

AVERAGE TARIFF IMPOSED ON EXPORTS FROM DEVELOPING COUNTRIES AND LDCS		
Global economic partnership	Trade	

## 1. INDICATOR

- (a) **Name:** Average tariff imposed on exports from developing countries and LDCs
- (b) **Brief Definition:** The indicator can be defined as the simple average tariff imposed on all exports from developing countries and LDCs. The **Simple average tariff** is the unweighted average of the effectively applied rates for all products subject to tariffs.
- (c) **Unit of Measurement:** Percentage point
- (d) **Placement in the CSD Indicator Set:** Global economic partnership/ Trade

## 2. POLICY RELEVANCE

- (a) **Purpose:** Evaluate the restrictiveness of trade policy, especially in developed countries, toward developing countries and least developed countries (LDCs) measured by the average tariffs rates.
- (b) **Relevance to Sustainable/Unsustainable Development (theme/sub-theme)** Tariffs raise the price of imports from developing countries and therefore reduce demand for their products and limiting their growth opportunities. This can result in a suboptimal mix of outputs, limiting growth and encouraging production of less sustainable outputs.
- (c) **International Conventions and Agreements:** The [Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994](#) is the legally binding agreement for the reduced tariff rates. GATT is now the WTO's principal rule-book for trade in goods. It has annexes dealing with specific sectors such as agriculture and textiles, and with specific issues such as state trading, product standards, subsidies and actions taken against dumping. The WTO's rules – the agreements – are the result of negotiations between the members.
- (d) **International Targets/Recommended Standards:** According to WTO, there is no legally binding agreement that sets out the targets for tariff reductions (e.g. by what percentage they were to be cut). However, within the Doha Development Agenda, which launched the current round of multilateral trade negotiations in 2001, countries committed themselves to the objective of duty-free and quota-free market access for products originating from LDCs.

Some countries have programs to voluntarily reduce or remove tariffs on the exports of developing countries, in addition to trade preferences given to developing countries under the Generalized System of Preferences (GSP) or the Global System of Trade Preferences

Among Developing Countries (GSTP). For example, the European Union has launched a program to eliminate tariffs on developing country exports of “everything but arms,” and the United States offers special concessions to exports from Sub-Saharan Africa. However there are many restrictions built into these programs.

Millennium Development Goal (MDG) 8, target 12 is “Develop further an open, rule-based, predictable, non-discriminatory trading and financial system”, and target 13 is “Address the special needs of the least developed countries, landlocked countries and small island developing states (SIDS).

**(e) Linkages to Other Indicators:** This indicator is closely linked with other measures of economic development. Subsidies to agricultural producers and exporters in OECD countries are another form of barrier to developing economies’ exports.

### 3. METHODOLOGICAL DESCRIPTION

**(a) Underlying Definitions and Concepts:** Simple averages are the unweighted average of all tariff lines as contained in a country’s tariff schedule. Averages across groups of products, such as agricultural commodities, textiles, and clothing may be based on the Standard International Trade Classification or the Harmonized System. Tariff averages include ad valorem duties and ad valorem equivalents of non-ad valorem duties, where available.

The list of least-developed countries is determined by the Economic and Social Council of the United Nations. As of 2006, 50 countries are on this list. For the latest version, see <http://www.un.org/ohrrls/>  
There is no commonly agreed definition of developing countries.

**(b) Measurement Methods:** Tariff rates are averaged at the most detailed tariff line or trade classification level available. Lines with no published tariff are not included. Ad-valorem equivalents to special rates maybe used where available. When effectively applied rates are not known, most favored nations rates may be used.

**(c) Limitations of the Indicator:** Average tariff rates may disguise high tariffs targeted at specific goods. Other barriers to trade, such as quantitative restrictions, phyto-sanitary standards, anti-dumping measures, and subsidies paid to domestic producers may further restrict developing country exports.

**(d) Status of Methodology:** The methodology is well developed.

**(e) Alternative Definitions/Indicators:** Average tariffs can also be computed as trade-weighted averages of effectively applied tariff rates or as simple or weighted averages of bound rates. The MDG indicator # 39 on tariff averages is calculated using effectively applied tariff rates and standardized trade weights, based on multi-year averages of import patterns of major developed countries (United States of America, European Union, Japan, Canada, Australia and Switzerland).

### 4. ASSESSMENT OF DATA

(a) **Data Needed to Compile the Indicator:** Data from tariff schedules available from UNCTAD's TRAINS database and WTO files.

(b) **National and International Data Availability and Sources:** In most countries national statistical offices regularly collect data on trade and tariffs. Tariff data is provided to WTO and UNCTAD by each country. Availability varies from country to country. The World Bank's World Development Indicators (WDI) contain a table on average tariffs in the table reflect tariff schedules applied by high-income OECD members to exports of countries designated least developed countries by the United Nations.

UNCTAD, WTO and ITC jointly maintain a dedicated webpage "MDG -trade" that allows calculating variants of the MDG indicator # 39 on average tariffs. The webpage allows, among others, for calculating tariff averages for various developed countries as importer, for many country groups and individual countries as exporter and for various product groups.

The on-line version of UNCTAD's Handbook of Statistics includes among its international merchandise trade indicators simple and trade-weighted average tariffs imposed on non-agricultural exports from LDCs and from developing countries. Data is available for 153 countries, but availability across time varies.

(c) **Data references**

See 4 (b) above

## 5. AGENCIES INVOLVED IN THE DEVELOPMENT OF THE INDICATOR

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(b) **Other Contributing Organizations:** None.

## 6. REFERENCES

(a) **Readings:**

*World Development Indicators*, table on tariffs, various years.

(b) **Internet sites:**

World Bank:

[http://devdata.worldbank.org/wdi2006/contents/table6\\_7.htm](http://devdata.worldbank.org/wdi2006/contents/table6_7.htm)

<http://wits.worldbank.org/witsweb/default.aspx>

World Trade Organization:

[http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm2\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm2_e.htm)

WTO, UNCTAD and ITC: <http://www.mdg-trade.org>

UNCTAD: <http://stats.unctad.org/handbook>