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Improving market access for agricultural products: RTAs and other preferential treatments



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Outline

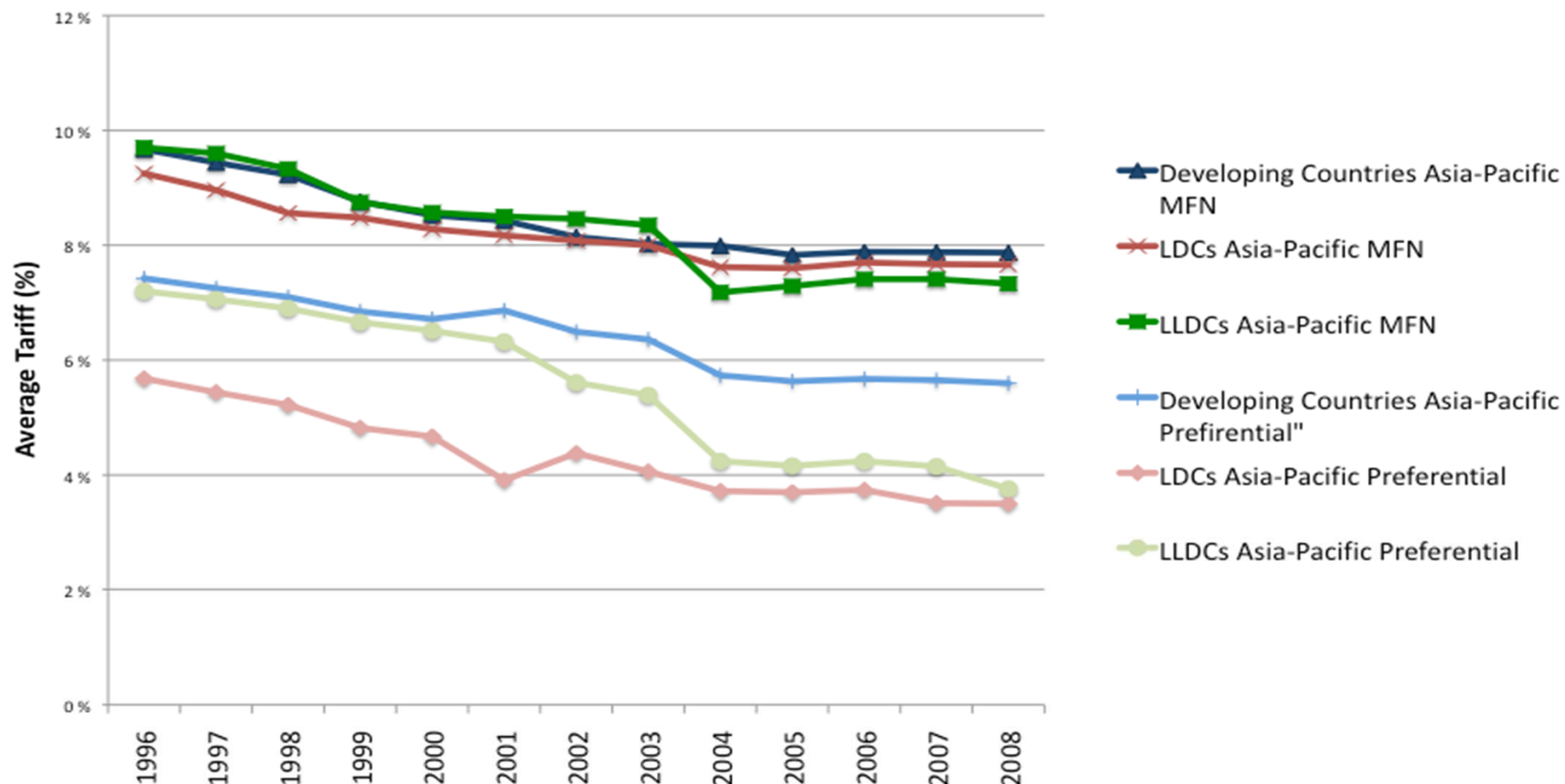
- MFN vs. preferential treatment
- Reciprocal preferential agreements in Asia-Pacific
 - Trends and developments with RTAs
 - Focus on agriculture
- Market access through preferential treatment granted by developed countries
 - MDG-8 Market access indicators for developing and LDCs (and LLDCs) of Asia-Pacific
- South-South non-reciprocal preferential market access

MFN vs. Preferential Treatment



“Preferential liberalization implies both trade liberalisation and trade discrimination”

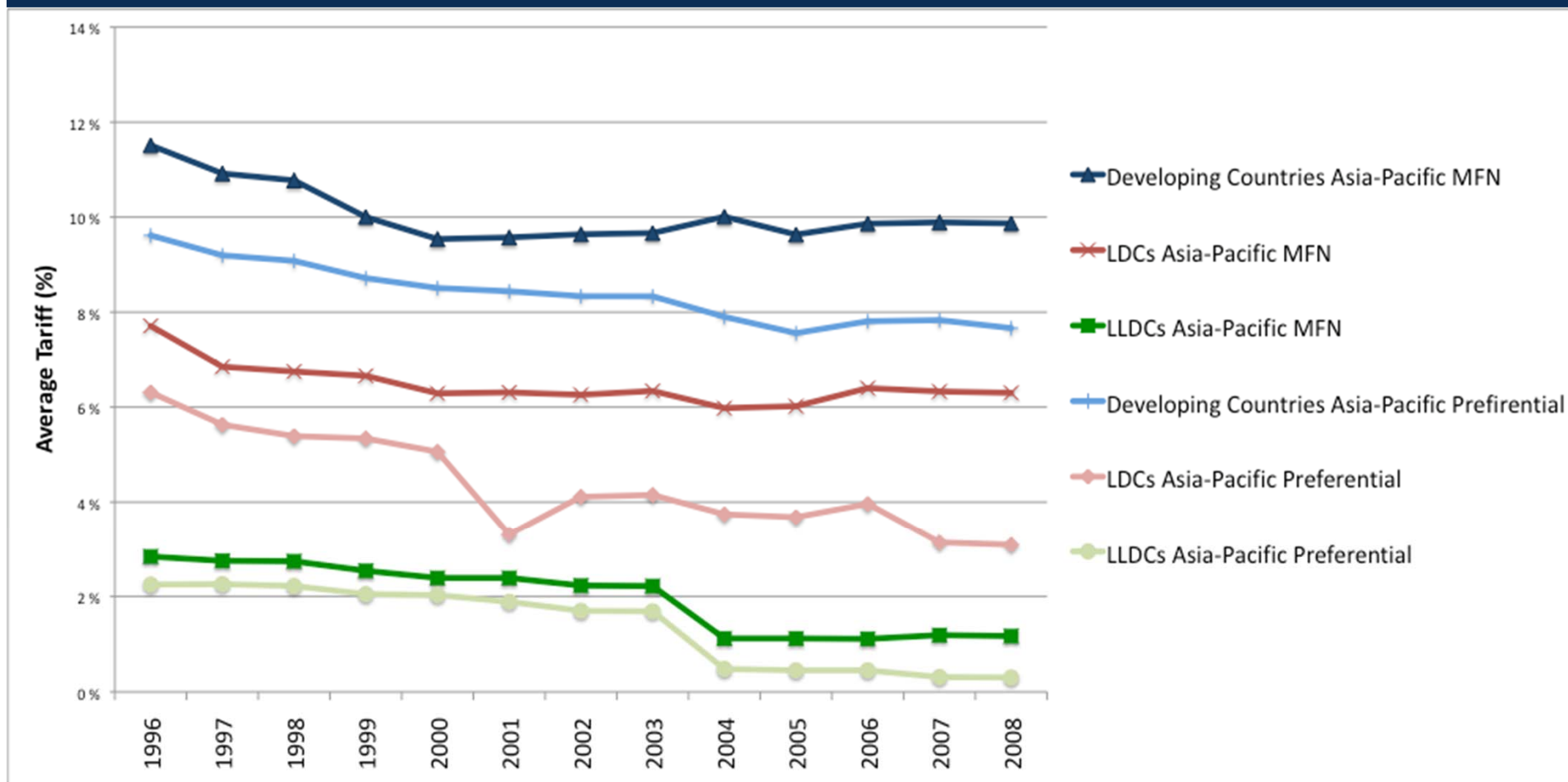
Average MFN and preferential tariffs imposed by developed countries: All products



Some observations based on data

- Large and persistent gap between MFN and preferential tariffs
- The benefits from preferential access are especially significant for LDCs and LLDCs
- The average tariffs charged by developed countries show a stronger downward trend before 2004

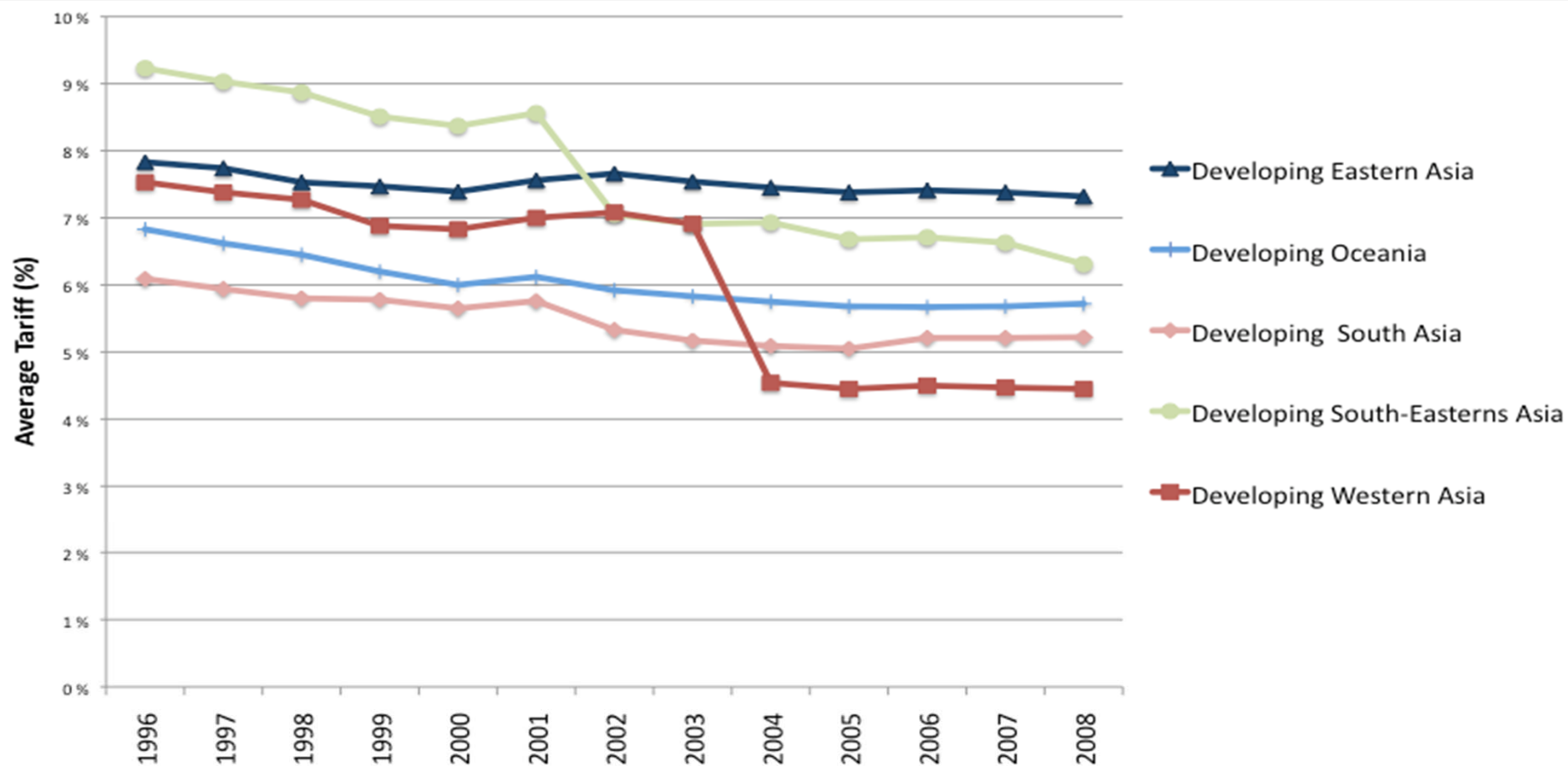
Average MFN and preferential tariffs imposed by developed countries: Agricultural products



Preferential access for ag. products

- The benefits from preferential tariffs are lower for agricultural products compared to all products
- Lower tariffs on agriculture when considering LDCs and LLDCs
- Based on tariffs, the LLDC are granted the most preferential access
- How much of the existent access (can be) used?

Regional differences in preferential tariffs imposed by developed countries: Agricultural products



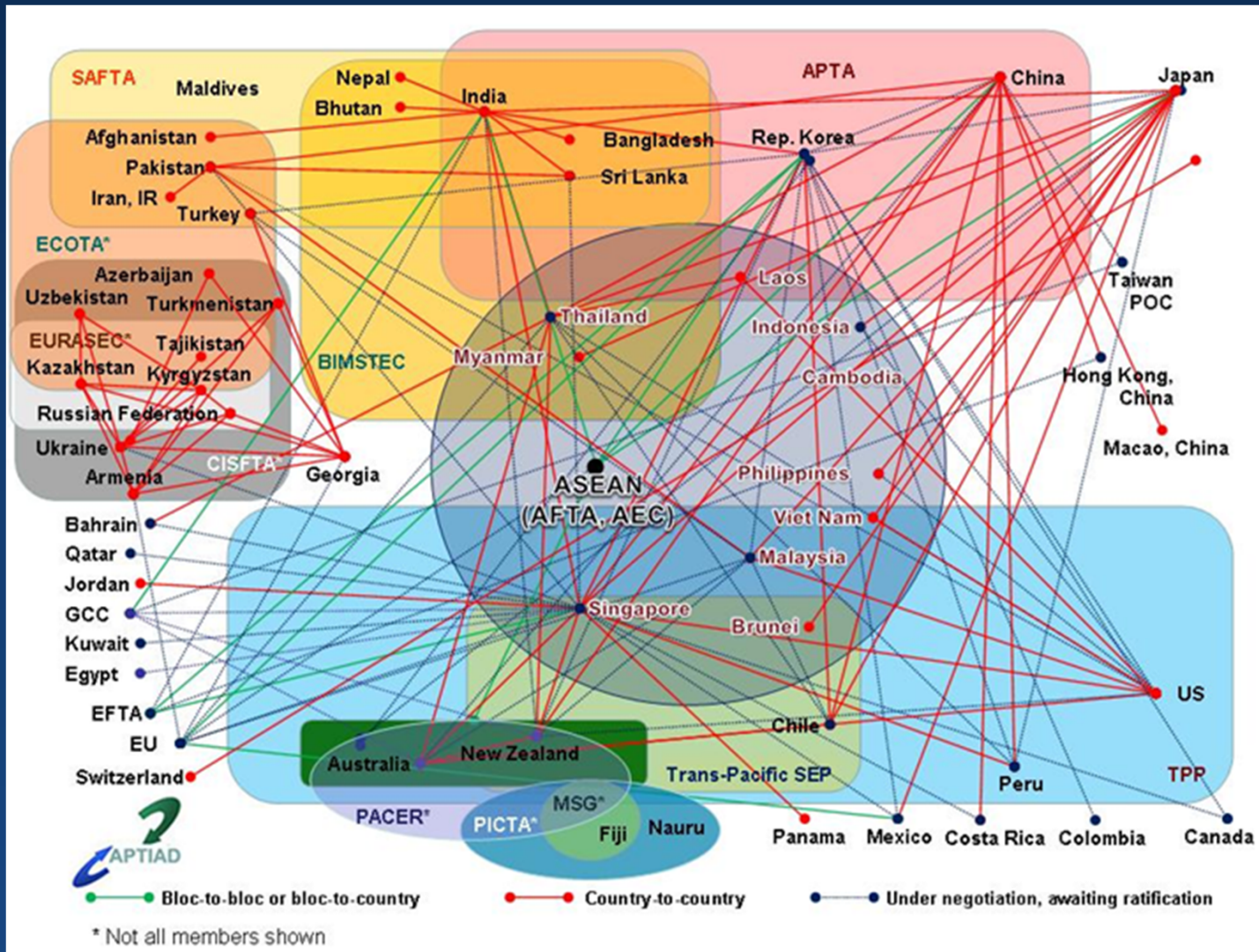
- MFN based access is not the best option in many cases, there are further preferences to be enjoyed
- How to access them?
 - through the reciprocal negotiation of preferential concessions
 - through non-reciprocal preferences granted by developed countries
- Advantages of reciprocal vs. non-reciprocal approaches

Reciprocal Preferential Agreements in Asia-Pacific:

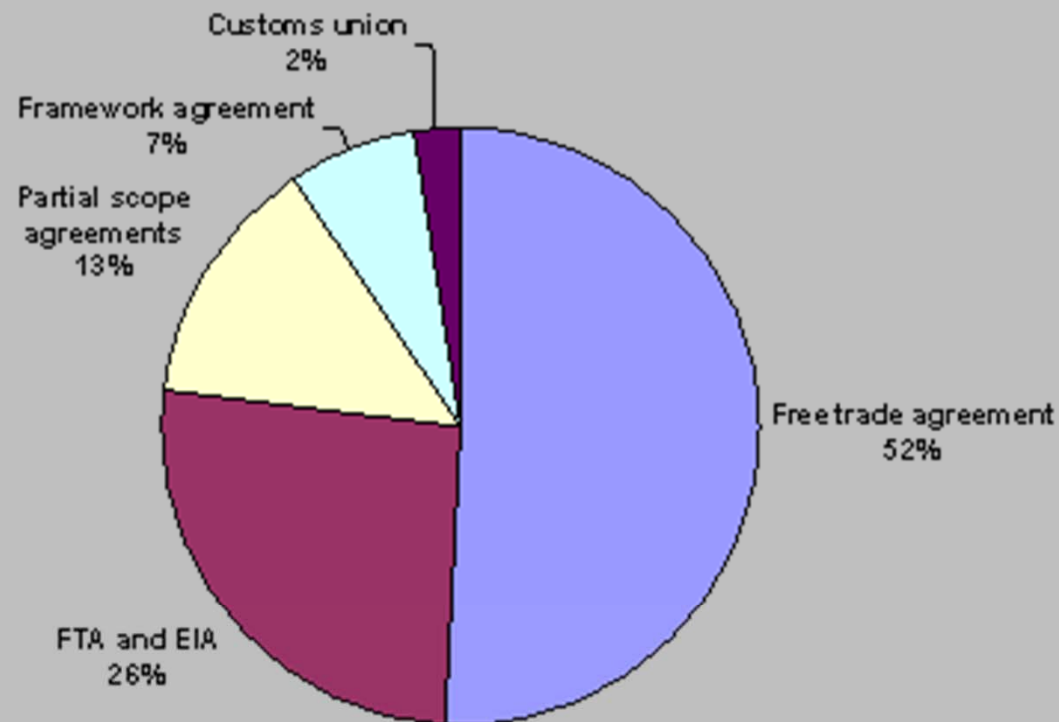


- How many agreements?
- What type of the agreements?
- How much trade covered by these agreements?

How many agreements?



Typology of RTAs

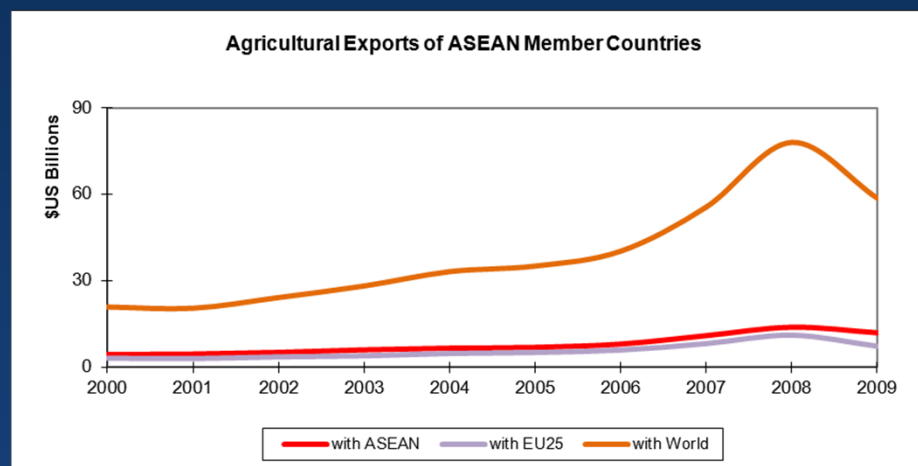


How much trade is covered?

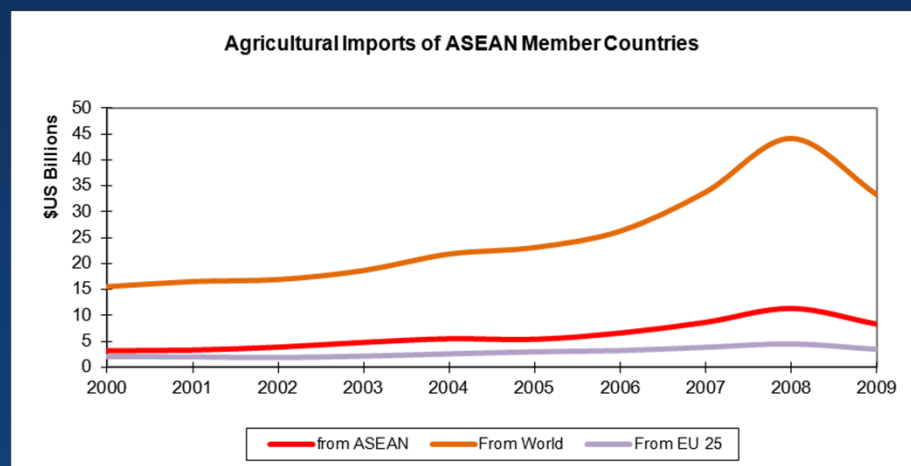
New APTIR data

Some additional statistics on ag trade

ASEAN exports of ag



ASEAN imports of ag

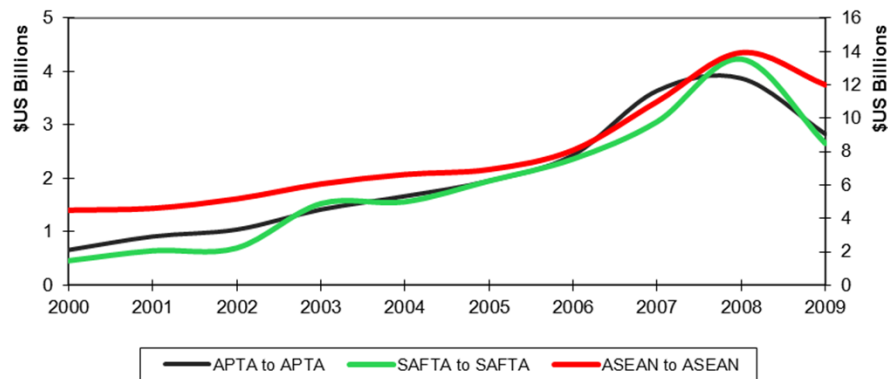


Intra-RTA trade in agricultural products

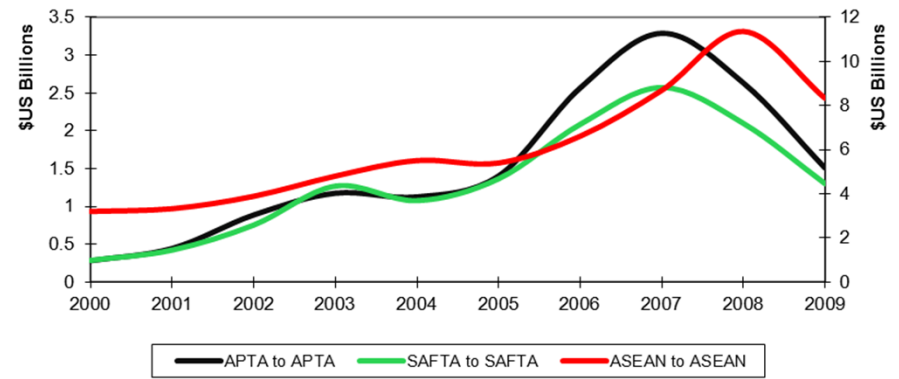
export

import

Agricultural Export Trends within Trading Blocs



Agricultural Import Trends within Trading Blocs

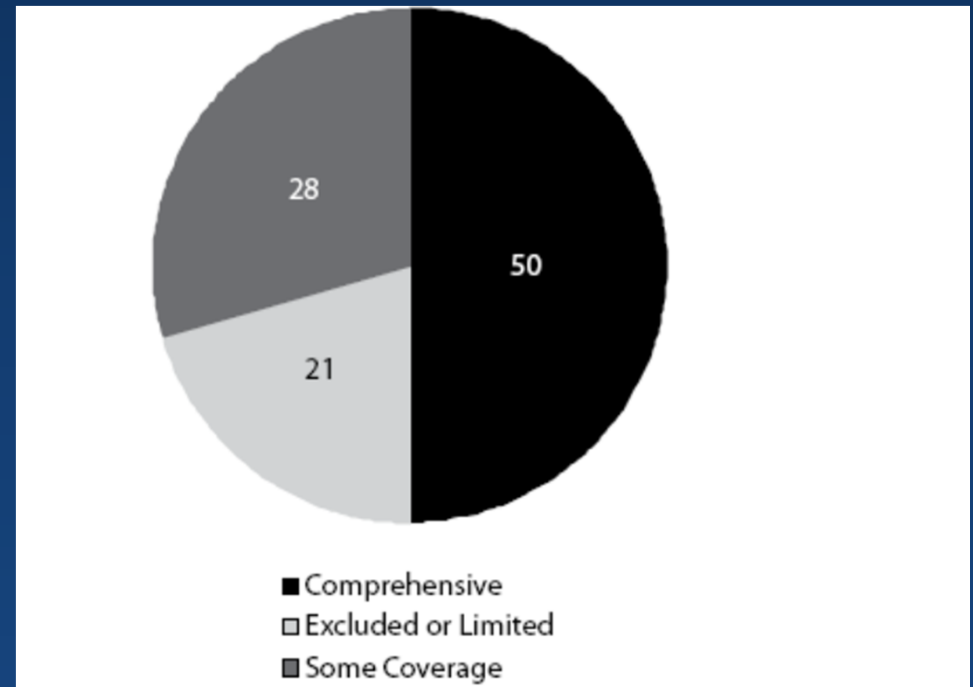


Coverage of agriculture in RTAs

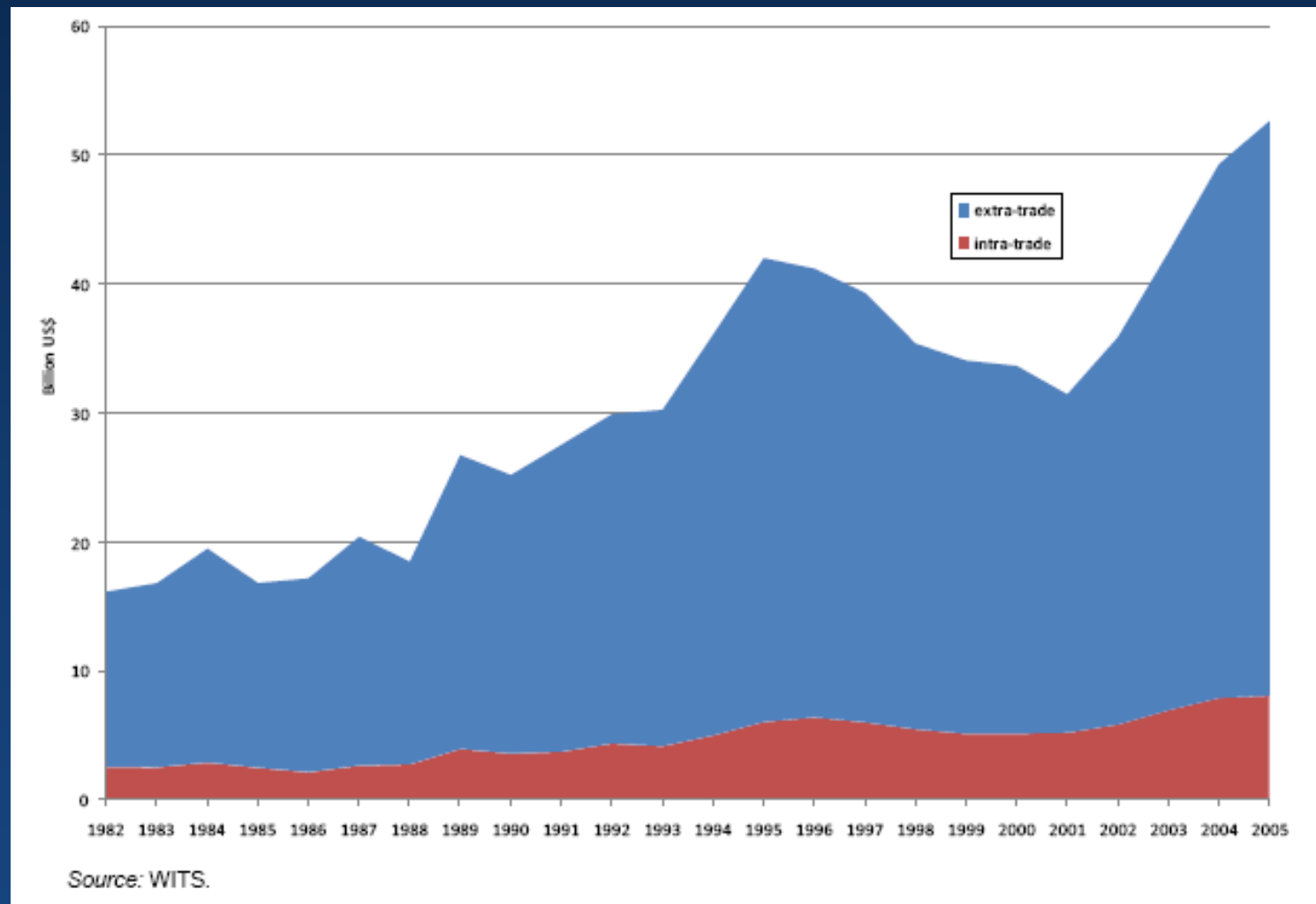
Globally

- Agricultural coverage in RTAs parallels that at the multilateral level, with occasional improvements
- Regional tariff preferences often partial
- Quantitative limits often apply, usually linked to TRQs.
- In some cases RTAs achieve progress in traditionally difficult sectors (beef, cotton, dairy, rice, sugar); such cases may promote early adjustment and facilitate future MFN liberalisation.

Percentage of RTAs including agriculture in Asia



ASEAN



Summary on ASEAN

- The fully-implemented AFTA has been strongly trade creating for its members.
- The fully-implemented AFTA has been more strongly trade creating than its partially implemented predecessor.
- AFTA members have reduced their exports to partners outside the region in agricultural goods, under the fully-implemented scenario.
- AFTA members have not reduced their imports from partners outside the region in agricultural goods, under the fully implemented scenario.
- There has been little change in product composition of AFTA exports since signing the agreement, relative to other countries, that can be attributed to membership in the RTA.
- AFTA countries trade more with China and India than other countries of the world, but this cannot be attributed to closer ties in the lead-up to bilateral agreements concluded with these countries

Other important issues

- No RTAs address the reduction or harmonisation of domestic support.
- The effects of neither subsidies nor remedies can be limited to RTA members; this provides a strong rationale for seeking multilateral solutions.
- A few RTAs have implementation mechanisms specific to agriculture, e.g. providing for consultation or encouraging co-operation in multilateral negotiations .
- Many RTAs ban export subsidies in internal trade although some allow their use to counterbalance subsidised exports from non-RTA members.

- Hierarchy of preferential treatment: RTAs often contain a regional “MFN clause” (e.g. US-Chile FTA mutual “MFN clause” on wine).
- Inverse tariff escalation”: RTA liberalisation sometimes promotes RTA trade in processed goods permitting continued protection of basic agricultural products.
- Importance of rules of origin for determining preference eligibility.

Disadvantages of RTAs

- Risk of trade diversion: yet not significant in practice; similarly, trade creation effect is not conclusive
- Risk of deflecting attention from MTS and the importance of multilateral liberalisation

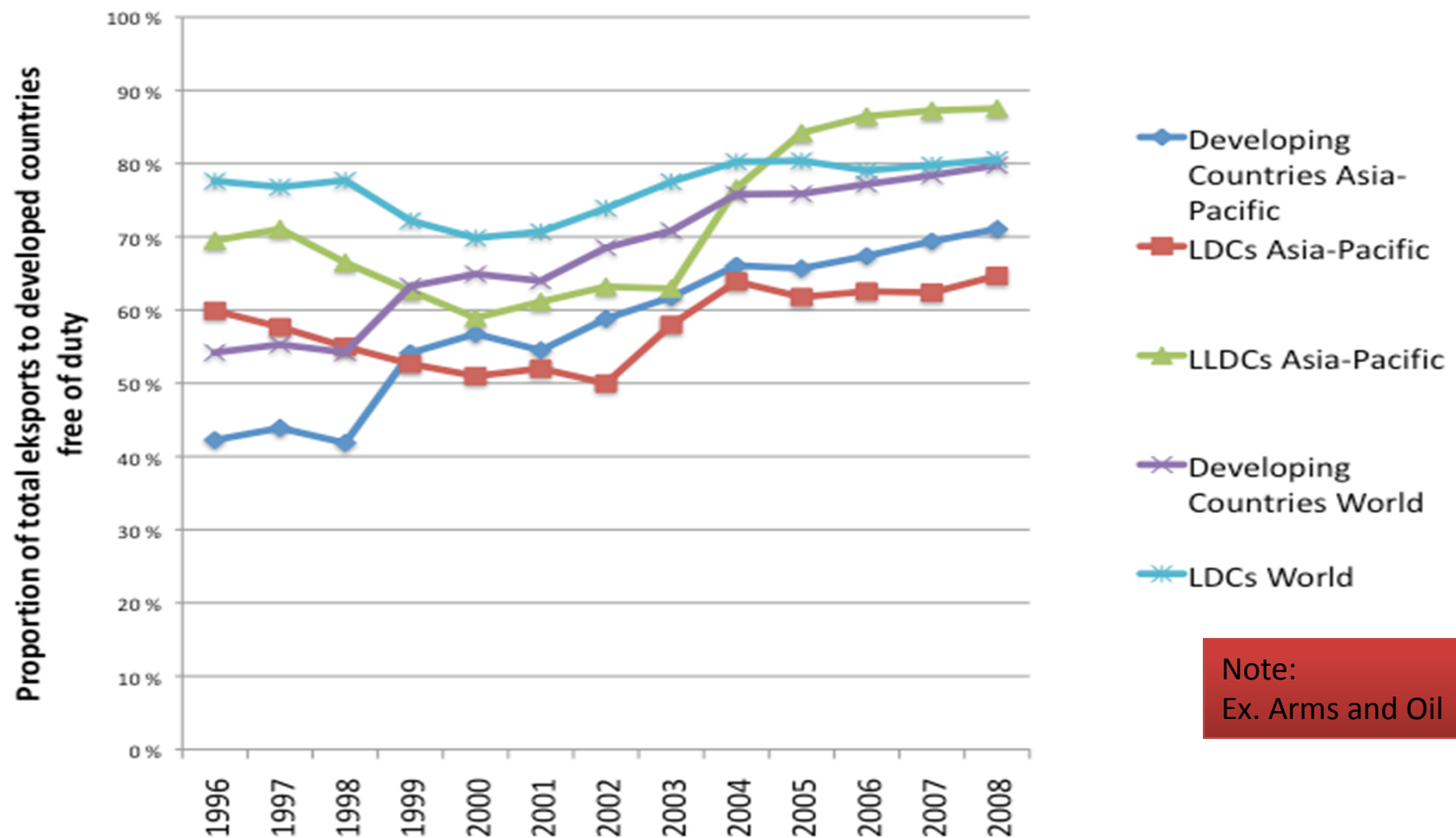
Market Access: Progress on the MDG 8 Targets

8a: Develop further an open,
rule-based, predictable, non-
discriminatory trading and
financial system

ARTNeT research on MDG8

- There are still gaps between the MDG 8 targets and the current state
 - Slow progress of the Doha Round of trade negotiations
 - Economic crisis:
 - Countries can not afford to forego tariff revenues
 - Increased number of trade distortion measures (tariff and non-tariff based)
- Nevertheless, some progress:
 - Globally increased access for LDCs
 - Aid for trade

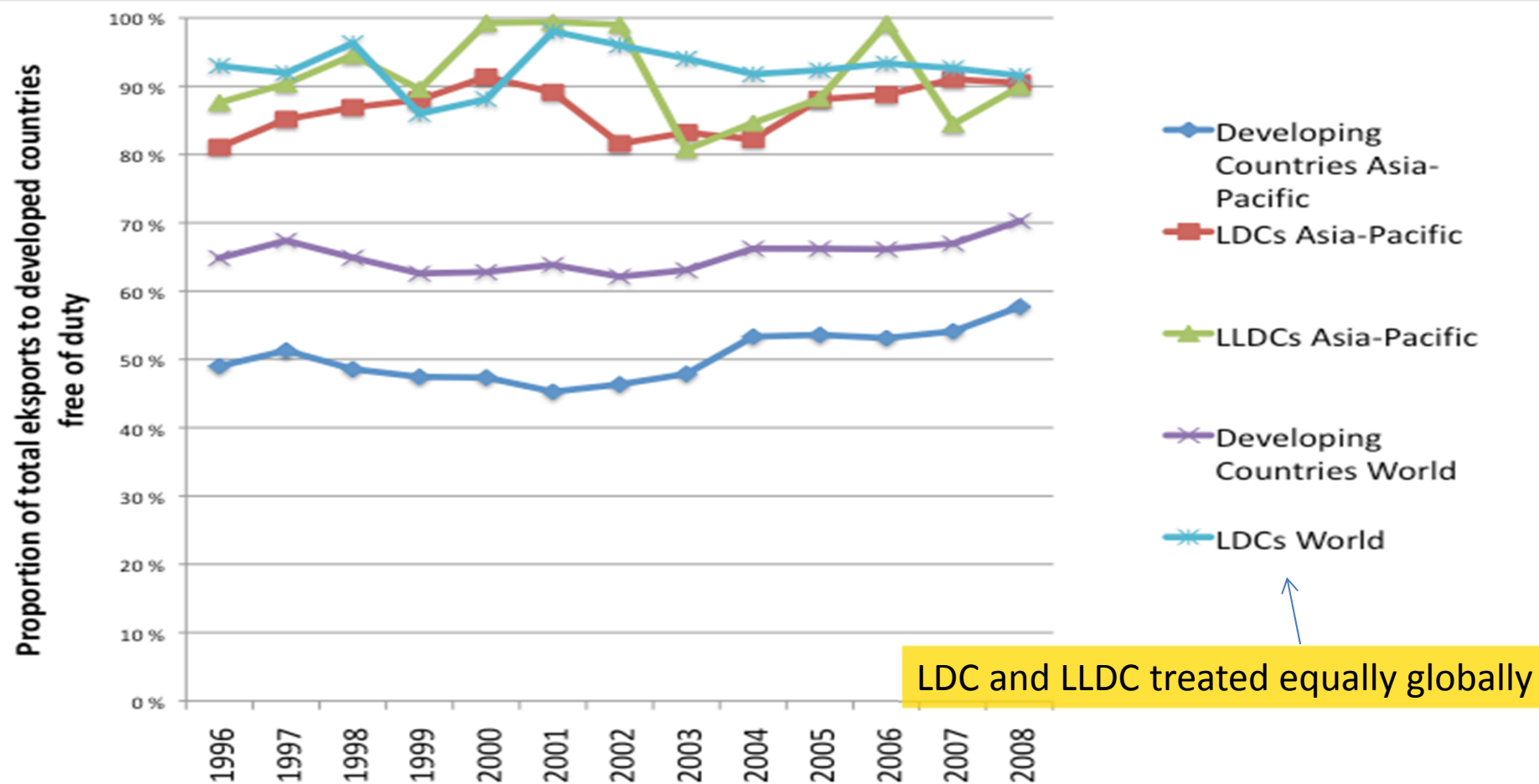
Market access: All Products



Observations: Market access

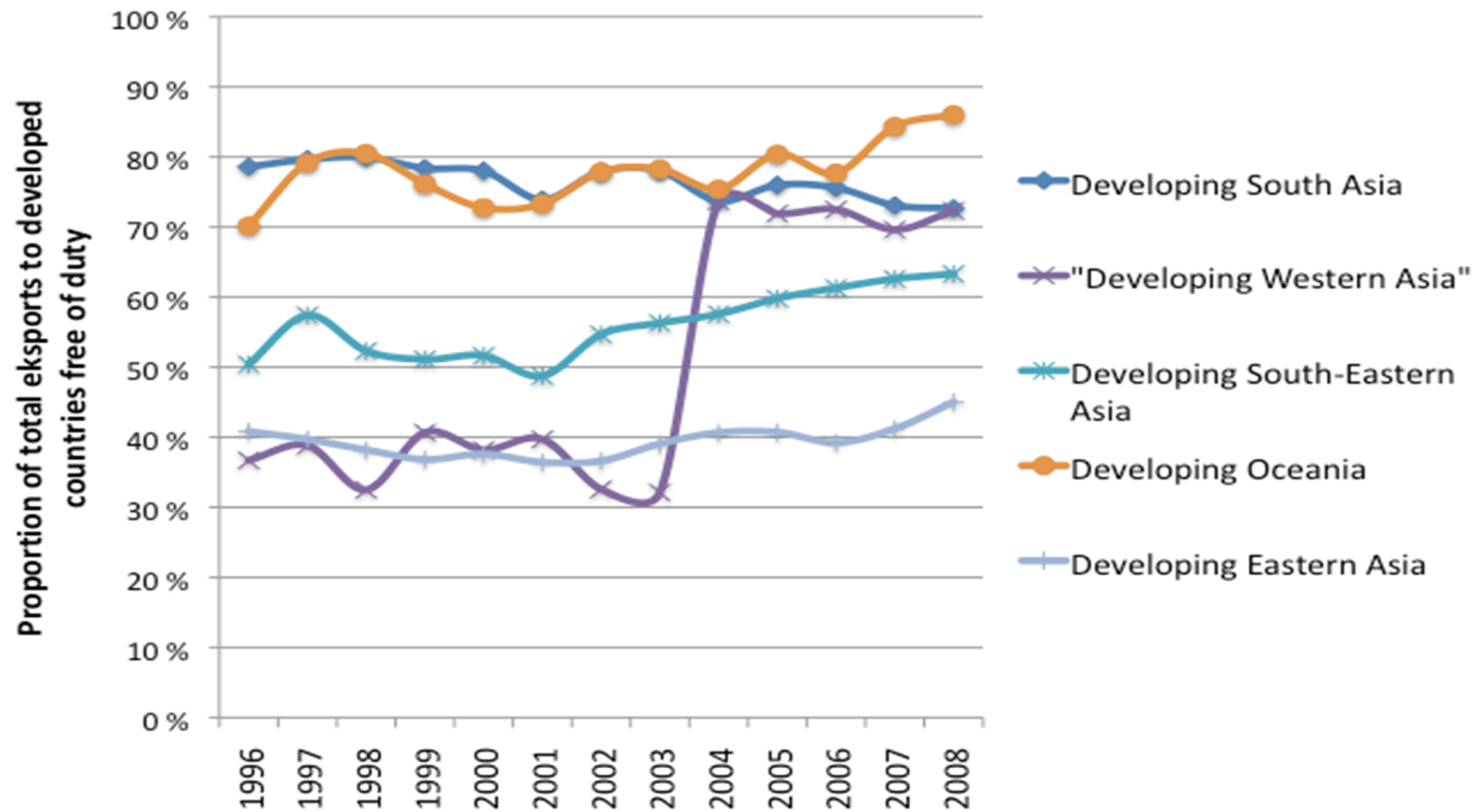
- Need to be seen in context with the developments under preferential treatment
- Some progress after the adoption of the MDG Declaration in 2000.
- Relatively lower market access in Asia-Pacific compared to the world overall
 - Asia-Pacific LDCs particularly disadvantaged due to existing tariffs on textile and clothing
- Geographical disadvantaged countries (LLDC) have significantly got improved market access since 2003

Market Access: Agricultural

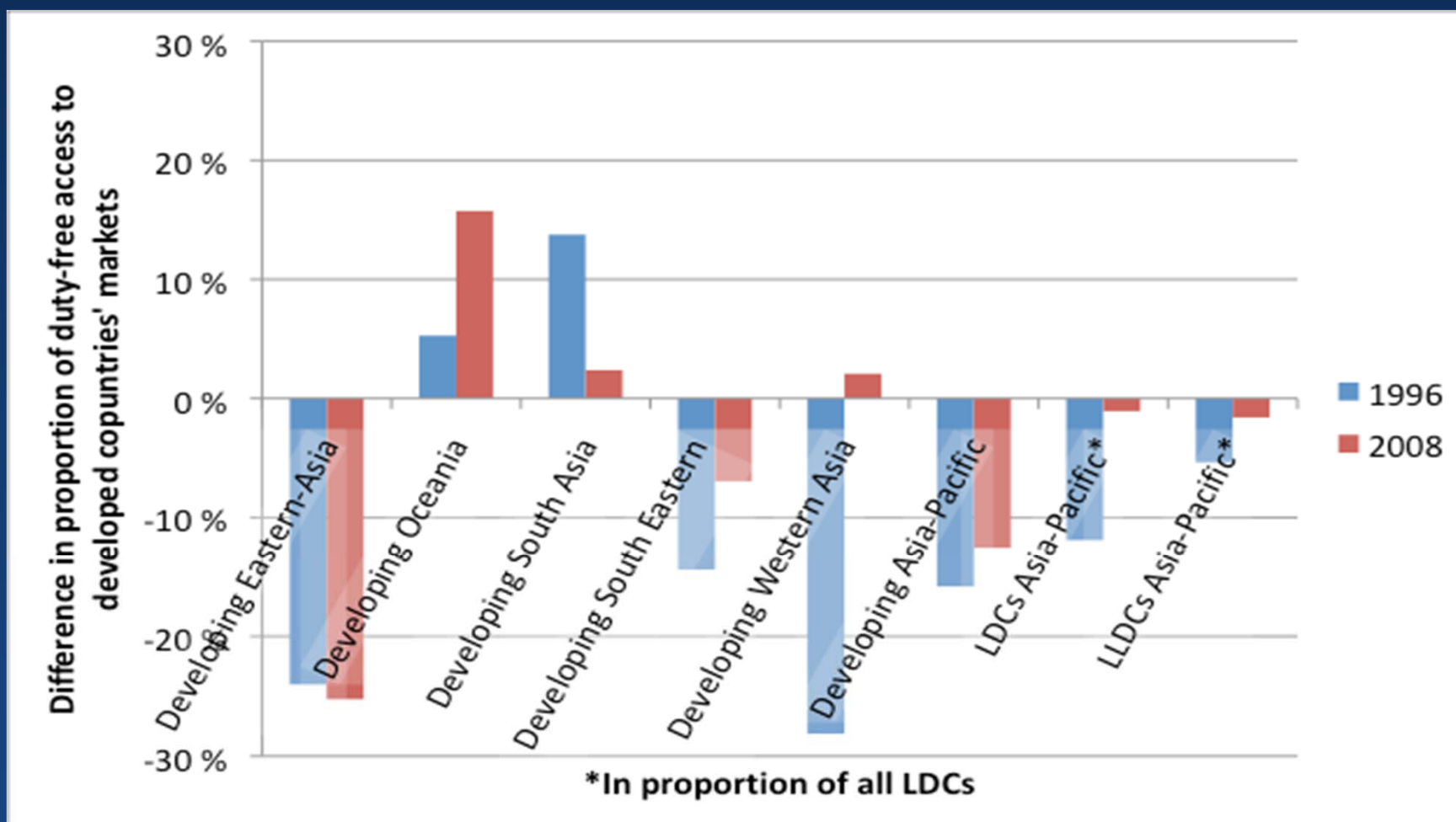


*Lower market access for developing countries in Asia-Pacific compared to the world on average

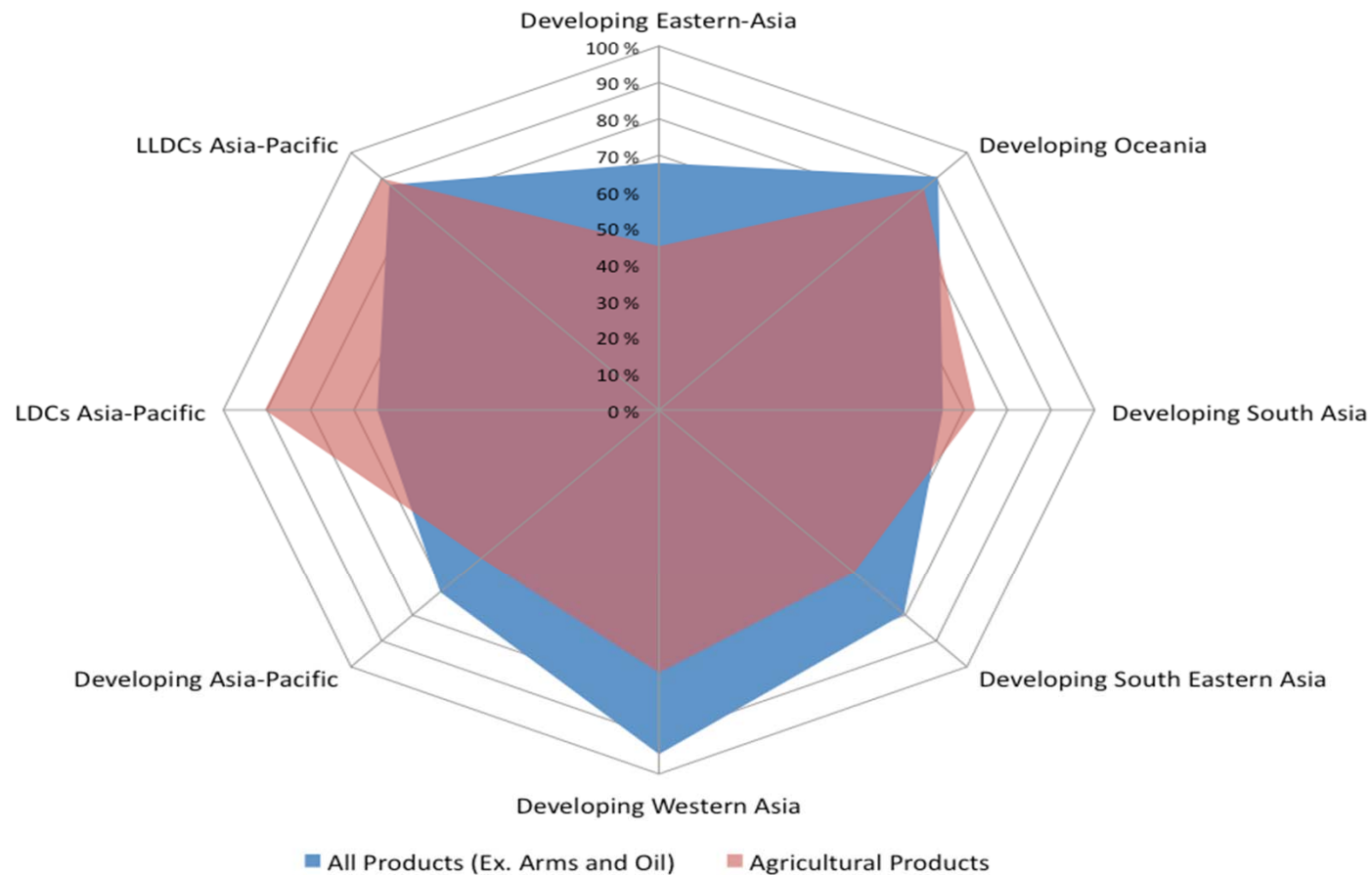
Regional differences in market access: Agricultural products



Market access for developing countries in Asia-Pacific compared to the world: Agricultural products



Market access to developing countries under duty-free



There are large differences in market access between the various regions in the Asia-Pacific

South-South Non- reciprocal Preferential Market Access

See also www.ptadb.wto.org/default.aspx

South-South non- reciprocal preferential market access

- Traditionally non-reciprocal preferential treatment has been granted exclusively by developed markets
- Over the past decade developing countries have started to provide unilateral market access preferences to LDCs
- Decision to provide Duty Free Quota Free (DFQF) access to LDCs at the WTO Ministerial Meeting in Hong Kong December 2005
 - All developed and **developing WTO members**, declaring themselves in a position to do so, required to provide duty-free and quota-free market access to all LDC from 2008

South-South non- reciprocal preferential market access: Asia-Pacific

China (2010):

- Limited preferential scheme for imports from 17 LDCs

Republic of Korea (2012):

- Provides concession on a list of products to all LDCs, representing 59 per cent of all the tariff lines of its customs department

India (2008):

- Duty free tariff preference scheme open for all LDCs, providing market access to 94 per cent of total tariff lines

Taipei, Chinese (2011)

- Duty-free treatment for LDCs



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ATTENTION**