

Conclusions

While this report has focused on relative relationships among tariffs across countries and commodities, in each slice of the data a story of high tariffs emerged. With the global average tariff estimated at 62 percent, it is not surprising that high tariffs characterize most countries' agricultural schedules. Only in a very few cases was a country's agricultural tariff average close to the industrial country 5-percent average for tariffs on imports of manufactures (e.g., the average agricultural tariff for Australia). Given the high level of protection that high tariffs allow, current (Burfisher et al.) analysis shows that tariffs contribute the largest share of the cost of current agricultural protection and, thus, should be a priority for the next round of trade negotiations.

Across regions and countries, a few stand out with high average levels of protection. Mean agricultural tariffs are over 100 percent in South Asia (113 percent) and the non-EU countries of Western Europe (104 percent). In Africa, average tariffs for the Sub-Saharan and northern regions range from 71 to 75 percent. The average rate in Central America is about 54 percent, followed by Eastern Europe, where the average tariff is 49 percent. Tariffs in the EU, Asia-Pacific, and South America range between 30 and 39 percent. At 25 percent, North America registered the lowest regional tariff average. The large differences in average tariffs across countries indicate the potential for farmers in one country to benefit from protection while reducing prices and incomes of farmers in other countries.

Across commodities, tobacco, meat, dairy, sugar, and sweetener products generally have the highest tariffs. For other commodities, high protection may exist in selective countries. For example, in some regions, such as Asia-Pacific, Europe, and the Middle East, comparatively high tariffs within each respective region are recorded for several categories of prepared vegetables. For these commodities, the global profile of tariffs indicates that producers in some countries benefit from high levels of protection at the expense of producers of those commodities in other countries.

Megatariffs contribute to, but do not explain, the high overall tariff averages. Comparisons of means and medians across countries and commodities uncover cases where megatariffs largely explain the high mean or average tariffs for a specific commodity. However, in many cases similar values of means and medians

indicate uniformly high tariff levels. The overall picture is one of high tariffs across a large number of regions, countries, and commodities.

As might be expected from their relationship with products previously protected by nontariff barriers, TRQs are associated with high tariffs and sensitive sectors. The average over-quota tariff of 128 percent is slightly more than two times the overall average. This is a product of the Uruguay Round tariffication process, which accommodated the conversion of some base period NTBs into very high tariff equivalents. These new tariffs were set at such high levels that no imports, other than those provided by the minimum access amount, are likely to enter. Both surprising and contrary to the principle that TRQs should provide market access is the estimated average in-quota tariff of 63 percent—slightly above the average of 62 percent for all other tariffs. A number of countries have bound their in-quota rates at extremely high levels, even though the process of tariffication called for minimum access to be provided “on the basis of a tariff quota at a low or minimal rate.” While it is true that no numerical rule defined “low or minimal,” these rates would seem to contradict the spirit of the agreement.

Both developing and developed countries have high average tariffs, but tariffs for developed countries show more variation across commodities. Developed countries' high tariffs are concentrated in dairy, meats, sugar, and sweeteners while developing countries provide more uniform tariffs across commodities. The method of providing extremely high protection varies as megatariffs in developed countries often form the over-quota tariff in a TRQ, while those in developing countries do not. This suggests that in developed countries, at least, some market access may be provided at the generally lower in-quota tariff in those markets affected by megatariffs. At the same time, we found that many developing countries levy applied tariffs that are considerably below the bound rates.

The role of developing countries in future WTO negotiations is likely to increase significantly. A major contribution of this study is the breadth of developing country coverage, a feature that has generally been lacking in previous studies of agricultural market access. While the variation in tariff protection across developing countries is considerable, our results indicate that bound agricultural tariffs in developing coun-

tries are considerably higher, on average, than in developed countries. This is, in part, a reflection of the special and differential treatment provided to these countries, particularly the flexibility provided on ceiling bindings and the lower reduction commitments.

These results are important for several reasons. First, they contradict assertions that the Uruguay Round did not provide reciprocity for developing countries; specifically, that the mutual concessions agreed to in agriculture benefitted developed countries at the expense of developing countries. This assertion is often accompanied by claims that Uruguay Round market access concessions have damaged the agricultural sectors in these countries. This view also does not appear to be supported by the evidence. On the contrary, the comparisons between bound and applied rates, where data on applied tariffs is available, suggest that much of the market access being provided for agricultural imports by developing countries is taking place at rates that are well below their WTO bindings.

Second, while developing countries continue to face tariff peaks and tariff escalation in developed country markets, they also face these problems in trade between themselves, even perhaps to a greater extent. As results for the United States, the EU, and Japan indicate, one-quarter of all tariff-lines in these countries are duty-free, involving a large number of products of export interest to developing countries. In addition, the actual tariff rates these countries apply to imports from individual developing countries are often lower than the MFN rate would indicate, due to the existence of the Generalized System of Preferences which provides for lower rates for selected countries and commodities, and to other concessions afforded through various preferential trading arrangements.

No matter how one views tariff data across countries and commodities, high average tariffs create barriers to

markets for U.S. and other farmers. The height of the average tariff signals the need for large cuts to expand market access broadly in agriculture. In addition, the presence of megatariffs, particularly those that form the in-quota rate of a TRQ, points to the need to aggressively cut tariffs in some sectors if any additional market access is to be provided.

Finally, our findings have uncovered a number of other market access issues, beyond simply the high level of tariffs, which deserve consideration. As already mentioned, the complexity of many country tariff schedules makes it very difficult to compare tariffs across countries and commodities. In particular, matching tariffs and imports is a laborious and cumbersome process. If tariffs and imports were matched, it would be easier to approximate ad valorem equivalents for non-ad valorem tariffs as well as use import weights to calculate mean tariffs. The former is especially important because of the lack of transparency associated with non-ad valorem tariffs. As already noted, the non-ad valorem equivalents of these tariffs tend to be higher than their ad valorem cousins. One of the reasons for this almost certainly derives from their lack of transparency, which serves to hide the actual level of protection being provided. The difficulties associated with deciphering TRQs also bears mentioning. Some countries scheduled TRQs in ways that require careful interpretation of each line, and in some cases TRQs appear to cover a number of overlapping tariff lines. While these are problems that confront researchers attempting to unravel the accomplishments of the Uruguay Round, they must surely have also hindered negotiators attempting to assess or quantify the extent or importance of other countries' tariff concessions. As such, there would appear to be considerable merit in establishing certain rules for imposing consistency and transparency across tariff schedules.