and very high ranges in table 11. Ten headings with 32 tariff lines have lower but still upward deviations. The majority of the headings (46 covering 213 tariff items or lines) lie in the low tariff range, between duty-free and 9.9%. The great majority of these items show negative deviations from the mean, i.e., their individual rates are below the average. The effective rate of protection is likewise low, in comparison with the effective rates calculated for the other three groups of manufactured products (see table 4).

Strictly speaking, the tariff structure for the 60 headings and 253 items included in this group stems from the earlier rounds of negotiations, mainly the Dillon and Kennedy Rounds, when negotiating conditions were more favourable than at present. The economy was then expanding; the developing countries which were beginning to appear on the world scene as exporters of some products included in this group were

still exporting at a low level, and therefore did not constitute a visible short-term threat for the industrialized economies; and the developed countries were particularly interested in these products to increase their foreign trade, develop their economies and maintain a high level of employment. Furthermore, many of these products are manufactured by transnational enterprises and, in the case of Latin America, by their subsidiaries located in the major countries of the region.

This explains the point which was brought out earlier concerning tariffs and the limited use of established import prohibitions, some of them dating from the United States Merchant Marine Act of 1920. In light of the above it may easily be seen, and explained, that Latin American exports to the United States in 1976 stood at a high figure (1,255.7 million dollars) and foreseeably should increase if *the conditions of access to the United States market existing in 1976 persist*, and if, in the case of some goods, the installed production capacity in Latin America increases.

III

The conditions of access to the Japanese market

The conditions of access of Latin American exports to the Japanese market may be analysed in terms of three clearly distinct categories of products of export interest to the Latin American region.

The first category, heavily protected, comprises agricultural raw materials and processed food. The second category, relatively protected, is that of textile products, light industry and more complex industry.

The third category, comprises textile raw materials and minerals, and is quite open from the free-trade standpoint (see table 12).

The analysis of the data in tables 12, 13 and 14 shows a definite protectionist bent in favour of Japanese agriculture and the manufacture or "processing" of food.

In order to attain this objective, Japan has made use of the new type of protection-

Table 12

JAPAN
(Summary)

<i>MFN rate for the 7 groups</i>	13.4%
<i>Value of Latin American exports to Japan (1976)</i>	3 116.9 million dollars
<i>Deviation of each group from the general mean</i>	
Agricultural raw materials	+ 13.9 percentage points
Processed foods	+ 14.5 percentage points
Textile raw materials	— 10.1 percentage points
Textiles and textile products	+ 2.0 percentage points
Minerals	— 8.7 percentage points
Light industries	— 3.1 percentage points
More complex industries	— 2.4 percentage points
<i>Effective rate of tariff protection^a</i>	
Processed foods	68%
Textiles and textile products	45%
Light industries	26%
More complex industries	22%
<i>Restrictions</i>	
Quantitative	33 headings
Sanitary	7 headings
Others	3 headings
<i>Items considered in the 126 headings</i>	431 items

^aSee table 4, footnote^a, which indicates the source material and flaws of the calculation.

ism developed over recent years and based on the proliferation of non-tariff measures and barriers, usually combined with the old form of protectionism based on tariffs which afford protection by their height (see tables 13 and 14).

In the case of agricultural raw materials, the intention is clear of protecting domestic agriculture while at the same time establishing a tariff escalation in which tariff rates on individual items and the average rate are lower than on the later stage represented by the manufacture of processed

foods. The average rate for agricultural raw materials is 10.0%, excluding the tariff for heading 24.01, corresponding to all kinds of leaf tobacco, which is subject to a rate of 355.0%.

In addition to this average tariff, which is not excessively protective, imports are impeded by 19 non-tariff restrictions affecting 63 of the 91 headings considered as being of interest to Latin America. This web of non-tariff measures is formed of a combination of discretionary licences, quantitative restrictions and sanitary

Table 13
JAPAN: AGRICULTURAL RAW MATERIALS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean^c (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	2	35.4 to 355.0	+ 8.1 to + 27.3	ST(1)
High	18 to 30%	2	20.0 to 30.0	— 7.3 to + 2.7	QR(1)
Middle	10 to 17%	5	10.0 to 17.7	— 17.2 to — 10.6	DL(3), HS(2), Q(1), QR(2)
Low	0.0 to 9%	11	0.0 to 8.8	— 27.3 to — 18.5	DL(4), GQ(1), Q(2), HS(2)
<i>Total</i>	—	<i>20</i>	—	—	<i>19 restrictions: DL(7), HS(4), GQ(1), Q(6), ST(1)</i>

Note: Tariff rate (simple arithmetic mean): including tobacco, which has a rate of 355%, 27.3%; excluding tobacco, 10.0%. Value of Latin American exports to Japan: 542.8 million dollars. The 20 headings cover 91 tariff items.

^aSee annex 8.

^bFour digits.

^cAverage of 27.3%.

Table 14
JAPAN: PROCESSED FOODS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	5	35.0 to 35.4	+ 7.1 to + 7.5	DL(2), Ne(2), Q(2), HS(2)
High	18 to 30%	4	18.8 to 25.0	— 9.1 to — 2.9	DL(2), Q(2), HS(1)
Average	10 to 17%	1	15	— 12.9	—
Low	0.0 to 9%	—	—	—	—
<i>Total</i>	—	<i>10</i>	—	—	<i>13 restrictions: DL(4), Q(4), Ne(2), HS(3)</i>

Note: Tariff rate (simple arithmetic mean): 27.9%. Value of Latin American exports to Japan: 96.7 million dollars. The 10 headings cover 24 tariff items.

^aSee annex 9.

^bFour digits.

measures. Naturally, the value of imports from Latin America amounted to the relatively low figure of only 542.8 million dollars, a level determined above all by four headings in which Japan has no production whatsoever (coffee and raw sugar) or an inadequate supply (meat and seafood).

As was stated above, the processed foods group is similar from the protectionist standpoint. The only difference consists in the fact that the average rate is considerably higher, so that the tariff escalation produces an effective rate of protection to the internal factors of production which reaches the high level of 68%. For some products the effective rate is considerably higher. For example, in the case of heading 18.06, chocolate and other food preparations containing cocoa, the tariff rate is 35%, whereas the raw material cocoa beans (heading 18.01) enters Japan free of duty. According to some coefficients obtained from the input-output matrix mentioned above for similar products, these tariffs would give an effective rate of protection for the factors employed in the manufacture of processed chocolate of about 100%. With the calculation of the effective transport costs, the sum of the two would certainly arrive at an almost prohibitive total rate of effective protection. It should be noted that cocoa bean imports amount to over 11 million dollars, which would give rise to a duty-free final product of over 60 million dollars, whereas imports of chocolate end products amount to only 4.8 million dollars.

Furthermore, it may be seen from table 14 that 9 of the 10 headings considered lie in the high and very high tariff levels, ranging from almost 19% to over 35%. At the same time, these 9 headings covering 17 tariff items are affected by 13 non-tariff restrictions. It is in this group of processed foods that the traditional tariff protectionism is most combined with the new (the broad use of non-tariff measures). It is therefore not

surprising that the value of imports of processed foods amount to only 96.7 million dollars.

To be accurate, this new protectionism did not arise spontaneously and suddenly in the United States, the European Economic Community or Japan. As a result of various circumstances, it sprang from developments in economic and trade policy on the part of the developed countries following the Kennedy Round of negotiations. The sharp drop in the average tariff bound in GATT, mainly for manufactures, and the consequent competition unleashed at the international level; the serious problems facing the world economy from 1973 onwards; and the collapse of the international monetary system with the alarming floating of currencies, in addition to the energy crisis, are some of the factors which led to the development of what we have called the new protectionism.

The "textile raw materials" and "textiles and textile products" groups display similar features, although there is some difference in the height of the average and individual tariff rates. Whereas the tariffs on textile raw materials are low (with the exception of one heading), with an average rate of 3.3%, about 75% of the tariffs on textiles and textile products lie in the high and middle ranges, with an average rate of the order of 15.4%. This is in keeping with the principle, to which attention has been drawn repeatedly in the course of this study, of granting a rate of effective protection to the factors of production of the final good which is higher than the nominal rate. In the case of textiles and textile products, the effective rate is 45% (very high range) compared with an average nominal rate of 15.4% (middle range) (see tables 15 and 16).

In connexion with this point, it should be mentioned that the position of these groups of products in the Japanese domestic economy is not the same. Japan is not an

Table 15

JAPAN: TEXTILE RAW MATERIALS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	—	—	—	—
Average	10 to 17%	1	15.0	+ 11.7	—
Low	0.0 to 9%	11	0.0 to 7.5	—3.3 to +4.2	—
<i>Total</i>	—	<i>12</i>	—	—	—

Note: Tariff rate (simple arithmetic mean): 3.3%. Value of Latin American exports to Japan: 357.9 million dollars. The 12 headings cover 22 tariff items.

^aSee annex 10.

^bFour digits.

Table 16

JAPAN: TEXTILES AND TEXTILE PRODUCTS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	3	19.8 to 20.0	+ 3.8 to + 4.9	—
Average	10 to 17%	3	14.0 to 17.5	— 1.0 to + 2.5	—
Low	0.0 to 9%	2	7.3 to 7.5	—7.5 to —7.7	—
<i>Total</i>	—	<i>8</i>	—	—	—

Note: Tariff rate (simple arithmetic mean): 15.4%. Value of Latin American exports to Japan: 936,000 dollars. The eight headings cover 53 tariff items.

^aSee annex 11.

^bFour digits.

important producer of textile raw materials (with the exception of silk and some synthetic fibres) and therefore its economy needs considerable imports. In 1976 imports of textile raw materials amounted to 357.9 million dollars, representing more than 10% of total Japanese imports from Latin America. In contrast, Japan has long been a great producer and exporter of textiles and textile products (manufactures). Japan originally developed its textile industry thanks to the use of labour when that factor was much cheaper than at present and when the relative supply was greater than it is now. Subsequently, building on that basis and taking advantage of external economies, greater scales of production, higher capital intensity, training, technology, etc., it further developed its comparative advantage and exports; thus, for example, it had to cut back on sales to the United States of a long series of items under the 'voluntary' system of export restrictions.

In any event, in these groups—in raw materials, because it is not a big producer, and in textile manufactures because of its comparative advantage—Japan cannot be said to have a markedly protectionist policy by the use of non-tariff measures. This is further confirmed by the total absence of non-tariff measures, at least on the tariff items of export interest to Latin America.

The height of the effective rate of protection should not be forgotten, however, since in specific tariff items in the textiles and textile products group protection is granted through the traditional use of tariffs whose effective average rate is extremely high.

In the case of minerals, imports of which from Latin America in 1976 represented one-third of total purchases from the region, Japan maintains very low tariffs, with an average rate of only 4.7% (see table 17).

Table 17

JAPAN: MINERALS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	—	—	—	—
Middle	10 to 17%	—	—	—	—
Low	0.0 to 9%	4	0.0 to 8.2	—4.7 to +3.4	DL(1)
<i>Total</i>	—	4	—	—	1 restriction: DL(1) (gold and radioactive substances)

Note: Tariff rate (simple arithmetic mean): 4.7%. Value of Latin American exports to Japan: 1,038.9 million dollars. The four headings cover 37 tariff items.

^aSee annex 12.

^bFour digits.

This situation may be explained by the fact that Japan does not have sufficient mining resources and deposits to supply the necessary inputs for its durable goods and capital goods industries, sectors in which it has reached a considerable level of development. Both the low average tariff rate mentioned above, and the high value of imports from Latin America — 1,038.9 million dollars — as well as the application of a single discretionary licence on the import of gold and radioactive substances, clearly indicate the liberal access of such products to the Japanese market.

As may be seen, in all areas where its production is nil or heavily insufficient,

Japan not only allows access to its domestic market but also, from the standpoint of tariff rates, apparently does not intend to develop such types of production, at least in the short term. This attitude is no doubt influenced by climatic and ecological motives, such as the lack of economically exploitable minerals.

The groups labelled here as "light industries" and "more complex industries" display different levels of protectionism or different conditions of access to the Japanese market, as well as a different use of protective instruments such as tariffs and non-tariff measures (see tables 18 and 19).

Table 18

JAPAN: LIGHT INDUSTRIES^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MEN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	5	18.3 to 23.5	+8.1 to 13.2	DL(1), Q(1)
Middle	10 to 17%	12	10.0 to 17.5	—0.3 to +7.2	DL(2), R(2)
Low	0.0 to 9%	15	0.0 to 9.3	—10.3 to —0.1	DL(2)
<i>Total</i>	—	32	—	—	8 quantitative restrictions

Note: Tariff rate (simple arithmetic mean): 10.3%. Value of Latin American exports to Japan: 55.2 million dollars. The 32 headings cover 89 tariff items.

^aSee annex 13.

^bFour digits.

In the case of light industry, only 5 headings are in the high range with tariffs of between 18.3% and 23.5%, while 27 of the remaining headings considered lie in the middle and low ranges with tariffs of

between 0.0 and a maximum of 17.5%. In other words, there is quite a broad dispersion of the tariffs as a whole. The nominal average rate is 10.3%, and the effective rate of protection 26%.

Table 19

JAPAN: MORE COMPLEX INDUSTRIES^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	1	65.1	+ 54.1	ST(1)
High	18 to 30%	1	18.8	+ 7.7	
Middle	10 to 17%	17	10.0 to 15.0	—1.0 to +4.0	DL(1)
Low	0.0 to 9%	21	5.0 to 9.3	—6.0 to —1.8	DL(1)
<i>Total</i>	—	<i>40</i>	—	—	3 restrictions (2 quantitative, 1 State trading)

Note: Tariff rate (simple arithmetic mean): 11.0%. Value of Latin American exports to Japan: 89.4 million dollars. The 40 headings cover 115 tariff lines.

^aSee annex 14.

^bFour digits.

On the other hand eight quantitative restrictions affect products of great interest to many Latin American countries.

Although the group of more complex industries has an average nominal rate of

11.0%, similar to that of the previous group, and an effective rate of protection of 22%, 3 restrictions are applied, of which only two are on headings of interest to some Latin American countries.

IV

Conditions of access to the market of the European Economic Community

The European Economic Community is by far the most heavily protected of the markets considered here. This is due not only to the skilful combination of tariffs and the tariff structure with non-tariff barriers, but also because of the subtlety, sophistication and variety of the latter, which make their identification a long and difficult task. In fact, despite the breadth of the

matters included in the present round of multilateral trade negotiations (Tokyo Round), some of these measures are such that negotiations on them do not fall within the competence of GATT, and therefore they cannot be catalogued and identified.

A first general observation resulting from the analysis of the data and information which could be collected on the Com-

munity is that the average rate (unweighted arithmetic mean) is 8.8%, which is in fact a low rate for the group under consideration. However the deviations from this average for 479 tariff items are in some cases important, as a result of the varying protectionist emphasis placed on each group of products or headings and items. What is important here is the tariff escalation according to the degree of processing, aimed at providing greater effective protection to the

factors of production than the nominal rate indicates. Thus, for the products included in the textiles and textile products, light industries and more complex industries groups, the effective rates of 40%, 15% and 22% respectively are higher than the nominal rates. As will be seen below, the corresponding estimate of the effective rate of protection could not be calculated for the "processed food" group (see table 20).

Table 20

EUROPEAN ECONOMIC COMMUNITY
(Summary)

<i>MFN rate for the 7 groups (simple arithmetic mean)</i>	8.8%
<i>Value of Latin American exports to the EEC (1976)</i>	8 001.1 million Units of Account
<i>Deviation of each group from the general mean</i>	
Agricultural raw materials	+0.1%
Processed foods	+5.0%
Textile raw materials	-3.8%
Textiles and textile products	+5.7%
Minerals	-5.5%
Light industries	-1.6%
More complex industries	0.0%
<i>Effective rate of tariff protection^a</i>	
Processed foods	"
Textiles and textile products	40%
Light industries	15%
More complex industries	22%
<i>Restrictions</i>	
Quantitative	117 headings
Sanitary	17 headings
Variable duties and components	18 headings
Others ^c	4 headings
<i>Items considered in the 172 headings</i>	479 items

^aSee table 4, footnote^a.

^bCould not be calculated.

^cExcluding internal taxes for reasons given in the text.

Finally, still at a general level, it should be pointed out that despite its clearly protectionist stand the European Economic Community is a market of great interest to the Latin American countries.

Of the 24 categories of non-tariff measures identified in this study, nearly all are applied by the Community. Excluding a very few measures used exclusively in other markets, the Community maintains through them a broad protectionist network.¹⁰ Measures which are not found in the United States or Japan, such as seasonal restrictions, variable duties, minimum prices, various kinds of licences not common in other markets and various internal taxes, form part of the tangle of non-tariff measures which supplement those already identified in other markets. All these and other non-tariff measures play an extremely effective protectionist role in the EEC — so much so, that low and even zero-rate tariffs can be maintained without in any way undermining the defence of the domestic market against cheaper imports in c.i.f. terms. Thus for example, wheat, maize and sugar in solid form bear a 0.0 tariff rate on some or all of the headings, but on the other hand are the object of a variable levy which, in practice, tends to equate the price of the most efficient ex-

ternal producer with the price of the least efficient producer within the Community. As may be seen, this variable levy (which according to the Community is not a tariff and therefore is not negotiable) may be modified according to changes in prices. Using skilful and subtle combinations of measures of this kind, the impression can be given that the common external tariff for agricultural products is not excessively protectionist (see table 21).

Furthermore, again with reference to agricultural products, some items in a tariff heading bear heavy tariff rates while others have a low or a zero-rate tariff. In such cases, however, the items are subject to internal taxes, 'moving elements' (*éléments mobiles*), variable components, variable levies and/or quantitative or sanitary restrictions.

It is therefore extremely difficult to calculate an effective rate of protection for the internal factors of production in the case of "processed foods". Bearing in mind the above, however, although it cannot be quantified the rate unquestionably lies in the very high range, especially if the non-tariff measures are included in the calculation.

All the above applies both to products classified here as "agricultural raw materials (excluding textiles)" and "processed foods", represented in all by 185 tariff items affected by 127 non-tariff restrictions, excluding internal taxes.

The average rate of the first category of products (8.9%) shows a +0.1% deviation from the average rate for the seven groups of products under consideration, which means that it falls in the low level within the tariff structure of the Community. The average rate for the processed foods group is 13.8%, higher than the overall average, and shows a certain degree of tariff escalation with respect to agricultural raw materials. Together with the complex use of

¹⁰ It has not been possible to specify individually the EEC countries which apply or the tariff headings affected by the internal taxes which are used in a great variety of ways. Only some well-known headings could be identified, such as meat, sugar, flour, coffee, etc. Consequently these taxes are not included in the tables and annexes of this study. It is known that they are applied profusely, above all within the Community's agricultural policy, together with quantitative restrictions, variable levies and variable components. Furthermore, the use of these measures often coincides with zero or reduced tariffs. This expedient, applied to many headings, disguises important deviations from the average tariff for each of the headings considered here.

Table 21

EUROPEAN ECONOMIC COMMUNITY: AGRICULTURAL RAW MATERIALS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	3	19.0 to 27.0	+ 10.1 to 18.1	BQ(1), L(1), ST(1), HS(1)
Middle	10 to 17%	11	10.0 to 15.9	+ 1.3 to 7.0	DL(3), GQ(3), MP(1), QR(1), L(3), BQ(1), SR(2), P(1), HS(8), VL(3)
Low	0.0 to 9%	11	0.0 to 7.4	—8.9 to —1.4	R(3), GQ(1), DL(2), HS(2), VL(2), VC(1)
<i>Total</i>	—	25	—	—	41 restrictions: 22 quantitative, 11 sanitary, 5 variable levies, 1 variable component and 2 'others', affecting a total of 102 tariff items

Note: Tariff rate (simple arithmetic mean): 8.9%. Value of Latin American exports to the EEC: 3,618.9 units of account. The 25 headings cover 133 tariff items.

^aSee annex 15.

^bFour digits.

non-tariff measures in both groups, this helps to determine the different value of imports by the Community from Latin America in the two groups. Imports of agricultural raw materials amounted to 3,618.9 million units of account (1976 figures). It should be pointed out, however, that 40% (1,515.7 million) corresponds to coffee, a product not grown in the EEC and affected by an average rate of 13.2%, as well as by a specific internal tax which varies from country to country but is in every case quite high and of course much

higher than the tariff rate. In contrast, imports of processed foods barely amounted to 539.5 million units of account (see table 22).

It is curious to note, in the case of textile raw materials, that the tariff and non-tariff treatment is the same in the United States, Japan and the European Economic Community, except in the case of non-tariff measures in Japan.

With regard to tariffs, middle or low rates are recorded in all three markets, the lowest average rate being in Japan (3.3%),

Table 22

EUROPEAN ECONOMIC COMMUNITY: PROCESSED FOODS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	7	18.0 to 29.0	+ 4.2 to + 15.2	LL(2), VC(4), DL(2), BQ(1), Q(1), RL(1), HS(3)
Average	10 to 17%	4	10.8 to 15.0	— 3.0 to + 1.2	VC(1), BQ(1), DL(1), HS(1), VL(1)
Low	0.0 to 9%	5	0.0 to 3.5	— 13.8 to — 10.3	VL(4), HS(2)
<i>Total</i>	—	16	—	—	25 restrictions: 9 quantitative, 10 variable components and levies, 6 sanitary, affecting a total of 45 headings

Note: Tariff rate (simple arithmetic mean): 13.8%. Value of Latin American exports to the EEC: 539.5 million units of account. The 16 headings cover 52 tariff items.

^aSee annex 16.

^bFour digits.

followed by the EEC (5%) and the United States (5.9%). The difference between the three markets lies in the fact that the United States and the EEC, as producers of many textile fibres, although in some cases not in sufficient quantities to satisfy demand, regulate the level of imports with non-tariff measures to ensure that they complement rather than compete with domestic production. Consequently, textile fibres imported with low tariff rates constitute a cheap input but do not compete with similar inputs produced locally. In Japan, on the other hand, which is not a big producer of such fibres —with the exception of silk and synthetic fibres which receive different

treatment—, non-tariff measures are not used to impede imports. In any case, however, textile raw materials, as imported inputs, have a generally low rate in the free markets, making possible a steep tariff escalation and thus ultimately a high effective rate of protection. It should be recalled that this rate depends on three main factors: (i) the level of the tariff applied to inputs; (ii) the level of the tariff applied to the final product, and (iii) the proportion of value added in the cost of the final product.

Contrary to what happens in the case of textile raw materials, textile products receive different tariff treatment in the

Table 23

EUROPEAN ECONOMIC COMMUNITY: TEXTILE RAW MATERIALS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	—	—	—	—
Average	10 to 17%	3	11.0 to 16.0	+ 6.0 to 11.0	BQ(2), DL(1), BQ(1), GQ(1), LL (list A) (1)
Low	0.0 to 9%	14	0.0 to 9.0	—5.0 to +4.0	DL(4), XR(1)
<i>Total</i>	—	17	—	—	11 restrictions (all quantitative) affecting a total of 13 items

Note: Tariff rate (simple arithmetic mean): 5.0%. Value of Latin American exports to the EEC: 425.2 million units of account. The 17 headings cover 21 tariff items.

^aSee annex 17.

^bFour digits.

Community. The nominal average rate amounts to 14.5%, lower than the United States rate and similar to the Japanese rate. The effective rate calculated for the "textiles and textile manufactures" group is of the order of 40%. This rate is of course in the very high range and of a nature to protect domestic factors of production; but to complete the picture of the degree of protection enjoyed by this group, one must add the extraordinarily wide use of non-tariff measures—basically quantitative—which make access to the Community market extremely difficult, except in the amount allowed by the quantitative restrictions. Most of these measures which do not directly affect the Latin American countries have not been taken into consideration, such as bilateral

quotas and voluntary restrictions, for example, which affect the exports of non Latin American countries but may constitute a warning to the Latin American countries. A series of categories of restrictions have been identified, affecting 17 tariff items in the nine headings considered as being of export interest to Latin America. The strict control which the multiple use of these barriers exercises over imports may be seen clearly in table 24.

Strictly speaking, it should be pointed out that not all the countries of the Community follow the same policy in applying these barriers; non-tariff barriers used by only two or three countries are included in table 24. In addition, the barriers affecting the countries which export to the Com-

Table 24

EUROPEAN ECONOMIC COMMUNITY: TEXTILES AND TEXTILE PRODUCTS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	1	19.0	+ 4.6	Bq(1), DL(1), XR(1)
High	18 to 30%	—	—	—	—
Average	10 to 17%	7	13.8 to 17.0	—0.7 to + 2.6	DL(6), GQ(3), XR(6), LL-list A(1), BQ(2)
Low	0.0 to 9%	1	8.5	—6.0	XR(1)
Total	—	9	—	—	22 quantitative restrictions, affecting all the items

Note: Tariff rate (simple arithmetic mean): 14.5%. Value of Latin American exports to the EEC: 152.2 million units of account. The 9 headings cover 17 tariff items.

^aSee annex 18.

^bFour digits.

munity are not all affected by a particular non-tariff measure. Thus bilateral quotas applied by Italy or France, for example, only affect specific countries and not necessarily all Latin American suppliers.

In any event, a profusion of measures is applied and in those cases where the restriction may be questionable, as in the case of discretionary licences, it ceases to be so when accompanied by quotas or voluntary restrictions, as occurs in the EEC with respect to textiles and textile products.

Thus it is easy to appreciate the reasons for the difference in the value of EEC imports from Latin America in textile raw materials and textile manufactures: 425.2 and 152.2 million units of account, respectively.

The EEC treatment of minerals is very similar to that of the United States and Japan. The average tariff rate is very low, with only one deviation of any importance from that mean in the case of the items included in the alkaline metals heading (28.01) (see annex 19 and table 25).

Unlike what was noted in the case of agricultural raw materials, processed foods and textiles, these low tariff rates are not accompanied by numerous non-tariff measures. The only such measures used are discretionary licences for two headings and a bilateral quota for one heading. These affect a total of nine tariff items, although in the case of the six items affected by discretionary licences alone it is not clear whether they have a definite pro-

Table 25

EUROPEAN ECONOMIC COMMUNITY: MINERALS^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>MFN rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	—	—	—	—
Middle	10 to 17%	1	14.4	11.2	
Low	0.0 to 9%	7	0.0 to 4.0	—3.3 to +0.8	BQ(1), DL(2)
<i>Total</i>	—	8	—	—	3 quantitative restrictions, affecting 9 tariff items

Note: Tariff rate (simple arithmetic mean): 3.3%. Value of Latin American exports to the EEC: 1,845.0 million units of account. The eight headings cover 24 tariff items.

^aSee annex 19.

^bFour digits.

tectionist effect. In any event, the value of imports from Latin America, 1,845.0 million units of account, is considerable; the main products are metallic ores and copper, both of which are duty free and unaffected by non-tariff measures.

It is clear that two goals are pursued here: to allow unobstructed entry of mineral inputs essential for manufacturing industry by not applying restrictive non-tariff measures on such imports; and to apply low tariffs to them, thus keeping down the cost of inputs while establishing a tariff escalation with a well-known impact on the effective rate of protection for the factors of production employed in the final goods industries. This strategy or policy is the same as that followed by the United States and Japan; the Community has not followed a new course, as in the case of tex-

tiles and especially agricultural raw materials and processed foods.

With respect to light industries, where tariff rates are primarily in the low and middle levels, only one of the 42 headings considered shows a high rate (20.0%). It would seem that the conditions of access to the EEC market are more liberal for this group of products (see table 26).

If one looks more carefully at those conditions, however, it may be seen that in 9 headings, including some 20 items, these low rates, and even the high level ones, are combined with non-tariff measures ranging from variable levies (starches and inulin and vegetable oils) to various quantitative barriers. The items affected are precisely those of particular export interest to Latin America, such as the above-

Table 26

EUROPEAN ECONOMIC COMMUNITY: LIGHT INDUSTRIES^a

<i>Tariff range</i>	<i>Level of each range</i>	<i>Number of headings^b</i>	<i>M-F-N rate (%)</i>	<i>Deviation from the mean (percentage points)</i>	<i>Non-tariff barriers and number of headings affected (—)</i>
Very high	Over 30%	—	—	—	—
High	18 to 30%	1	20.0	+ 12.8	R(1), BQ(1), GQ(1)
Middle	10 to 17%	9	10.0 to 17.5	+ 2.8 to 10.3	R(2), BQ(3), GQ(1), DL(2),
Low	0.0 to 9%	32	0.0 to 9.0	— 7.2 to + 1.8	R(4), BQ(1)
<i>Total</i>	—	42	—	—	18 restrictions: 16 quantitative and 2 variable levies, affecting a total of 38 items

Note: Tariff rate (simple arithmetic mean): 7.2%. Value of Latin American exports to the EEC: 1,165.8 million units of account. The 42 headings cover 90 tariff items.

^aSee annex 20.

^bFour digits.

mentioned two headings and various types of footwear, floor tiles, nuts and bolts and unspecified toys. Nevertheless, Latin American exports exceeded 1,000 million units of account, although it should be borne in mind that half this amount corresponded to vegetable oil cakes and residues used primarily as feed in the heavily-protected livestock subsector.

The effective rate of protection is the lowest in the three markets under consideration for this group of products, although proportionally the Community applies more non-tariff restrictions than Japan and about the same number as the United States, from the standpoint of the number of items considered.

Finally, in the more complex industries group, the 57 headings covering 142 tariff items or lines have an average rate of

8.8%, which coincides exactly with the average of the rates of the 7 groups under consideration (see tables 20 and 27).

Furthermore, contrary to what was seen in the United States and Japan, the effective rate of protection for this group was higher than for the 'light industries' group. It is worth recalling what was said earlier about the reasons why in almost all cases the effective rate of protection in the developed countries is reduced as production processes become more complex, since these in general correspond to luxury durable goods and investment goods. This has already been shown in the cases of the United States and Japan.

While the nominal rates lie partly in the middle and mostly in the low range, the Community applies a broad range of non-tariff measures to this group of products of

Table 27

EUROPEAN ECONOMIC COMMUNITY: MORE COMPLEX INDUSTRIES^a

Tariff range	Level of each range	Number of headings ^b	MFN rate (%)	Deviation from the mean (percentage points)	Non-tariff barriers and number of headings affected (—)
Very high	Over 30%	—	—	—	—
High	18 to 30%	—	—	—	—
Middle	10 to 17%	19	10.0 to 16.0	+ 1.2 to + 7.2	R(2), BQ(2), DL(4), QR(4), LIC(1), P(1)
Low	0.0 to 9%	36	0.0 to 9.8	—8.8 to + 1.0	DL(3), BQ(4), L(1), QR(7), ST(1), AL(1), Q(1), P(1)
Total	—	55	—	—	33 restrictions: 31 quantitative, 1 State trading and 1 prohibition. One discretionary licence, 1 State trading and 1 prohibition were also identified for one heading without an <i>ad valorem</i> duty

Note: Tariff rate (simple arithmetic mean): 8.8%. Value of Latin American exports to the EEC: 254.5 million units of account. The 57 headings cover 142 tariff items.

^aSee annex 27.

^bFour digits.

the more complex industries. Out of 142 items considered, 108 are affected by measures which are unquestionably restrictive, such as quantitative restrictions and prohibitions (see table 27).

Thus a low average rate with slight deviations is complemented by a veritable tangle of non-tariff restrictions which mean, *inter alia*, that the value of imports barely amounts to 250 million units of account.

If it had been possible to calculate the protective effect of those barriers the pro-

tectionist effect of the effective tariff rate on the domestic factors of production would be a number of times bigger. This is a clear indication of the application of the new protectionism and the lack of international competitiveness of many of the industries producing the goods considered here through the items analysed.

In the agricultural field, both processed goods and agricultural raw materials, textiles and textile products, more complex industries and to some extent in light industries the Community makes

greater use of non-tariff measures than of tariffs, although in some items the two complement each other. The 149 headings analysed are affected by 142 non-tariff restrictions.

Of the three markets studied here, the Community is certainly the most representative exponent of the trade protectionism which has developed in recent years. Following the substantial reductions made by the major countries during the two last Rounds in GATT, the creation of the European Common Market with the design and implementation of a Community agricultural policy, as well as the extension of the market from 6 to 9 members, and the recent world economic recession, this new protectionism has developed and has reached its highest level of impenetrability, complexity, subtleness and sophistication in the Community. In addition, it has focussed on agricultural products, textile products and other manufactures in which Latin America already has evident comparative advantages or could acquire them in a short period. On the other hand, raw materials, both textile and mineral, deliberately enjoy relatively free access to the market, since this results in cheap inputs for their manufactures, as well as making it possible to provide a high level of effective protection to their production of final goods through tariff and non-tariff restrictions.

Naturally, as we have seen throughout

the analysis of the data used in this study, many of the protectionist measures employed by the Community are not only original and exclusive to it, but have also not so far fallen within the negotiating sphere of GATT, in accordance with their use, definition and design. For its part the Community stated emphatically and explicitly in the course of the present round of multilateral trade negotiations that all measures basically affecting agricultural raw materials and processed foods cannot and shall not be negotiable.

In any event, the conclusion must be that there is not much room for hope in the field of international trade in the immediate future.

Nevertheless, the EEC market is of great importance for Latin America, as may be seen from the value of imports from the region in 1976 (8,001.1 million units of account) despite the intense protectionism applied to the above-mentioned products, in all of which Latin America enjoys a great comparative advantage.

Thus, for example, those groups of products show deviations from the mean for the 7 groups of +0.1, +5.0 and +5.7%, respectively, for agricultural raw materials, processed food and textiles and textile manufactures.

Finally, it should be mentioned that 479 tariff items under 172 headings were analysed in all, and 156 restrictions were identified (see table 20).

V

Results of the GATT negotiations

1. Methodology employed

The first five sections of this study contain a documented presentation of tariff and non-tariff barriers set up by the three devel-

oped markets, as well as the effective rate of protection for domestic factors of production resulting from a tariff structure or profile characterized by a tariff escalation weighing more heavily on final goods than on inputs and intermediate products.

What is called for now is a quantitative and qualitative analysis of the offers made by those markets as of 30 August 1978, offers which cannot be expected to change substantially in a way which might significantly affect the results given here, particularly bearing in mind the present deadlock in the GATT negotiations and the nearness of the deadline foreseen for the end of the negotiations (December 1978).

The possession of quantified results before the end of the Tokyo Round would represent a valuable negotiating tool since they could be used for two definite purposes. The first would be to know in advance exactly what was being received under the offers made, so that new requests could be put forward should they be quantitatively or qualitatively meagre. The second is that it would be possible to graduate, in accordance with the value of the offers, whatever compensation is requested from the developing countries and select the areas where that compensation should be given in such a way that it is in keeping with their foreign trade and domestic development.

In addition, whereas the first sections describe and clearly establish the present nature of protectionism, the results of the negotiations will show to what extent — if at all — they represent a positive opening up of those markets.

In the present round of negotiations two different methods have been used, one for tropical and agricultural products based on consolidated requests by the developing countries followed by individual offers on the part of the developed countries; and the other involving a linear formula with a harmonization element. This second method has not been applied strictly, however, since in some cases important products were not included in the offers, in others the cuts were the result of applying the formula, while sometimes these reductions were greater or smaller than the formula result. In any event, this makes it

possible to quantify results for chapters 01-24 (agricultural and tropical products) and for chapters 25-99 (manufactured products) of the Nomenclature of the Customs Co-operation Council. Naturally, the two sets of results can be added together to derive the total gains or losses from the tariff negotiations.

One form of judging the results is to choose the tariff lines of greatest interest for the region and see, among other things, the rate in force before the negotiations, the rate resulting from the offer which will in future govern the treatment of the product in the import market, the value of Latin American trade with each import market under consideration, the binding (or lack of it) of the tariff rate, the total amount of tariff involved in the reduction, etc.¹¹

The quantification which follows, however, is a global one for all of Latin America, which takes into consideration the tariff items which, for the region as a whole, account for an export value to each import market of 100,000 dollars or more. The tariff lines which are not listed in no way modify the results of this sample. 1,221 tariff lines were considered for the United States, 563 for the European Economic Community and 268 for Japan. The value of Latin American exports to these three markets amounts to a total of over 20,000 million dollars (1976).

Obviously, in view of the great number of tariff items taken into account a methodology had to be designed which would make it possible to analyse the overall results of the tariff negotiations from the standpoint of basic figures and concepts.¹²

¹¹The UNCTAD/UNDP Regional Project on Multilateral Trade Negotiations can supply to any country which so requests the complete tabulation of these data for that country.

¹²This methodology appears in document No 26 of the CEPAL/UNCTAD/UNDP Project on Multilateral Trade Negotiations, published on 21

Bearing in mind the methods of negotiation described above, the following steps were taken:

(i) For tropical and agricultural products, since the negotiations employed the same technique throughout, the following method was used: a list was drawn up of the tariff items with exports to each market for a value of over 100,000 dollars; a first column indicated the pre-offer rate; a second column the offered rate; a third, the value of the trade covered, the main Latin American exporter and the percentage which its exports represent for the export market, and the Generalized System of Preferences rate. Using these data, the value of the trade could be multiplied separately by the pre-negotiation rate and by the offered rate. The sum of the first multiplication, divided by the total value of the trade involved, furnished the weighted pre-negotiation average rate. The division of the result of the second multiplication by the value of the trade involved gave the weighted average rate resulting from the offer. The absolute difference between the two figures represents, in percentage points, the size of the tariff reduction resulting from the negotiations. Finally, the multiplication of that reduction by the value of the trade involved provides the total amount of the tariff reduction, which can be compared with the value of the trade involved in order to measure the importance of the negotiations from the standpoint of the openness of the markets.

(ii) In the case of manufactured products (chapters 25-99) a similar procedure was used, although a variant was introduced in the final results for the sake of great ac-

curacy. Besides considering the erosion caused by the application of the linear formula to products included in the generalized system of preferences, that erosion was measured from the standpoint of the loss of preferential margins both according to the weighted rate and from the standpoint of the total value of the tariffs. That erosion should be deducted from the gains stemming from the reduction of the MFN rate. The variant consisted in subdividing the offers resulting from the application of the linear formula into three groups: reduction according to the formula, reduction greater than the formula and reduction smaller than the formula. This subdivision makes it possible to evaluate qualitatively the offers and speculate on how the tariff escalation will develop.

Bearing this in mind, an analysis can now be made of the results of the tariffs negotiations.

2. *The results of the United States offers*

In accordance with the methodology described above, with regard to chapters 01-24 (agricultural and tropical products) of the Nomenclature of the Customs Co-operation Council (NCCC), sections I and II of table 28 contain the data resulting from the tabulation of the total number of tariff items chosen on the grounds of the value of trade covered by each of them (100,000 dollars or more). Section I covers two main lines or headings: (i) those with exports whose tariff rate is considered in the lists; and (ii) duty-free imports (0.0 rate bound before the offer) which are not included in the previous group.

Section II of the table contains a summary of the large group of *dutiable* inputs considered in the list, with a detailed analysis of the tariff items not included in the offer, the MFN offers which do not signify a

January 1978. A preliminary version was submitted in November 1977 at the Seminar held in Lima on multilateral trade negotiations under the auspices of the Board of the Cartagena Agreement.

Table 28
UNITED STATES
NCCC Chapters 01 - 24

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Weighted pre- negotiation rate ^a (percent- age)	Weighted post- negotiation rate (percent- age)	Differ- ence (1-2) (per- cent- age- points)	Latin American exports (thousands of dollars)	Total tariff at pre- negotiation rate (1 × 4) (thousands of dollars)	Total tariff value at post- negotiation rate (2 × 4) (thousands of dollars)	Total tariff reduction due to cut in weighted average rate (thousands of dollars)	Number of tariff items considered
I. Total								
Imports considered in list (+ US\$ 100 000)	3.2	2.7	-0.5	4 829 933	154 558	130 408	25 415	281
Free imports before offers not in list	0.0	0.0	0.0	2 491 698	—	—	—	65
II. Tariffs								
A. Dutiable imports	9.1	7.5	-1.6	1 716 031	156 159	128 702	27 457	203
1. Excluded from offers (tariff)	9.3	9.3	—	1 018 353	—	—	—	103
2. MFN offers, without cut in applied rate	0.0	0.0	0.0	—	—	—	—	0
3. Covered by offers (MFN + GSP)	8.7	4.9	-3.8	697 678	60 698	34 186	26 512	100
4. Offers eroding GSP	4.2	1.4	-2.8	219 227	9 208	3 069	6 139	32
5. Offers under GSP	0.0	0.0	0.0	—	—	—	—	0
6. Total free offers (MFN)	1.4	0.0	-1.4	171 947	2 407	—	2 407	27
B. MFN duty-free bindings	0.0	0.0	0.0	134 016	—	—	—	2
III. Tariff result								
A3 MFN gain	8.7	4.9	-3.8	697 678	60 698	34 186	26 512	100
A4 GSP erosion	4.2	1.4	-2.8	219 227	9 208	3 069	6 139	32
A3-A4 Net gain	5.6 ^b	3.4 ^b	-2.2	478 451	51 490	31 117	20 373	68
IV. Basic relationships								
1. Percentage of trade bound free before offers	34.0							
2. Percentage of trade dutiable before offers	66.0							
3. Changes in weighted MFN percentage rate	-3.8		percentage points					
4. Percentage of dutiable imports cut to duty-free	10.0							
5. Bindings of zero rates	4.3							

^aRefers to the rate actually applied rather than the basic rate. This distinction is highly important in Japan since in many lines the rate applied is different from the basic rate. Offers of a rate equal to the rate actually applied were not considered as offers.

^bThe GSP erosion is obtained by dividing the value of tariffs resulting from the application of the pre-and post-negotiation rates by the value of A3 + A4.

reduction in the effective rate, the total number of tariff lines covered by offers which reduce the MFN rate applied, the offers which erode the Generalized System of Preferences, and other offers, such as those which reduce the rate to 0 and those which bind duty-free imports which were not previously bound. Since these two sections of the table contain information on rates preceding and following the negotiations (trade weighted), the imports from Latin America involved and the reduction of tariffs implied by the reduction of the current rate, it is possible, by combining these data, to establish a series of tariffs results and relations which shed light on the size of the benefits derived from the negotiations.

As can be seen from section III of table 28 ("Tariff results"), the weighted average rate in force before the negotiations was 8.7%, whereas after the offers the rate would be reduced by 3.8 percentage points. In terms of total tariffs, the negotiations represent a reduction of 26.5 million dollars. At the same time, however, the erosion of the preferential margin of the Generalized System of Preferences is 2.8 percentage points, representing a total tariff value of 6.1 million dollars, and thus the effective reduction of the weighted rate is 2.2 points and the value of the tariff reduction 20.4 million dollars. One way of appreciating the importance of this purely quantitative result of the negotiations is to compare the reduction of 20.4 million dollars with the total value of dutiable imports, i.e., 1,716 million dollars, and with the value of the trade on which no offer was made, 1,018 million dollars. The appreciation of the scant importance of these results is left to the negotiating parties.

Section IV of table 28 ("Fundamental relationships") gives figures in the light of which those results can be appreciated still better: the data in this section are self-

explanatory and therefore need not be discussed.

In the case of chapters 25-99 (Manufactured products), the rate prior to the negotiations was 8.9%, which was reduced by 4.5 percentage points as a result of the offers made by the United States during the present round of negotiations. The post-negotiations rate brings a reduction of 123.8 million dollars in the total value of tariffs. Nevertheless, since the Generalized System of Preferences is eroded by 3.7 percentage points, or 33.8 million dollars in tariff value, the net benefit is a reduction in the weighted average rate of 2.5 points and 90 million dollars in tariff-value.

As in the previous case, this last figure contrasts with the total value of dutiable exports before the negotiations, 3,263.4 million dollars. The difference is much less pronounced in the case of the value of the trade on which no offer whatsoever was made, i.e., 413.7 million dollars.

In connexion with this aspect of chapters 25-99 one important fact should be noted for a better appreciation of the results of the negotiations. The weighted average rates which are reduced less than the formula are, in general, the highest rates (14.8 to 12%), many of which are of the protectionist nature, whereas the rates which are reduced according to or by the same amount as the formula, or more than the formula, are the middle and low rates (see table 29).

Going further into this qualitative aspect, a few examples can be given among the many cases which exist in the offers. For items 070113516, 070113590, 080114630, 200716535, 220916840, with pre-negotiation tariff rates of 32%, 39%, 86%, 108% and 72% respectively, the following offers were made: nothing on the first and second items, 69% on the third, 93% on the fourth and nothing on the fifth. In connexion with chapters 25-99, it should be

Table 29
UNITED STATES
NCCC Chapters 25-99

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Weighted pre- nego- tiation rate ^a (percent- age)	Weighted post- nego- tiation rate (percent- age)	Differ- ence (1-2) (per- cent- age points)	Latin American exports (thousands of dollars)	Total tariff at pre- negotiation rate (1 × 4) (thousands of dollars)	Total tariff value at post- negotiation rate (2 × 4) (thousands of dollars)	Total tariff reduction due to cut in weighted average rate (thousands of dollars)	Number of tariff items considered
I. Total								
Imports considered in list (+ US\$ 100 000)	6.2	3.5	-2.7	4 566 383	283 116	159 823	123 293	940
Free imports before offers not in list	0.0	0.0	0.0	1 242 294	—	—	—	141
II. Tariffs								
A. Dutiable imports	8.7	4.9	-3.8	3 263 350	283 911	159 904	124 007	767
1. Excluded from offers (tariff)	9.4	9.4	0.0	413 717	—	—	—	49
2. MFN offers, without tariff cut	0.0	0.0	0.0	99 366	—	—	—	2
3. Covered by offers (MFN)	8.9	4.4	-4.5	2 750 267	244 774	121 012	123 762	736
a) Less than formula	14.8	12.0	-2.8	219 835	32 536	26 380	6 156	65
b) Same as formula	11.2	5.9	-5.3	1 421 176	159 172	83 849	75 323	382
c) More than formula	4.6	0.9	-3.7	1 099 679	50 585	9 897	40 688	284
4. Offers eroding GSP	6.5	2.8	-3.7	913 517	59 379	25 578	33 801	421
5. Offers under GSP	0.0	0.0	0.0	—	—	—	—	0
6. Total free offers (MFN + GSP)	2.8	0.0	-2.8	890 527	24 934	—	24 934	145
B. MFN duty-free bindings	0.0	0.0	0.0	8 932	—	—	—	2
III. Tariff result								
A3a	14.8	12.0	-2.8	219 835	32 536	26 380	6 156	65
A3b	11.2	5.9	-5.3	1 421 176	159 172	83 849	75 323	382
A3c	4.6	0.9	-3.7	1 099 679	50 585	9 897	40 688	284
A3 MFN gain	8.9	4.4	-4.5	2 750 267	244 774	121 012	123 762	736
A4 GSP erosion	6.5	2.8	-3.7	913 517	59 379	25 578	33 801	421
A3-A4 Net gain	5.1 ^b	2.6 ^b	-2.5	1 836 750	185 395	95 434	89 961	315
IV. Basic relationships								
1. Percentage of trade bound free before offers	21.39							
2. Percentage of trade dutiable before offers	78.61							
3. Changes in weighted MFN percentage rate	-4.5	percentage points						
4. Percentage of dutiable imports cut to duty-free	27.3							
5. Bindings of zero rates	0.7							

^aRefers to the rate actually applied rather than the basic rate. This distinction is highly important in Japan since in many lines the rate applied is different from the basic rate. Offers of a rate equal to the rate actually applied were not considered as offers.

^bThe GSP erosion is obtained by dividing the value of tariffs resulting from the application of the pre- and post-negotiation rates by the value of A3 + A3.

remembered that for a large number of items the offers were less than the formula or nothing at all (for example textiles), most of these sub-formula reductions coinciding with the highest rates in those chapters.

This shows indirectly that the future tariff profile or structure in the United States will increase the tariff escalation, so that the present difference between the nominal and the effective rates of protection will increase when the results of the negotiations are put into practice and the new rates emerging from the offers come into effect.

3. The results of the EEC offers

The case of the EEC is in many respects very similar to that of the United States. Apart from a few differences which do not change the results indicated in table 30, the offers appear to coincide in size, in the items on which they concentrate and in determining a tariff profile with a sharp escalation.

With regard to chapters 01-24, the average MFN tariff rate, currently 7%, is reduced by 2.1 percentage points by the EEC offer, which reduces the total value of tariffs by 36.5 million dollars. Since the GSP is eroded by 1.8 percentage points in these chapters, representing a total tariff value of 734,000 dollars, the net gain amounts to a reduction in the weighted average rate of 2 percentage points, with a tariff value of 35.7 million dollars. As in the case of the United States, this amount contrasts with that of Latin American exports, 2,741.5 million dollars, but less so with that of the trade on which no offer was made. It should be noted that it is the latter which has the highest weighted average rate (14.7%).

In addition, the offers made under the GSP where rates were high before the offer (18.7%) reduced them to 18.6%, i.e., in

practice in the 33 tariff items or lines on which these offers were made there was no apparent gain whatsoever. Finally, two other differences should be noted: no offer was made on the zero-rated round tariffs; and the dutiable imports for which a reduction to a zero rate was offered only represent 0.9% of dutiable trade.

Much the same is true of the offers made with respect to chapters 25-99 (see table 31). The weighted average MFN rate falls from 8.7% to 5.7% under the offer, leading to a reduction of 3 percentage points which, in total tariff terms, represents 35.6 million dollars. But since the GSP is eroded by 4 percentage points and 32.5 million dollars with the application of the formula, net gains amount to only 0.8 percentage points for the rate and 13.1 million dollars in the total tariff value.

From the standpoint of the rate and of total tariff value, this reduction contrasts sharply with the pre-negotiation rate (8.6%) and with the total value of tariffs involved in the dutiable imports under consideration, 1,259.5 million dollars.

In addition, no offers whatsoever were made with regard to the GSP, free tariffs and the binding of already existing zero rates, which points up the similarities and differences with respect to the United States.

With regard to reductions smaller than or equal to the results of the application of the linear formula, the sub-formula offers (on an average rate of 8.2%) only registered a reduction of 1 percentage point, and on the other hand there was no offer above the formula reduction. Nevertheless, it may be seen from the tabulation of the 563 items listed that very many high rates—over 20% and in some cases up to 50%—received no offer in chapters 01-24 (for example, items 20071100, 20071800, 06031100, 08073200, etc.) or only meagre offers.

Table 30
EUROPEAN ECONOMIC COMMUNITY
NCCC Chapters 01-24

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<i>Weighted pre- nego- tiation rate^a (percent- age)</i>	<i>Weighted post- nego- tiation rate (percent- age)</i>	<i>Differ- ence (1-2) (per- cent- age points)</i>	<i>Latin American exports (thousands of units of account)</i>	<i>Total tariff at pre- negotiation rate (1 × 4) (thousands of units of account)</i>	<i>Total tariff value at post- negotiation rate (2 × 4) (thousands of units of account)</i>	<i>Total tariff reduction due to cut in weighted average rate (thousands of units of account)</i>	<i>Number of tariff items considered</i>
I. Total								
Imports considered in list (+ US\$ 1000 000)	7.5	6.6	-0.9	3 901 908	292 643	257 526	35 117	158
Free imports before offers not in list	0.0	0.0	0.0	90 085	—	—	—	22
II. Tariffs								
A. Dutiable imports	10.7	9.4	-1.3	2 741 531	293 344	257 704	35 640	119
1. Excluded from offers (tariff)	14.7	14.7	0.0	474 000	69 678	69 678	—	62
2. MFN offers, without tariff cut	1.4	1.4	0.0	11 097	155	155	—	5
3. Covered by offers (MFN)	7.0	4.9	-2.1	1 735 893	121 513	85 059	36 454	23
4. Offers eroding GSP	4.9	3.1	-1.8	40 791	1 999	1 265	734	5
5. Offers under GSP	18.7	18.6	-0.1	551 438	103 119	102 567	552	33
6. Total free offers (MFN + GSP)	5.9	0.0	-5.9	25 593	1 510	—	1 510	10
B. MFN duty-free bindings	0.0	0.0	0.0	465 291	—	—	—	2
III. Tariff result								
A3 MFN gain	7.0	4.9	-2.1	1 735 893	121 513	85 059	36 454	23
A4 GSP erosion	4.9	3.1	-1.8	40 791	1 999	1 265	734	5
A3-A4 Net gain	6.7 ^b	4.7 ^b	-2.0	1 695 102	119 514	83 794	35 720	18
IV. Basic relationships								
1. Percentage of trade bound free before offers	2.3							
2. Percentage of trade dutiable before offers	97.7							
3. Changes in weighted MFN percentage rate	-2.1	percentage points						
4. Percentages of dutiable imports cut to duty-free	0.9							
5. Binding of zero rates	9.0							

^aRefers to the rate actually applied rather than the basic rate. This distinction is highly important in Japan since in many lines the rate applied is different from the basic rate. Offers of a rate equal to the rate actually applied were not considered as offers.

^bThe GSP erosion is obtained by dividing the value of tariffs resulting from the application of the pre-and post-negotiation rates by the value of A3 + A4.

Table 31
EUROPEAN ECONOMIC COMMUNITY
NCCC Chapters 25 - 99

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Weighted pre- nego- tiation rate ^a (percent- age)	Weighted post- nego- tiation rate (percent- age)	Differ- ence (1-2) (per- cent- age points)	Latin American exports (thousands of units of account)	Total tariff at pre- negotiation rate (1x4) (thousands of units of account)	Total tariff value at post- negotiation rate (2x4) (thousands of units of account)	Total tariff reduction due to cut in weighted average rate (thousands of units of account)	Number of tariff items considered
I. Total								
Imports considered in list (+ US\$ 100 000)	3.0	2.0	-1.0	3 618 565	108 557	72 371	36 186	405
Free imports before offers not in list	0.0	0.0	0.0	2 349 167	—	—	—	62
II. Tariffs								
A. Dutiable imports	8.6	5.8	-2.8	1 259 523	108 319	73 052	35 471	338
1. Excluded from offers (tariff)	9.2	9.2	0.0	50 162	4 615	4 615	—	15
2. MFN offers, without tariff cut	2.5	2.5	0.0	21 445	536	536	—	6
3. Covered by offers (MFN)	8.7	5.7	-3.0	1 187 916	103 349	67 711	35 638	317
a. Less than formula	8.2	7.2	-1.0	208 832	17 124	15 036	2 088	30
b. Same as formula	8.8	5.4	-3.4	979 084	86 159	52 871	33 288	287
c. More than formula	0.0	0.0	0.0	—	—	—	—	0
4. Offers eroding GSP	10.0	6.0	-4.0	563 302	56 330	33 798	22 532	264
5. Offers under GSP	0.0	0.0	0.0	—	—	—	—	0
6. Total free offers (MFN + GSP)	0.0	0.0	0.0	—	—	—	—	0
B. MFN duty-free bindings	0.0	0.0	0.0	—	—	—	—	0
III. Tariff result								
A3a	8.2	7.2	-1.0	208 832	17 124	15 036	2 088	30
A3b	8.8	5.4	-3.4	979 084	86 159	52 871	33 288	287
A3c	0.0	0.0	0.0	—	—	—	—	0
A3 MFN gain	8.7	5.7	-3.0	1 187 916	103 349	67 711	35 638	317
A4 GSP erosion	10.0	6.0	-4.0	563 302	56 330	33 798	22 532	264
A3-A4 Net gain	2.7 ^b	1.9 ^b	-0.8	624 614	47 019	33 913	13 106	53
IV. Basic relationships								
1. Percentage of trade bound free before offers	39.4							
2. Percentage of trade dutiable before offers	60.6							
3. Changes in weighted MFN percentage rate	-3.0	percentage points						
4. Percentage of dutiable imports cut to duty-free	0.0							
5. Bindings of zero rates	0.0							

^aRefers to the rate actually applied rather than the basic rate. This distinction is highly important in Japan since in many lines the rate applied is different from the basic rate. Offers of a rate equal to the rate actually applied were not considered as offers.

^bThe net gain is obtained by dividing the value of tariffs resulting from the application of the pre- and post-negotiation rates by the value of A3 + A4.

This provides qualitative, indirect proof that the tariff escalation in these chapters is not only maintained but accentuated. Finally, with respect to chapters 25-99, while many high rates are reduced in accordance with the formula, some considerably high rates affecting items of interest to the developing countries received either no offer or offers below the formula.

4. The results of the offers of Japan

The Japanese offers do not differ in overall features or nature from what has been seen in the case of the United States and the European Economic Community.

Considering first chapters 01-23 of the NCCC—agricultural products, including tropical products—the prevailing average weighted MFN rate (6.4%) is reduced by 2.2 percentage points (see table 32), which in terms of the value of tariffs amounts to a reduction of 2.5 million dollars. Bearing in mind that the Generalized System of Preferences is eroded by 3.2 percentage points, with a tariff value of 226,000 dollars, the net gains from the offers amount to 2.2 million dollars. The comparison of this figure with the total value of the trade of dutiable imports of 410.2 million dollars gives an idea of the scantiness of the gains stemming from offers made on these chapters. Furthermore, in the future the weighted average rate on the products included in the GSP (5.3%) will scarcely be above the future MFN rate (4.2%), which demonstrates the slightness of the change in the new preferential margins. It should be noted in this connexion that the new offers on the GSP reduce the existing weighted rate (42.3%) by only 0.2 percentage points, with the result that the average rate remains at the same preferential level (42.1%). Finally, it should be noted that before the offers dutiable imports in Japan for chapters

01-25 were in the order of 99.7% of the total, and that the offers on reductions to zero rates amounted to 0.1% of dutiable imports.

With regard to chapters 25-99 (manufactured products) the overall picture is very similar to that of the preceding chapters.

The present average MFN rate of 9.3% is reduced by 3.2 percentage points. However, whereas the lower rates (7.5% and 4.8%) are reduced, respectively, by an amount equal to or above the formula, the highest average rate (18.9%) is reduced proportionally less than the formula, which gives a clear indication that the tariff escalation is accentuated for the benefit of the more heavily protected tariff items. In addition, as a result of the offers the GSP is heavily eroded by 4.1 percentage points. Taken together, these circumstances provide Latin America with an additional net tariff gain of 638,000 dollars, which is in sharp contrast with the value of dutiable trade, 314.1 million dollars (see table 33).

It may also be seen that the average GSP rate of 12.3% is brought down by the offers to 8.2%, a figure which indicates the reduction of the preferential margin, although these rates are higher than past and future MFN rates (9.9% and 6.7%).

From an item-by-item analysis of chapters 01-24, which gives an indirect idea of the qualitative value of the offers, it may be seen that for some rates, ranging from 25% to 355%, with many of 35%, 112%, etc., as in the case of items 1701213, 1704221, 170422, 2205210, 14001110 to 2401300, no reduction at all has been offered, while in the case of others of similar levels, with the exception of tobacco (2401110 to 2401300) only very slight offers have been made. The greatest reduction in these chapters have taken place in the middle or low tariff levels.

Table 32
JAPAN
NCCC Chapters 01 - 24

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Weighted pre- nego- tiation rate ^a (percent- age)	Weighted post- nego- tiation rate (percent- age)	Differ- ence (1-2) (per- cent- age points)	Latin American exports (thousands of dollars)	Total tariff at pre- negotiation rate (1 × 4) (thousands of dollars)	Total tariff value at post- negotiation rate (2 × 4) (thousands of dollars)	Total tariff reduction due to cut in weighted average rate (thousands of dollars)	Number of tariff items considered
I. Total								
Imports considered in list (+ US\$ 100 000)	13.7	13.4	-0.3	797 020	109 192	106 801	2 391	112
Free imports before offers not in list	0.0	0.0	0.0	2 067	—	—	—	2
II. Tariffs								
A. Dutiable imports	26.7	26.1	-0.6	410 249	109 536	107 075	2 461	79
1. Excluded from offers (tariff)	46.5	46.5	0.0	211 957	98 560	98 560	—	63
2. MFN offers, without tariff cut	0.0	0.0	0.0	78 060	—	—	—	2
3. Covered by offers (MFN)	6.4	4.2	-2.2	111 618	7 144	4 688	2 456	12
4. Offers eroding GSP	8.5	5.3	-3.2	7 069	601	375	226	5
5. Offers under GSP	42.3	42.1	-0.2	8 992	3 804	3 786	18	3
6. Total free offers (MFN + GSP)	5.0	0.0	-5.0	552	28	—	28	1
B. MFN duty-free bindings	0.0	0.0	0.0	1 022	—	—	—	1
III. Tariff result								
A3 MFN gain	6.4	4.2	-2.2	116 618	7 144	4 688	2 456	12
A4 GSP erosion	8.5	5.3	-3.2	7 069	601	375	226	5
A3-A4 Net gain	5.3 ^b	3.5	-1.8	109 549	6 543	4 313	2 230	7
IV. Basic relationships								
1. Percentage of trade bound free before offers	0.3							
2. Percentage of trade dutiable before offers	99.7							
3. Changes in weighted MFN percentage rate	-2.2	percentage points						
4. Percentage of dutiable imports cut to duty-free	0.1							
5. Bindings of zero rates	0.3							

^aRefers to the rate actually applied rather than the basic rate. This distinction is highly important in Japan since in many lines the rate applied is different from the basic rate. Offers of a rate equal to the rate actually applied were not considered as offers.

^bThe GSP erosion is obtained by dividing the value of tariffs resulting from the application of the pre- and post-negotiation rates by the value of A3 + A4.

Table 33
JAPAN
NCCC Chapters 25-99

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Weighted pre- nego- tiation rate, ^a (percent- age)	Weighted post- nego- tiation rate (percent- age)	Differ- ence (1-2) (per- cent- age points)	Latin American exports (thousands of dollars)	Total tariff at pre- negotiation rate (1 × 4) (thousands of dollars)	Total tariff value at post negotiation rate (2 × 4) (thousands of dollars)	Total tariff reduction due to cut in weighted average rate (thousands of dollars)	Number of tariff items considered
I. Total								
Imports considered in list (+ US\$ 100 000)	1.1	0.8	-0.3	1 548 149	17 030	12 385	4 645	156
Free imports before offers not in list	0.0	0.0	0.0	1 170 265	—	—	—	36
II. Tariffs								
A. Dutiable imports	5.2	4.1	-1.1	314 106	16 334	12 878	3 456	105
1. Excluded from offers (tariff)	7.1	7.1	0.0	41 839	2 971	2 971	—	26
2. MFN offers, without tariff cut	1.8	1.8	0.0	167 710	3 019	3 019	—	28
3. Covered by offers (MFN)	9.9	6.7	-3.2	104 566	10 352	7 006	3 346	51
a. Less than formula	18.9	11.6	-7.3	30 303	5 727	3 515	2 212	7
b. Same as formula	7.5	5.6	-1.9	39 141	2 936	2 192	744	33
c. More than formula	4.8	3.8	-1.0	35 122	1 686	1 335	351	11
4. Offers eroding GSP	12.3	8.2	-4.1	66 049	8 124	5 416	2 708	40
5. Offers under GSP	4.0	3.2	-0.8	25 168	1 007	805	202	1
6. Total free offers (MFN + GSP)	3.3	0.0	-3.3	30 769	1 015	—	1 015	4
B. MFN duty-free bindings	0.0	0.0	0.0	13 328	—	—	—	3
III. Tariff result								
A3a	18.9	11.6	-7.3	30 303	5 727	3 515	2 212	7
A3b	7.5	5.6	-1.9	39 141	2 936	2 192	744	33
A3c	4.8	3.8	-1.0	35 122	1 686	1 335	351	11
A3 MFN gain	9.9	6.7	-3.2	104 566	10 352	7 006	3 346	51
A4 GSP erosion	12.3	8.2	-4.1	66 049	8 124	5 416	2 708	40
A3-A4 Net gain	1.3 ^b	0.9 ^b	-0.4	38 517	2 228	1 590	638	11
IV. Basic relationships								
1. Percentage of trade bound free before offers	43.05							
2. Percentage of trade dutiable before offers	56.95							
3. Changes in weighted MFN percentage rate	-3.2		percentage points					
4. Percentage of dutiable imports cut to duty-free	9.8							
5. Bindings of zero rates	1.1							

^aRefers to the rate actually applied rather than the basic rate. This distinction is highly important in Japan since in many lines the rate applied is different from the basic rate. Offers of a rate equal to the rate actually applied were not considered as offers.

^bThe GSP erosion is obtained by dividing the value of tariffs resulting from the application of the pre-and post-negotiation rates by the value of A3 + A4.

With regard to chapters 25-99 the highest rates — from 20% to 30% — have only received offers which are equal to the rate effectively applied, so that there is no reduction whatsoever, or the reduction is smaller than the formula.

5. *Some conclusions*

Of the many conclusions which could be drawn from the quantification of the tariff offers, the following are the most important:

(i) The average rate applied by the markets under consideration is not high, except in the case of Japan for agricultural products, taking into account all the dutiable trade, although the average rate on the trade for which no offer was made is in all cases higher than the former, particularly in the case of Japan in respect of chapters 01 to 24, where the rate is 46.5%. If this is the case, there are no grounds for hoping for spectacular additional gains, from the standpoint of the average rate alone;

(ii) Nevertheless, recalling what was said in the course of the brief item-by-item analysis, there are also considerably high rates of an effectively protectionist nature on which no or only insignificant offers

were made (chapter 01-24) or the offers were below the result of applying the linear formula (chapter 25-99):

(iii) The additional gains might thus have been much higher than those which resulted from the offers, despite the low level of the average rates still in force;

(iv) Everything seems to indicate the tariff escalation has increased, which leads to the conclusion that the difference existing between nominal and effective rates of protection will grow when the new rates resulting from the offers come into force;

(v) It does not appear that the percentage of free trade in relation to dutiable trade will change much, in view of the slight shift of dutiable products to duty-free products;

(vi) The consolidation of free trade before the offers will not change basically, although the offers of the United States and Japan (the latter only in chapters 25-99) represent some progress; and

(vii) In addition to the erosion in their preferential margins, the Generalized System of Preferences did not receive additional offers of any significance. This indicates that, from the standpoint of the opening up of markets, the GSP will really continue to be largely marginal for the products they cover.

ANNEXES

Annex I

**CONDITIONS OF ACCESS TO THE UNITED STATES MARKET FOR EXPORTS OF
AGRICULTURAL RAW MATERIALS (EXCLUDING TEXTILES)**

<i>NCCC</i>	<i>Product description</i>	<i>MFN rate (percent- age)</i>	<i>Imports from Latin America (thousands of dollars)</i>	<i>Deviation from mean (percentage points)</i>	<i>Non-tariff barriers</i>	
01.02	Bovine cattle	5.40	62 294	0.67	TRQ	HS ^a
02.01	Meat and offals of bovine animals, sheep and goats	4.13	174 522	-0.60	R ^b , Q ^c	HS ^d
02.04	Other meat and meat offals, F.C.F.	4.63	403	-0.10	Q ^e	HS ^d
02.06	Meat and offals, salted, smoked or dried, n.e.s.	10.00	1 128	5.27		HS ^d
03.01	Fish, F.C.F.	0.88	73 495	-3.85	TQ	
03.02	Fish, dried, salted or smoked	2.29	750	-2.44		
03.03	Crustaceans and molluscs	3.00	362 730	-1.73		HS ^e
04.05	Eggs, fresh, dried or otherwise preserved	4.50	331	-0.23		
04.06	Natural honey	3.20	16 903	-1.53		
07.01	Vegetables, fresh	12.65	126 038	7.92	TRQ ^f	
07.05	Dried leguminous vegetables	4.42	2 429	-0.31		
08.01	Dates, bananas, etc., fresh	9.16	329 549	4.43		HS ^g
08.02	Citrus fruit, fresh or dried	6.58	7 986	1.85		
08.04	Grapes, fresh or dried	1.34	12 050	-3.39		
08.06	Apples, fresh	1.67	1 217	-3.06		
08.10	Fruit preserved by freezing, not containing sugar	8.75	679	4.02		
09.01	Coffee, green or roasted	L	1 828 827	-4.73		
10.01	Wheat	5.20	64	0.47	GQ, Q	
10.05	Maize (corn), unmilled	3.65	5 856	-1.08		
12.01	Oil seeds and oleaginous fruit	2.70	20 710	-2.30	GQ ^h	
17.01	Raw sugar	6.60	616 988	1.87	GQ	
18.01	Cocoa beans	L	178 649	-4.73		
24.01	Tobacco, unmanufactured	15.17	51 198	10.44		
41.01	Bovine and equine hides, undressed	2.28	1 587	-2.45		
44.03	Wood in the rough	L	1 742	-4.73		

^aQuarantine.^bOf bovine animals, sheep and goats, excluding ewe meat. Contingency quotas and voluntary restrictions for some countries.^cQuota under the Meat Import Act.^dProhibited for countries with epidemics.^eMaryland State law requirements.^fApplies to seed potatoes.^gApplies to mangoes.^hGlobal quota applies only to ground-nuts.

Annex 2

CONDITIONS OF ACCESS TO THE UNITED STATES MARKET FOR EXPORTS OF
PROCESSED FOOD PRODUCTS

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers	
04.01	Milk and cream	20.00	—	10.74	Q ^{a, b}	HS ^c
04.03	Butter	9.27	68	0.01	Q ^a , GQ	HS
04.04	Cheese and curd	13.64	7 947	4.38	Q ^a , GQ ^d	HS
07.02	Vegetables, frozen	13.70	8 447	4.44		
07.03	Vegetables, preserved	8.60	4	—0.66		
08.11	Fruit, preserved	8.56	385	—0.70		
16.02	Other prepared or preserved meat	9.02	137 446	—0.24		HS
16.03	Meat extracts and meat juices	0.30	1 693	—8.96		
17.01	Refined sugar	6.60	661 988	—2.66	GQ	
17.03	Molasses	0.90	82 796	—8.36	GQ ^e	
18.03	Cocoa paste	L	37 758	—9.26		
18.06	Chocolates and food preparations	5.67	4 262	—3.59	Q ^{a, f} , P ^g	
20.01	Vegetables and fruit, prepared	13.63	7 771	4.37		
20.02	Vegetables, preserved or prepared	9.81	11 674	0.55		
20.03	Fruit preserved by freezing, containing added sugar	13.08	14 300	3.82		
20.05	Jams, marmalades, fruit jellies, fruit pastes, etc.	7.89	1 395	—1.37		
20.07	Fruit juices and vegetable juices	24.68	18 065	15.42		

^aQuota allocated by country.^bFresh or sour milk and liquid cream containing more than 45% butterfat.^cUnder the 1927 Federal Milk Import Act an import permit is necessary certifying that the animals are free of disease and that both the places where the animals are kept and the places where the products are processed comply with health requirements.^dThe restriction applies to some cheeses.^eThe sugar content of molasses is applied against the global quota on sugar.^fSweet chocolate and bonbons containing cocoa.^gImport prohibition for chocolates containing alcohol.

Annex 3

CONDITIONS OF ACCESS TO THE UNITED STATES MARKET FOR EXPORTS OF
TEXTILE RAW MATERIALS

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
50.02	Raw silk	L	2 027	-6.40	XR
50.04	Silk yarn, other than yarn of noil or other waste silk	10.00	32	3.60	XR
50.05	Yarn spun from silk waste other than noil	8.50	19	2.10	XR
50.06	Yarn spun from noil silk	8.50	19	2.10	XR
53.01	Sheep's or lambs' wool, not carded or combed	9.73	8 274	3.33	XR
53.05	Sheep's or lambs' wool or other animal hair, carded or combed	17.90	143	11.50	XR
55.01	Raw cotton	2.30	12 756	-4.10	GQ ^a
55.02	Cotton linters	L	2 383	-6.40	
55.03	Cotton waste	L	278	-6.40	GQ ^b
55.04	Cotton, carded or combed	—	—	—	GQ ^c
55.05	Cotton yarn and thread	10.79	19 883	4.39	XR, BQ ^d
57.04	Vegetable textile fibres	2.67	1 746	-3.73	

^aThe restriction applies to the following items of the Tariff Schedule of the United States (TSUS): 300.10.20; 300.10.40; 300.15.40; 300.15.60; and 300.20.00.

^bThe restriction applies to TSUS items 300.40.10; 300.40.25; 300.40.35 PT and 300.50 PT.

^cThe restriction applies to TSUS items 300.45 PT and 300.50 PT.

^dSubject to bilateral agreements under the textiles agreement (Multifibra).

Annex 4

CONDITIONS OF ACCESS TO THE UNITED STATES MARKET FOR EXPORTS
OF TEXTILES AND TEXTILE ARTICLES

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
51.04	Woven fabrics of man-made fibres (continuous)	26.30	1 943	2.35	XR (JAP)
55.09	Other cotton fabrics	15.86	39 832	-8.09	BQ ^b
56.05	Yarn of man-made fibres	23.30	741	-0.65	XR (JAP)
56.06	Yarn of man-made fibres (discontinuous)	26.80	40	2.85	XR (JAP)
56.07	Woven fabrics of man-made fibres (discontinuous)	40.04	6	16.42	XR (JAP)
59.04	Cordage, rope and cable	9.63 ^a	37 739	-14.32	XR (JAP), XR ^c
60.04	Undergarments, knitted or crocheted, not elastic	33.62	9 305	9.67	XR (JAP), XR ^c
60.05	Outer garments	27.79	73 378	3.84	XR (JAP), XR ^c
61.01	Men's and boys' outer garments	20.49	72 372	-3.46	XR (JAP), XR ^c BQ ^b
61.02	Women's and girls' outer garments	20.56	68 451	-3.39	XR (JAP), XR ^c BQ ^b
61.09	Corsets, suspenders, garters, etc.	25.00	57 550	1.05	XR (JAP), XR ^c
62.02	Bed linen, table linen, etc.	17.69	8 972	-6.26	XR (JAP), XR ^c BQ ^b

^aThe MFN rate is so low because item 59.04A3 1520, which makes up 81% of imports, is free of duty but with voluntary restrictions. If this item, which is of minor interest for Latin America, is excluded, the mean rate is 18.6%.

^bSubject to bilateral agreements under the textile agreement.

^cThe restriction applies to cotton.

Annex 5

CONDITIONS OF ACCESS TO THE UNITED STATES MARKET FOR EXPORTS OF MINERALS

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
26.01	Metallic ores	1.61	721 146	-2.08	L ^a
28.05	Alkali metals	9.50	201	5.81	
71.02	Precious and semi-precious stones	4.96	44 745	1.27	
71.05	Silver, unwrought or partly worked	5.25	114 614	1.56	
73.01	Pig iron	L	10 846	-3.69	
73.02	Other ferro-alloys	1.89	73 093	-1.80	
74.01	Copper	0.96	145 988	-2.73	
78.01	Lead and lead alloys	5.37	25 963	1.68	

^aThe restriction applies to the import of mercury. The United States has declared that it is not applying the notified restriction.

Annex 6

**CONDITIONS OF ACCESS TO THE UNITED STATES MARKET FOR EXPORTS
FROM LIGHT INDUSTRY NOT USING VERY ADVANCED TECHNOLOGIES**

<i>NCCC</i>	<i>Product description</i>	<i>MFN rate (percent- age)</i>	<i>Imports from Latin America (thousands of dollars)</i>	<i>Deviation from mean (percentage points)</i>	<i>Non-tariff barriers</i>
11.08	Starches and inulin	4.30	811	-5.05	
15.04	Fish oil	7.90	4	-1.45	
15.07	Vegetable oils	3.24	29 135	-6.11	
18.04	Cocoa butter	3.00	38 902	-6.35	
35.03	Gelatin and gelatin derivatives	7.50	4 156	-1.45	
38.08	Resin and resin acids	5.00	371	-4.35	
42.01	Saddlery	6.00	3 069	-3.35	
42.02	Travel goods, etc.	12.35	49 436	3.00	Q ^a
42.03	Articles of apparel of leather	19.03	69 318	9.68	
43.03	Articles of fur skins	11.10	1 766	1.75	
44.14	Veneer sheets	5.00	7 605	-4.35	
44.15	Plywood	13.73	4 492	4.38	
44.20	Wooden frames	6.00	15 796	-3.35	
44.25	Wooden tools, etc.	8.82	1 296	-0.53	
64.01	Footwear of rubber or plastic	17.40	2 944	8.05	VRA
64.02	Footwear of leather	9.07	195 029	-0.28	ASP, XR
64.03	Footwear of wood or cork	9.33	869	-0.02	
64.04	Footwear with soles of other materials	9.00	90	-0.35	XR (JAP)
64.05	Parts of footwear	4.25	12 753	-5.10	Q
68.11	Articles of cement	12.20	1 954	2.85	
69.08	Glazed setts, etc.	23.50	8 089	14.15	GQ, XR (JAP)
71.12	Jewellery	16.30	9 377	6.95	
73.10	Bars and rods, of iron or steel	6.39	12 460	-2.96	
73.15	Alloy steel	7.72	7 596	-1.63	GQ ^b
73.26	Wire, of iron or steel	L	2 557	-9.35	
73.32	Bolts, nuts, etc., of iron or steel	6.05	1 548	-3.30	NE
74.15	Bolts, nuts, etc., of copper	9.13	12	-0.22	
94.01	Chairs and seats and parts thereof	9.91	8 422	0.56	
97.03	Toys, n.e.s.	14.00	14 531	4.65	
97.04	Equipment for indoor games	8.50	6 330	-0.85	
97.05	Carnival articles and entertainment articles	13.88	1 029	4.53	

^aSubject to bilateral agreements.

^bThe restriction applies to the following TSUS items: 608.8540; 608.8840; 609.0630; 609.0720; 609.0820 which correspond to plates and sheets, 608.5810; 608.8810 which refer to 'plates', 608.5210; 609.5250 which correspond to bars; 608.7620; 608.7820 which correspond to rails, 608.5270; 608.7640; 608.7660; 608.7840; 608.7860; 608.8506; 608.8806; 609.0665; 609.0765; 609.0865 which correspond to steel tools. The quota is allocated by country.

Annex 7

**CONDITIONS OF ACCESS TO THE UNITED STATES MARKET FOR EXPORTS FROM
CAPITAL-INTENSIVE, HIGH-TECHNOLOGY INDUSTRIES**

<i>NCCC</i>	<i>Product description</i>	<i>MFN rate (percent- age)</i>	<i>Imports from Latin America (thousands of dollars)</i>	<i>Deviation from mean (percentage points)</i>	<i>Non-tariff barriers</i>
22.08	Ethyl alcohol or neutral spirits, denatured	4.00	3 004	-3.68	
25.23	Cement	0.20	9 872	-7.48	
28.10	Phosphorus pentoxide and phosphoric acids	4.45	45	-3.23	
28.11	Arsenic trioxide	L	1 354	-7.68	
28.16	Ammonia	L	404	-7.68	
29.05	Cyclic alcohols and their derivatives	19.60	329	11.92	
29.14	Monoacids and their derivatives	9.89	627	2.21	
29.15	Polyacids and their derivatives	11.77	6 698	4.09	
29.16	Oxygenated acids and their derivatives	9.65	1 241	1.97	
29.26	Imide-function compounds and imine-function compounds	9.35	58	1.67	
29.33	Hormones	—	—	—	
29.35	Heterocyclic compounds	10.89	7 836	3.21	
29.41	Glycosides and their derivatives	1.50	11	-6.18	
29.44	Penicillin and other antibiotics	3.50	289	-4.18	
30.01	Glands and their extracts	0.50	2 556	-7.18	
32.05	Organic dyestuffs	19.04	656	11.36	
33.01	Essential oils and resinoids	2.47	21 048	-5.21	
40.11	Rubber tyres and tubes	5.67	5 172	-2.01	
48.01	Paper and paperboard, in rolls or sheets	4.45	824	-3.23	
48.09	Fibreboards	7.50	10 370	-0.18	
48.21	Other articles of paper pulp or paperboard	5.60	26 349	-2.08	
70.04	Cast or rolled glass	2.35	21	-5.33	
70.05	Drawn or blown glass	11.72	886	4.04	
70.08	Safety glass	10.00	1 736	2.32	
70.13	Glassware	20.68	5 632	13.00	
70.14	Illuminating glassware	12.86	6 917	5.18	
82.12	Scissors and blades thereof	34.40	1 081	26.72	
84.06	Internal combustion engines	3.29	75 052	-4.39	
84.08	Other engines and motors	5.13	5 716	-2.55	
84.10	Pumps for liquids	4.75	2 951	-2.93	
84.17	Apparatus for treating materials	6.00	2 075	-1.68	
84.22	Lifting and loading machinery	5.00	2 476	-2.68	
84.36	Spinning machines	—	—	—	
84.37	Weaving machines and knitting machines	7.00	1	-0.68	
84.38	Machinery for heading 84.37	15.57	602	7.89	

Annex 7 (concluded)

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
84.39	Machinery for the manufacture of felt	7.25	47	0.43	
84.40	Machines for washing, drying, etc. of fabrics	7.70	131	0.02	
84.41	Sewing machines	5.15	4 801	-2.53	
84.51	Typewriters	2.50	2 825	-5.18	
84.52	Calculating machines	5.30	17 123	-2.38	
84.53	Statistical machines	5.25	21	-2.43	
84.55	Parts for headings 84.51 to 84.54	8.00	50 995	0.32	
84.62	Bearings	9.00	516	1.32	
84.63	Transmission shafts and cranks	11.30	3 269	3.62	
85.01	Electric power machinery	10.44	60 776	2.76	
85.03	Primary cells and primary batteries	8.50	59	0.82	
85.08	Electrical starting equipment	4.00	24 386	-3.68	
85.13	Electrical telephonic and telegraphic apparatus	7.75	9 826	-0.07	
85.15	Radio and television receivers and transmitters	7.42	398 545	-0.26	
85.18	Electrical capacitors	10.00	59 674	2.32	
85.19	Apparatus for breaking, etc., electrical circuits	6.20	110 998	-1.48	
85.21	Electric valves and tubes	12.00	166 758	4.32	
87.02	Passenger motor cars	3.50	205	-4.18	
87.06	Other parts for motor vehicles	2.90	112 146	-4.78	
87.07	Fork lift trucks, etc.	4.50	1 220	-3.18	
87.12	Parts for headings 87.09 to 87.11	9.50	7 940	1.82	
88.02	Flying machines, parachutes, etc.	8.75	401	1.07	p ^{a, b}
88.03	Parts for headings 88.01 and 88.02	8.75	8 582	1.07	
89.01	Ships, boats and other vessels not falling within any of the other headings	5.50	1 203	-2.18	p ^{a, b}
89.02	Tugs	—	—	—	p ^{a, b}
89.03	Light-vessels, dredgers, etc.	—	—	—	p ^{a, b}
92.11	Gramophones, dictating machines, etc.	5.50	9 324	-2.18	

^aThe United States Merchant Marine Act of 1920 prohibits foreign-built vessels in coastwise trade of the United States.

^bVessels, except yachts and pleasure boats, are not subject to the provisions of the Tariff Schedule of the United States.

Annex 8

**CONDITIONS OF ACCESS TO THE JAPANESE MARKET FOR EXPORTS OF AGRICULTURAL
RAW MATERIALS (EXCLUDING TEXTILES)**

<i>NCCC</i>	<i>Product description</i>	<i>MFN rate (percent- age)</i>	<i>Imports from Latin America (thousands of dollars)</i>	<i>Deviation from mean (percentage points)</i>	<i>Non-tariff barriers</i>	
02.01	Meat and offals of bovine animals, sheep, goats	11.88	67 710	-15.40	DL ^a	HS
02.04	Meat and offals, n.e.s., F.C.F.	L	1 153	-27.28		
03.01	Fish, F.C.F.	6.05	5 721	-21.23	DL ^b	
03.02	Fish, dried, salted or smoked	11.25	98	-16.03	DL ^b	
03.03	Crustaceans and molluscs	8.00	101 108	-19.28	DL, CG	
04.06	Natural honey	30.00	9 326	2.72		
07.01	Vegetables, fresh	8.00	110	-19.28		HS, QR
07.05	Dried leguminous vegetables	8.83	1 168	-18.45	DL ^c , Q	HS, QR
08.01	Dates, bananas, avocados, etc.	11.67	9 669	-15.61		
08.02	Citrus fruit, fresh or dried	16.67	969	-10.61	DL ^d , Q	
08.10	Fruit, preserved by freezing, not containing sugar	20.00	217	-7.28		HS, QR
09.01	Coffee, green or roasted	10.00	181 982	-17.28		
10.05	Maize (corn), unmilled	7.50	9 682	-19.78		
12.01	Oilseeds and oleaginous fruits	4.68	38 161	-22.60	DL, Q	
17.01	Raw sugar	35.40	85 926	8.12		
18.01	Cocoa beans	L	11 065	-27.28		
24.01	Tobacco, unmanufactured	355.00	13 539	327.72	ST	
41.01	Bovine and equine hides, undressed	L	3 151	-27.28		
44.03	Wood in the rough	0.83	2 050	-26.45		
44.04	Wood, squared	L	3	-27.28		

^aIncluding the tariff for heading 24.01; the restriction applies to meat and offals of the animals included in position 01.02, except for tongue and internal organs.

^bExcluding the tariff for heading 24.01; the restriction applies to herring, mackerel and sardines.

^cExcept for green beans intended for sowing.

^dThe restriction applies to fresh oranges and tangerines.

Annex 9

**CONDITIONS OF ACCESS TO THE JAPANESE MARKET FOR EXPORTS OF
PROCESSED FOOD PRODUCTS**

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers	
04.04	Cheese and curd	35.00	9	7.08	DL ^a , Q	HS
16.02	Other prepared or preserved meat	18.75	2 806	-9.17	DL, Q	HS
16.03	Meat extracts and meat juices	20.00	43	-7.92		
17.01	Refined sugar	35.40	85 926 ^b	7.48		
18.03	Cocoa paste	15.00	848	-12.92		
18.06	Chocolates and food preparations	35.00	4 843	7.08	NE (standard for label- ings, marking, etc.)	
20.02	Vegetables, preserved or prepared	25.00	623	-2.92		
20.03	Fruit preserved by freezing	35.00	772	7.08		
20.05	Jams, marmalades, fruit pastes	35.00	453	7.08	DL ^c , Q, NE	HS
20.07	Fruit juices and vegetable juices	25.00	408	-2.92	DL, Q	

^aThe restriction does not apply to natural cheese.^bAlso including unrefined sugar.^cThe restriction does not apply to fruit purées and pastes.

Annex 10

**CONDITIONS OF ACCESS TO THE JAPANESE MARKET FOR EXPORTS
OF TEXTILE RAW MATERIALS**

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers	
50.01	Silk-worm cocoons	5.50	1 769	2.19		
50.02	Raw silk	7.50	4 049	4.19		
50.03	Silk waste	L	918	-3.31		
50.04	Silk yarn, other than yarn of noil or other waste silk	7.50	10 737	4.19		
50.05	Yarn spun from silk waste other than noil	15.00	57	11.69		
53.01	Sheep's or lambs' wool, not carded or combed	L	5 516	-3.31		
53.05	Sheep's or lambs' wool or other animal hair, carded or combed	L	11 419	-3.31		
55.01	Cotton, not carded or combed	L	316 678	-3.31		
55.02	Cotton linters	L	3 261	-3.31		
55.03	Cotton waste	L	6	-3.31		
55.05	Cotton yarn	4.27	3 469	0.96		
57.04	Other vegetable textile fibres	L	38	-3.31		

Annex 11

CONDITIONS OF ACCESS TO THE JAPANESE MARKET FOR EXPORTS OF
TEXTILES AND TEXTILE ARTICLES

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
55.09	Other woven fabrics of cotton	7.30	56	-7.74	
59.04	Twine, cordage, ropes and cables	7.50	378	-7.54	
60.04	Undergarments, knitted or crocheted, not elastic	14.00	2	-1.04	
60.05	Outer garments	19.83	212	4.79	
61.01	Men's outer garments	18.81	50	3.77	
61.02	Women's outer garments	19.95	66	4.91	
61.09	Corsets, suspender-belts, brassieres, etc.	17.50	33	2.46	
62.02	Bed linen, table linen, kitchen linen, etc.	15.44	139	0.40	

Annex 12

CONDITIONS OF ACCESS TO THE JAPANESE MARKET FOR EXPORTS OF MINERALS

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
26.01	Metallic ores	L	849 276	-4.7	DL ^a
28.05	Alkali metals	7.50	4	2.8	
71.02	Precious and semi-precious stones	1.67	29 220	-3.0	
71.05	Silver	3.00	60 336	-1.7	
73.02	Ferro-alloys	8.13	12 932	3.4	
74.01	Undergarments, knitted or	6.40	77 830	1.7	
78.01	Unwrought lead	6.15	9 337	1.4	

^aThe restriction applies to gold ore and radioactive ores.

Annex 13

**CONDITIONS OF ACCESS TO THE JAPANESE MARKET FOR EXPORTS FROM
CAPITAL-INTENSIVE, HIGH-TECNOLOGY INDUSTRIES**

<i>NCCC</i>	<i>Product description</i>	<i>MFN rate (percent- age)</i>	<i>Imports from Latin America (thousands of dollars)</i>	<i>Deviation from mean (percentage points)</i>	<i>Non-tariff barriers</i>
22.08	Ethyl alcohol or neutral spirits	65.08	20 041	54.08	ST ^a
29.05	Cyclic alcohols	18.75	20	7.71	
29.15	Polyacids	10.00	36	-1.00	
29.16	Alcohol-acids	13.33	349	2.33	
29.26	Imide-function compounds and imine-function compounds	11.25	72	0.25	
29.35	Heterocyclic compounds	13.13	4 531	2.13	
29.44	Antibiotics	9.25	340	-1.75	
30.01	Glands and their extracts	5.00	68	-6.00	
32.05	Organic dyestuffs	12.50	22	1.50	
33.01	Essential oils	6.50	3 588	-4.50	
39.06	Other artificial plastic materials	10.00	32	-1.00	
40.01	Natural rubber	8.00	129	-3.00	
48.21	Other articles of paper pulp or paperboard	5.00	8	-6.00	
70.08	Safety glass	12.50	1	1.50	
70.13	Glassware	13.33	59	3.33	
70.14	Illuminating glassware	9.00	17	-2.00	
82.12	Scissors and blades thereof	9.00	49	-2.00	
84.06	Internal combustion engines	12.40	456	2.40	
84.08	Other engines and motors	6.00	32	-5.00	DL
84.10	Pumps	12.50	22	2.50	
84.22	Lifting, handling, etc. machinery	7.50	10	-3.50	
84.37	Weaving machines and knitting machines	7.50	6	-3.50	
84.38	Machinery for heading 84.37	10.00	1	-1.00	
84.41	Sewing machines	7.50	13	-3.50	
84.51	Typewriters	10.00	236	-1.00	
84.52	Calculating machines	9.00	216	-2.00	
84.53	Statistical machines	13.00	16 949	2.00	
84.55	Parts for headings 84.51 to 84.54	10.00	13 689	-1.00	
84.63	Transmission shafts, cranks, etc.	7.50	120	-3.50	
85.01	Electric power machinery	7.78	57	-3.22	
85.08	Electrical starting equipment	6.00	1	-5.00	
85.13	Electrical telephonic and telegraphic apparatus	7.00	2 328	-4.00	
85.15	Television and radio receivers and transmitters	7.92	1 567	-3.08	
85.18	Electrical capacitors	7.50	17	-3.50	

Annex 13 (concluded)

<i>NCCC</i>	<i>Product description</i>	<i>MFN rate (percent- age)</i>	<i>Imports from Latin America (thousands of dollars)</i>	<i>Deviation from mean (percentage points)</i>	<i>Non-tariff barriers</i>
85.19	Apparatus for breaking, etc., electrical circuits	7.50	232	—3.50	
85.21	Electric valves and tubes	11.83	322	0.83	DL
87.06	Other parts for motor vehicles	15.00	3 520	4.00	
87.12	Parts for headings 87.09 to 87.11	10.00	2	—1.00	
89.03	Light-vessels, dredgers, etc.	7.50	20 265	—3.50	
92.11	Gramophones, dictating machines, etc.	7.50	—	—3.50	

^aThe restriction applies to ethyl alcohol of a strength of 90° or more.

Annex 14

CONDITIONS OF ACCESS TO THE JAPANESE MARKET FOR EXPORTS FROM
LIGHT INDUSTRY NOT USING VERY ADVANCED TECHNOLOGIES

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
15.07	Vegetable oils	7.78	3 972	-2.49	
18.04	Cocoa butter	5.00	5 731	-5.27	
23.01	Flours and meals of meat, fish, etc.	L	15 328	-10.27	
23.04	Oil-cake, vegetable	5.00	16 747	-5.27	
34.04	Artificial waxes	10.00	346	-0.27	
35.01	Casein	L	175	-10.27	
38.08	Rosin and resin acids	L	1 156	-10.27	
41.02	Bovine cattle leather and equine leather	15.00	1	4.73	DL, Q
41.03	Sheep and lamb skin leather	12.50	8	2.23	DL, Q ^a
41.04	Goat and kid skin leather	5.00	71	-5.27	DL
41.05	Other kinds of leather	9.29	1 859	-0.98	DL
42.01	Saddlery	13.75	4	3.48	
42.02	Travel goods	11.94	96	1.67	
42.03	Articles of apparel of leather	13.33	144	3.06	
43.02	Furskins, tanned	15.00	3 049	4.73	
43.03	Articles of furskin	20.00	588	9.73	
44.05	Sawn wood	1.79	2 241	-8.48	
44.13	Planed wood	18.33	1 867	8.06	
44.25	Wooden tools, etc.	6.25	13	-4.02	
64.02	Footwear with outer soles of leather	23.50	527	13.23	DL, Q ^b
64.05	Parts of footwear	20.00	467	9.73	
68.11	Cement, etc.	7.50	6	-2.73	
69.08	Glazed sets, etc.	5.00	3	-5.27	
71.11	Goldsmiths' silversmiths' and jewellers' sweepings	17.50	318	7.23	
71.12	Jewellery	20.00	4	9.73	
73.10	Bars and rods, of iron or steel	7.50	4	-2.77	
73.15	Alloy steel	6.00	2	-4.27	
73.32	Bolts and nuts, of iron and steel	7.50	6	-2.77	
94.01	Chairs and other sets	11.67	306	1.40	
97.03	Toys	10.00	154	-0.27	
97.04	Equipment for parlour, table and funfair games for adults or children	12.50	7	2.23	
97.05	Carnival articles	10.00	1	-0.27	

^aContingency quotas are applied only to imports of dried, tinted or embossed leather

^bNo contingency quotas are applied to sports footwear or slippers.

Annex 15

CONDITIONS OF ACCESS TO THE EEC MARKET FOR EXPORTS OF AGRICULTURAL RAW MATERIALS (EXCLUDING TEXTILES)

NCCC	Product description	MFN rate (percentage)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
02.01	Meat and offals of bovine animals, sheep and goats	11.32 ^a	272 334	2.45	GQ, DL, MP, QR, IT, HS, VL
02.04	Meat and offals, n.e.s., F.C.F.	10.00	17 856	1.13	HS
02.06	Meat and offals, n.e.s., dried salted, smoked	12.33 ^a	709	3.46	DL HS VL
03.01	Fish, F.C.F.	12.71	26 100	3.84	L
03.02	Fish, dried, salted or smoked	11.67	1 314	2.80	
03.03	Crustaceans and molluscs	13.61	14 511	4.74	L HS
04.06	Natural honey	27.00	33 581	18.13	BQ, L ^b HS
07.01	Vegetables, fresh	15.87	26 484	7.00	SR, BQ, GQ, P HS VL
07.05	Dried leguminous vegetables	3.83	29 833	-5.04	
08.01	Dates, bananas, avocados, etc.	7.44	343 108	-1.43	R, GQ ^c HS
08.02	Citrus fruit, fresh or dried	12.60	24 553	3.73	L, GQ HS
08.04	Grapes, fresh or dried	14.67	556	5.80	SR, DL HS
08.06	Apples, pears, fresh	10.00 ^a	59 745	1.13	HS
08.10	Fruit preserved by freezing, not containing sugar	19.00	250	10.13	
08.13	Peel of melons and citrus fruit	2.00	542	-6.87	
09.01	Coffee	13.20	1 515 736	4.33	
10.01	Wheat	0.00 ^a	41 189	-8.87	IT VL
10.05	Maize	0.00 ^a	251 006	-8.87	IT VL
12.01	Oil seeds and oleaginous fruits	0.00	457 982	-8.87	HS
17.01	Sugar, solid	0.00 ^a	256 275	-8.87	IT VL
18.01	Cocoa beans	5.40	51 305	-3.47	
24.01	Unmanufactured tobacco	19.00 ^d	160 615	10.13	ST
41.01	Raw hides and skins	L	28 546	-8.87	
44.03	Wood in the rough	L	2 707	-8.87	DL, R
44.04	Wood, squared	L	2 015	-8.87	DL, R

^aAll or part of the heading bears an MFN rate of 0.0, but is affected by variable levies. In some cases also specific internal taxes.

^bDoes not apply to OECD member countries.

^cThe United Kingdom applies the restriction to the dollar area only.

^dIn addition to the *ad valorem* MFN rate, bears a specific tariff.

Annex 16

CONDITIONS OF ACCESS TO THE EEC MARKET FOR EXPORTS OF
PROCESSED FOOD PRODUCTS

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
04.02	Milk and cream, evaporated or condensed	0.00 ^a	622	-13.83	VL
04.04	Cheese and curd	0.00 ^a	5 251	13.83	HS VL
07.02	Vegetables, frozen	18.00	464	4.17	
07.03	Vegetables in preservative	12.00	57	-1.83	VC
08.11	Fruit in preservative	10.83	713	-3.00	BQ
16.02	Other prepared or preserved meat	14.40 ^{a, b}	127 238	0.57	DL
16.03	Meat extracts and meat juices	3.50	25 969	-10.33	HS
17.01	Sugar (refined)	0.00 ^a	256 275	-13.83	IT
17.03	Molasses	0.00	55 250	-13.83	IT
18.03	Cocoa paste	15.00	761	1.17	
18.06	Chocolates and food preparations	24.00 ^b	57	10.17	LL
20.01	Vegetables and fruit, prepared	22.00 ^b	10	8.17	HS
20.02	Vegetables, prepared or preserved	21.80	3 926	7.97	DL
20.03	Fruit preserved by freezing, containing added sugar	26.00 ^b	31	12.17	IT
20.05	Jams, marmalades, fruit jellies, fruit pastes	29.00 ^b	233	15.17	IT
20.07	Fruit juices and vegetable juices	24.70 ^b	62 858	10.87	LL, BQ, DL ^c , Q ^c , RLe, IT

^aAll or part of the heading bears an MFN rate of 0.0, but is affected by variable levies and in some of them specific internal taxes were identified.

^bIn addition to the *ad valorem* MFN rate, these bear a specific duty.

^cApplies only to juices of citrus fruit, excluding grapefruit.

Annex 17

CONDITIONS OF ACCESS TO THE EEC MARKET FOR EXPORTS OF TEXTILE
RAW MATERIALS

<i>NCCC</i>	<i>Product description</i>	<i>MFN rate (percent- age)</i>	<i>Imports from Latin America (thousands of dollars)</i>	<i>Deviation from mean (percentage points)</i>	<i>Non-tariff barriers</i>
50.02	Raw silk	5.00	4 455	0.01	DL
50.03	Silk waste	L	50	-4.99	DL
50.04	Silk yarn, other than yarn of noil or other waste silk, not put up	7.00	4	2.01	DL
50.05	Yarn spun from silk waste other than noil	3.50	15	-1.49	DL
53.01	Sheep's or lambs' wool, not carded or combed	L	125 424	-4.99	
53.05	Sheep's or lambs' wool or other animal hair, carded or combed	3.00	67 055	-1.99	
55.01	Cotton, not carded or combed	L	144 099	-4.99	
55.02	Cotton linters	L	5 226	-4.99	
55.04	Cotton, carded or combed	1.50	1	-3.49	
55.05	Cotton yarn	6.25	82 880	1.26	XR
56.01	Man-made fibres, not carded	9.00	68	4.01	
56.04	Man-made fibres, discontinuous	8.50	1	3.51	
56.05	Yarn of man-made fibres, not put up	11.00	755	6.01	BQ(JAP)
56.06	Yarn of man-made fibres, put up	14.00	6	9.01	
56.07	Woven fabrics of man-made fibres	16.00	1 972	11.01	BQ(JAP), DL BQ(POL), GQ LL-(list A)
57.04	Other vegetable textile fibres	L	17 995	-4.99	
55.03	Cotton waste	L	2 150	-4.99	

Annex 18

**CONDITIONS OF ACCESS TO THE EEC MARKET FOR EXPORTS OF
TEXTILES AND TEXTILE ARTICLES**

<i>NCCC</i>	<i>Product description</i>	<i>MFN rate (percent- age)</i>	<i>Imports from Latin America (thousands of dollars)</i>	<i>Deviation from mean (percentage points)</i>	<i>Non-tariff barriers</i>
51.04	Woven fabrics of man-made fibres, continuous	14.00	107	-0.45	DL, GQ
55.09	Other cotton fabrics, woven	14.00	66 558	-0.45	DL, XR
59.04	Cordage, cable, rope, etc.	13.00	7 338	-1.45	XR ^a
60.04	Undergarments, knitted or crocheted, not elastic	17.00	11 851	2.55	XR ^a , DL ^a
60.05	Outer garments	13.83	9 275	-0.62	XR ^a , DL ^a , LL (list A), GQ ^b
61.01	Men's and boys' undergarments	17.00	16 223	2.55	XR ^a , DL ^a , BQ ^b
61.02	Women's and girls' outer garments	13.75	8 231	-0.70	BQ ^b , DL ^a , XR ^a , GQ
61.09	Corsets, suspenders, garters, etc.	8.50	3 573	-5.95	XR ^a
62.02	Bed linen, table linen, etc.	19.00	29 073	4.55	BQ ^b , DL, XR ^a

^aThe restriction applies to cotton.^bThe restriction applies to certain specific countries.

Annex 19

CONDITIONS OF ACCESS TO THE EEC MARKET FOR EXPORTS OF MINERALS

<i>NCCC</i>	<i>Product description</i>	<i>MFN rate (percent- age)</i>	<i>Imports from Latin America (thousands of dollars)</i>	<i>Deviation from mean (percentage points)</i>	<i>Non-tariff barriers</i>
26.01	Metallic ores	L	1 045 867	-3.25	
28.05	Alkali metals	14.40	163	11.15	
71.02	Precious and semi-precious stones	1.33	40 342	-1.92	
71.05	Silver, unwrought or partly worked	L	35 344	-3.25	
73.01	Pig iron	4.00	44 902	0.75	BQ ^a , DL ^a
73.02	Other ferro-alloys	3.83	73 870	0.58	DL ^b
74.01	Copper	L	589 164	-3.25	
78.01	Lead and lead alloys	2.40	15 388	-0.85	

^aThe restriction applies to certain countries.^bThe restriction applies to certain ferro-alloys.

Annex 20

**CONDITIONS OF ACCESS TO THE EEC MARKET FOR EXPORTS OF LIGHT
INDUSTRY NOT USING VERY ADVANCED TECHNOLOGIES**

<i>NCCC</i>	<i>Product description</i>	<i>MFN rate (percent- age)</i>	<i>Imports from Latin America (thousands of dollars)</i>	<i>Deviation from mean (percentage points)</i>	<i>Non-tarif barriers</i>
11.08	Starches and inulin	0.00 ^a	767	-7.17	VL
15.04	Fish oil	L	6 496	-7.17	
15.07	Vegetable oils	5.50 ^a	117 151	-1.67	VL
18.04	Cocoa butter	12.00	39 027	4.83	
23.01	Fish meal	1.00	85 206	-6.17	
23.04	Oil-cake and residues of vegetable oils	L	537 817	-7.17	
31.03	Phosphatic fertilizers	4.80	5 325	-2.37	
34.04	Artificial waxes	8.00	7 480	0.83	
35.01	Casein, caseinates	9.50	1 514	2.33	
35.03	Gelatin and gelatin derivatives	12.00	1 211	4.83	
38.08	Rosin and resin acids	5.00	1 429	-2.17	
41.02	Leather	4.00	100 351	-3.17	DL, R
41.03	Leather of sheep and lamb skins	4.00	2 371	-3.17	DL
41.04	Goat and kid skin leather	2.83	3 569	-4.34	
41.05	Other leather	2.83	13 827	-4.34	
42.01	Saddlery	9.00	1 069	1.83	
42.02	Travel goods, etc.	11.25	13 865	4.08	
42.03	Articles of apparel of leather	10.00	11 567	2.83	
43.02	Fur skins, tanned or dressed	2.25	27 441	-4.92	
43.03	Articles of furskins	8.25	32 861	1.08	
44.05	Sawn lumber, conifer	0.00	57 192	-7.17	
44.13	Sawn lumber, non-conifer	5.00	17 950	-2.17	
44.14	Veneer sheets	3.50	16 650	-3.67	
44.15	Plywood	13.00	10 324	5.83	
44.19	Wooden beadings and mouldings	7.50	371	0.33	
44.20	Wooden frames	7.50	29	0.33	
44.25	Wooden tools, etc.	6.25	5 470	-0.92	
64.01	Footwear of rubber or plastic	20.00	13	12.83	R, BQ, GQ
64.02	Footwear of leather	14.00	28 264	6.83	R, BQ, GQ
64.03	Footwear of wood or cork	9.00	52	1.83	R
64.04	Footwear with soles of other materials	7.00	8	-0.17	

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
64.05	Parts of footwear	7.75	4 654	0.58	
68.11	Articles of cement	4.00	3	-3.17	
69.08	Glazed setts, etc.	12.00	274	4.83	DL, BQ ^b
71.12	Jewellery	6.75	1 902	-0.42	
73.10	Bars and rods, of iron or steel	6.50	4 930	-0.67	
73.15	Alloy steel	7.00	2 306	-0.17	R
73.32	Bolts, nuts, etc., of iron or steel	9.00	1 169	1.83	R, BQ
94.01	Chairs and seats, and parts thereof	7.25	1 707	0.08	
97.03	Toys, n.e.s.	17.50	1 733	10.33	BQ ^b , DL ^b , R
97.04	Equipment for indoor games	8.50	353	1.33	
97.05	Carnival articles and enter- tainment articles	10.00	60	2.83	

^a All or part of the position bears an MFN rate of 0.0, but is subject to variable levies.

^b The restriction applies to various countries.

Annex 21

**CONDITIONS OF ACCESS TO THE EEC MARKET FOR EXPORTS FROM
CAPITAL-INTENSIVE AND HIGH-TECHNOLOGY INDUSTRIES**

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
22.08	Ethyl alcohol or neutral spirits, denatured	— ^a	67	—	DL, ST, P
28.10	Phosphorus pentoxide and phosphoric acids	13.20	6 054	4.43	
28.11	Arsenic trioxide	6.40	5	—2.37	
28.16	Ammonia	11.20	6 585	2.43	
29.05	Cyclic alcohols and their deri- vatives	11.20	5 735	2.43	
29.14	Monoacids and their derivatives	11.40	444	2.63	
29.15	Polyacids and their derivatives	11.20	31	2.43	
29.16	Oxygenated acids and their derivatives	13.89	9 672	5.12	
29.26	Imide-function compounds and imine-function compounds	13.60	455	4.83	
29.35	Heterocyclic compounds	11.60	14 117	2.83	
29.41	Glycosides and their derivatives	14.40	321	5.63	
30.01	Glands and their extracts	7.73	6 325	—1.04	
32.05	Organic dyestuffs	11.17	508	2.40	R
33.01	Essential oils and resinoids	7.00	19 129	—1.77	DL
39.06	Other artificial plastic materials	16.00	12 045	7.23	
40.11	Rubber tyres and tubes	9.00	199	0.23	BQ, L, QR
48.01	Paper and paperboard, in rolls or sheets	9.00	597	0.23	ST, BQ, DL
48.09	Fibreboards	11.00	13 727	2.23	
48.21	Other articles of paper pulp or paperboard	14.00	148	5.23	
70.08	Safety glass	9.00	24	0.23	
70.13	Glassware	15.50	1 471	6.73	R
70.14	Illuminating glass ware	9.67	121	0.90	
82.12	Scissors and blades thereof	10.50	560	1.73	
84.06	Internal combustion engines	7.50	44 203	—1.27	BQ, QR
84.08	Other engines and motors	5.57	1 228	—3.20	
84.10	Pumps for liquids	6.50	909	—2.27	
84.17	Apparatus for treating materials	6.25	2 886	—2.52	
84.22	Lifting and loading machinery	7.00	842	—1.77	
84.36	Spinning machines	5.00	14	—3.77	
84.37	Weaving machines and knitting machines	6.00	141	—2.77	
84.38	Machinery for heading 84.37	5.00	482	—3.77	
84.40	Machines for washing, drying, etc., of fabrics	6.25	7	—2.52	
84.41	Sewing machines	8.50	1 228	—0.27	AL, QR, Q

Annex 21 (concluded)

NCCC	Product description	MFN rate (percent- age)	Imports from Latin America (thousands of dollars)	Deviation from mean (percentage points)	Non-tariff barriers
84.51	Typewriters	6.50	310	-2.27	
84.52	Calculating machines	9.75	2 795	0.98	
84.53	Statistical machines	7.00	16 007	-1.77	
84.55	Parts for headings 84.51 to 84.54	8.25	5 460	-0.52	
84.62	Bearings	9.00	1 109	0.23	
84.63	Transmission shafts, cranks, etc.	7.00	1 890	-1.77	
85.01	Electric power machinery	6.50	1 278	-2.27	BQ
85.08	Electrical starting equipment	8.17	226	-0.60	
85.13	Electrical telephonic and tele- graphic apparatus	7.00	7 889	-1.77	
85.15	Television and radio receivers and transmitters	10.00	734	1.23	BQ, DL, QR
85.18	Electrical capacitors	7.00	2 019	-1.77	
85.19	Apparatus for breaking, etc., electrical circuits	8.17	3 357	-0.60	
85.21	Electric valves and tubes	10.50	9 952	1.73	BQ, DL, LIC, QR
87.02	Passenger motor cars	11.00	2 451	2.23	DL, QR, P ^b
87.06	Other parts for motor vehicles	8.67	36 379	-0.10	QR
87.07	Fork lift trucks, etc.	8.00	723	-0.77	
87.12	Parts for headings 87.09 to 87.11	8.75	78	-0.02	QR
88.02	Flying machines, rotorhutes, etc.	12.00	5	3.23	DL, QR
88.03	Parts for headings 88.01 and 88.02	5.00	3 280	-3.77	
89.01	Ships, boats and other vessels not falling within any of the other head- ings	4.00	644	-4.77	DL, QR
89.02	Tugs	L	58	-8.77	QR, P
89.03	Light-vessels, dredgers, etc.	L	241	-8.77	
92.11	Gramophones, dictating machines, etc.	8.67	7 704	-0.10	

^aThis position bears a specific duty and the *ad valorem* equivalent could not be calculated.

^bIn Ireland only.