

# Market Access Provisions in Trade in Goods in RTAs

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WTO Seminar on Cross-Cutting Issues

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WTO OMC

# Scope of the Study

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- 192 RTAs notified to the WTO as of November 2010
- Of these, 65 RTAs had already been subject to the provisions of the RTA Transparency Mechanism
- Data sources: RTAs' legal text, tariff phasedown schedules (for those RTAs subject to the TM), and trade data (UN COMTRADE)

# Issues Covered

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## Scope, depth and speed of tariff liberalization

- Quantifying preferential trade
- Trade Flows
- Trade and tariff liberalization
- Products subject to exclusions
- Margins of Preference
- Transition Periods

## Potential for multilateralization of commitments

- MFN-type provisions
- Accession of third parties
- Commitment to further liberalization

# Quantifying Preferential Trade and Trade Flows

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- No access to data on preference utilization
- We measured the percentage of trade taking place with preferential partners for all WTO Members.
- Central American countries have on average the highest percentage of trade with preferential partners (54% of imports and 76% of exports).
- A measurement of trade flows for a sample of ten countries (each of which have 10 or more RTAs) showed a mixed picture of rising and declining flows. Many other factors may be at play – exchange rate volatility, financial crisis, preference erosion.

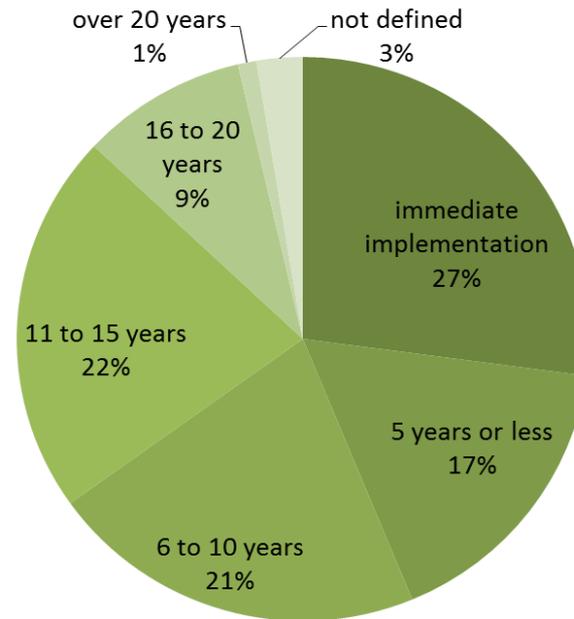
# Trade and Tariff Liberalization

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- Based on 65 RTAs already subject to the TM. Tariff schedules were harmonized at the HS 6-digit level.
- In general, liberalization of industrial products is much higher than that of agricultural products.
- Considerable asymmetries in liberalization strategies, depending on the RTA partner
- Agricultural products most frequently excluded from liberalization fall in HS Chapters 17 (sugar), 21 (misc. preps.), 22 (beverages), 10 (cereals), 4 (dairy) and 2 (meat)
- Margins of Preference were calculated for RTAs not (or not yet) subject to the TM.
- The MOP granted in industrial products is higher than that granted in agricultural products.

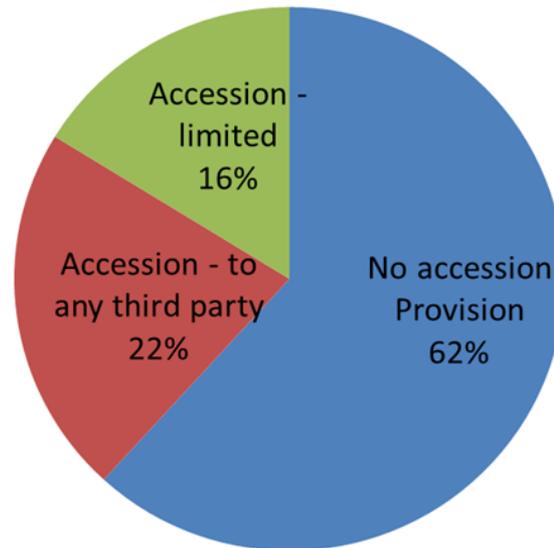
# Transition Period

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- Used date of final implementation of tariff concessions for slowest liberalizing partner
- Asymmetries in transition periods were evident.
- For the 65 RTAs subject to the TM, in general we found that a longer transition period results in a higher percentage of tariff lines liberalized.

# Accession Provisions and Further Liberalization



- Where open to accession, terms are to be agreed by the parties.
- Where accession is limited, it is usually based on geographical considerations
- A number of RTAs contain an evolutionary clause or commitment to further liberalization.

# MFN-Type Provisions

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- MFN-type provisions in RTAs provide for the extension to RTA parties of more favourable treatment granted to other parties within a plurilateral RTA or to third parties.
- Such clauses are rarely unconditional, but are subject to conditions that restrict their scope and application.
- They differ from the MFN provision in GATT Article I because better treatment is limited to the RTA parties themselves.
- Often a degree of asymmetry with regard to the parties who benefit (often limited by geographical scope) or the goods that are covered (industrial goods, processed agricultural goods)
- We found 44 RTAs where better treatment towards one or more third parties is extended to some (or all) RTA parties on certain products.