

The New IDB Decision: Implications on AG Statistics *(focus on Cotton Indicators)*

November 2020

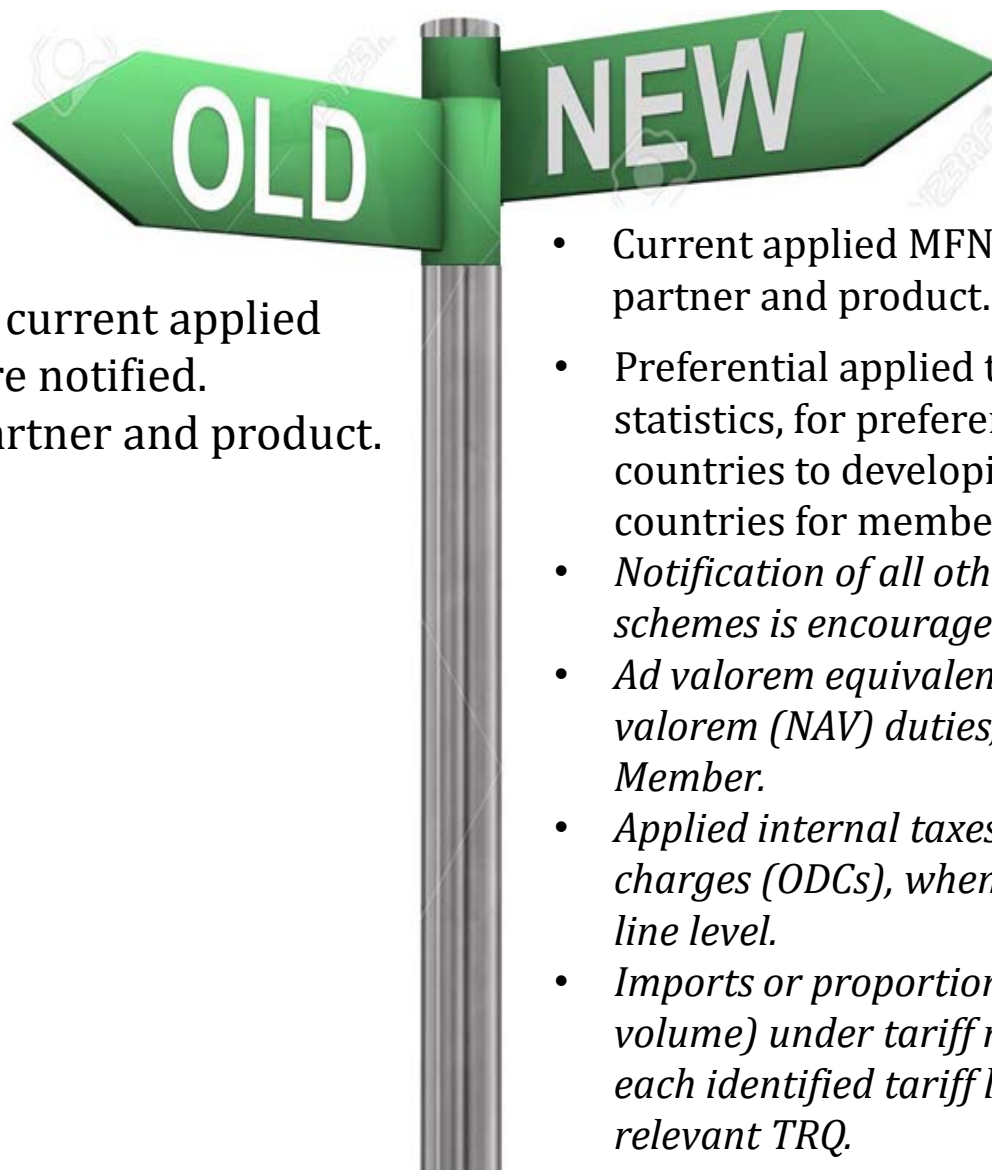
Smart negotiators rely on data!



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“When you two have finished arguing your opinions, I actually have data!”

PROVISIONS OF THE NEW IDB DECISION G/MA/367



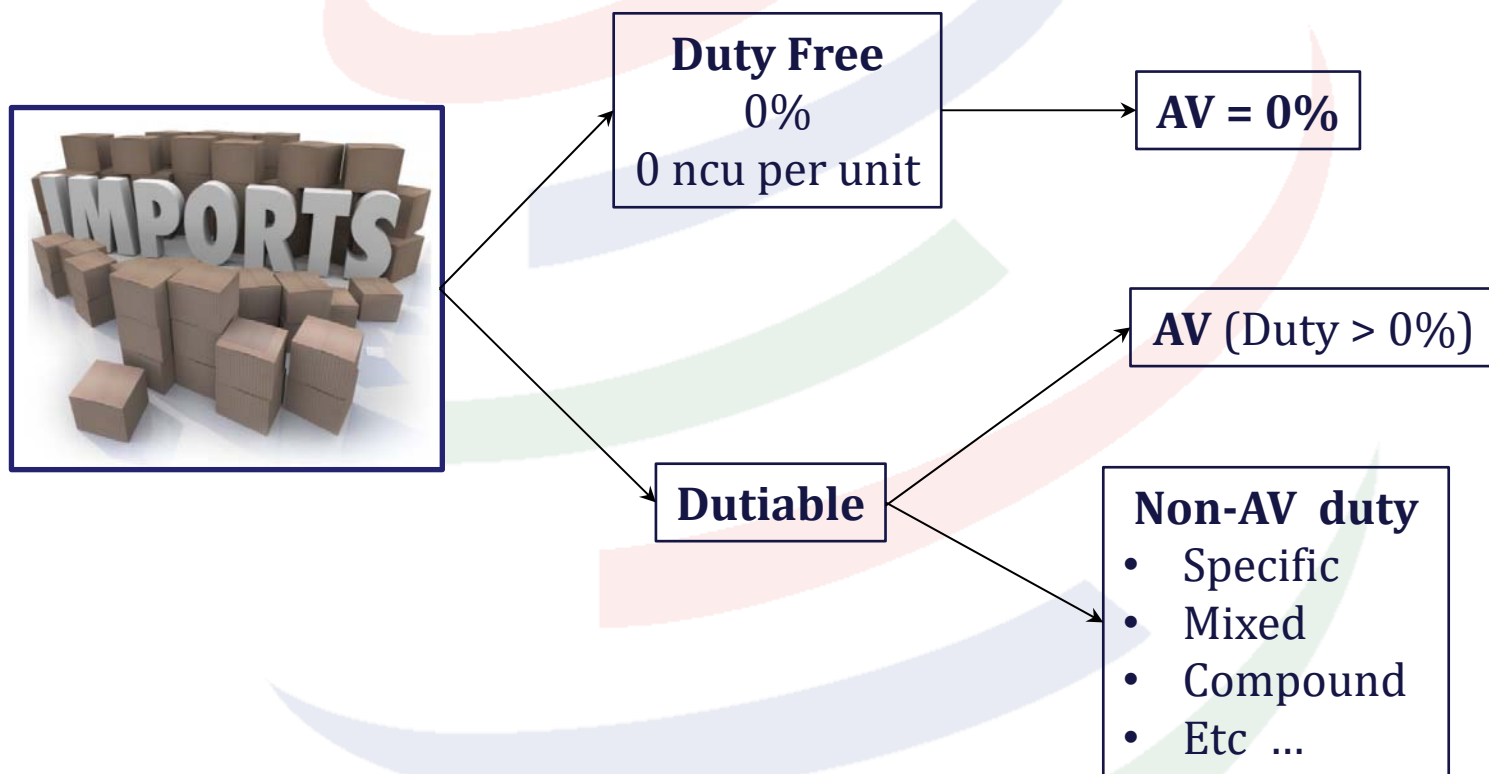
- De facto, only current applied MFN tariffs are notified.
- Imports by partner and product.

- Current applied MFN tariffs and imports by partner and product.
- Preferential applied tariffs and import statistics, for preferences by developed countries to developing and least-developed countries for members of the PTA-TM.
- *Notification of all other non-MFN duty schemes is encouraged.*
- *Ad valorem equivalents (AVEs) of non-ad valorem (NAV) duties, as calculated by the Member.*
- *Applied internal taxes and other duties and charges (ODCs), when available at the tariff line level.*
- *Imports or proportion of imports (value and volume) under tariff rate quotas (TRQs) for each identified tariff line associated with the relevant TRQ.*

IDB data are standardized, coherent and consistent

- ❑ Data for each reporter/year is based on one HS version only – all standard HS subheading codes should be complete. The national nomenclature can have as many digits after the standard 6-digit HS code. The applied MFN duty regime is required for all tariff notifications.
- ❑ Imports data should match the national nomenclature of the tariffs for the same year. Value and volume are required from each trading partner and product (or tariff line).
- ❑ Each product or tariff line should have a duty classified either as duty free or dutiable. All duty free tariff lines are considered ad-valorem.
- ❑ Dutiable tariff lines can have AV (greater than zero) or non-AV duty in different format (e.g. specific, compound, mixed, technical)

How Duties are Classified in the IDB



Profile of AG Tariffs

	All Products	NAMA	AG	Cotton
	Average Applied MFN Tariff (%)			
ALL WTO	9.0	8.0	14.9	3.8
Developed	4.0	2.1	16.0	0.5
Developing	9.3	8.4	14.9	4.0
- LDCs	11.7	11.1	15.6	5.3
- Cotton C4	13.5	12.9	17.3	6.2
	% Non-Ad valorem Duty (%) for MFN Applied			
ALL WTO	1.8	1.3	4.7	0.4
Developed	11.3	9.1	25.6	3.1
Developing	1.1	0.8	3.2	0.3
- LDCs	0.4	0.3	1.2	0.2
- Cotton C4	0	0	0	0

Source: WTODATA (<http://data.wto.org>) and World Tariff Profiles, various issues.

Ad Valorem Equivalents are Important

Classification of maximum AG tariff as either AV or AVE,
by country group

Category	AV	AVE	Total	Share of AVE
Developed	2	7	9	78%
Developing	76	36	112	30%
of which LDCs	24	9	33	28%
All Reporters	78	43	121	36%

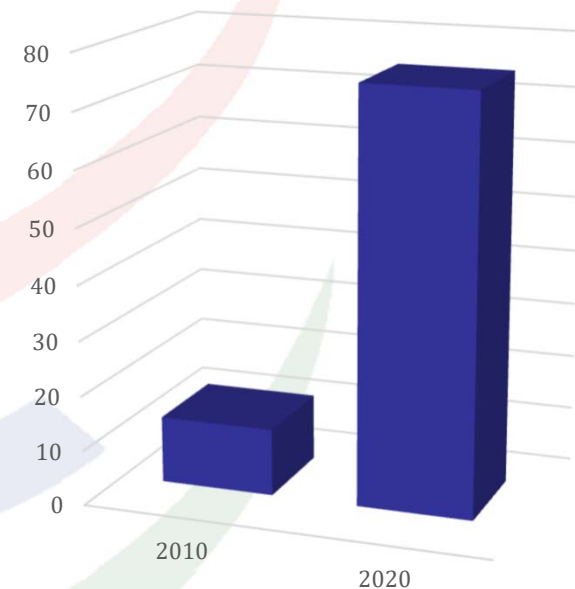
Source: World Tariff Profiles, 2020.

For developed countries, maximum AG tariffs are mostly ad valorem equivalents of non-AV tariffs

Preferential Tariffs

- ❑ Non-reciprocal tariffs (GSP/LDC) are required for PTA-TM members.
- ❑ Data for RTA-TM factual presentations can be obtained from IDB, if notified.
- ❑ Notification of tariffs for other duty schemes is optional but has improved for the more recent notifications.

% of IDB Tariff Submissions with Non-MFN Duty Schemes



STATUS ON NOTIFICATIONS OF REQUIRED PTA-TM DATA

As of 31 Oct 2020



WTO OMC

DATA NOTIFIED	Number			Per cent (%)		
	Applied MFN Tariff + PTA Preferences					
	2018	2019	2020	2018	2019	2020
MFN Only	2	1	0	9	4	0
MFN + GSP/LDC (incl. Other PTAs) + Other Duty Schemes	19	19	17	83	83	74
No Notification	2	3	6	9	13	26
	Imports by PTA Duty Scheme					
	2017	2018	2019	2017	2018	2019
Regular imports with no breakdown by PTA duty scheme	7	6	2	30	26	9
With PTA-TM breakdown	13	13	11	57	57	48
No notification	3	4	10	13	17	43
PTA Members (EU27+UK as one)	23	23	23			



Cotton Applied MFN Tariffs

Range of Average MFN Duty	No of Members	% Share
Duty Free	56	41.5
0 <- 2.5%	8	5.9
2.5% <- 5%	46	34.1
5% <- 7.5%	8	5.9
7.5% <- 10%	8	5.9
10% <- 15%	6	4.4
GT 15%	3	2.2

Source: World Tariff Profiles, various issues.

Profile of MFN and LDC preferential rates for cotton (based on IDB notifications for 2017 only)

MFN Tariff Range	LDC Preferential Tariff Range						Total reporters
	Duty Free	0<-2.5	2.5 <- 5.0	5.0 <-7.5	GT 7.5	No pref	
Duty Free	16					33	49
0 <- 2.5	1	1				6	8
2.5 <- 5.0						39	39
5.0 <- 7.5	1					6	7
7.5 <- 10						4	4
10 <- 15				1		2	3
GT 15					1*	2	3

* MFN = 22%; LDC= 19%

Only 21 of 113 latest notifications for 2017 or more recent year included preferences specifically for LDCs. However, MFN rate for cotton for 33 reporters is duty free. Thus, **51** reporters have no duty on cotton for LDCs either through LDC preferential or MFN DF rate.

Tariff Summary Statistics on Cotton Imports

(based on notified IDB data)

Year	WORLD			Share in World cotton trade	LDCs		
	MFN		Actual trade weighted rate*		MFN		Actual trade weighted rate*
	Weighted	% duty free			Weighted	% duty free	
2017	10.9%	59.4%	10.8%	8.9%	7.3%	66.3%	6.9%

IDB Calculations

*Caveats:

- All notified preferential schemes that benefit the partner were considered for actual trade weighted rate.
- Best (lowest) tariff was used when no actual breakdown by duty scheme is available
- For PTA-TM with data by duty scheme, the actual trading regime is indicated and was used.

Quota Statistics

Information on quota imports can be taken from the IDB!

IDB DATA

Trade Flow	Reporter	Year	Partner	Quota Code	TL	TLS	Duty Scheme Code	Value	PQty Unit	PQty	SQty Unit	SQty
I	C840	2017	C156	110	52030010		A0002	3563	166	2500	NULL	NULL
Imports	US		China	In-quota			MFN		KG			

TN/AG/GEN/34/Rev.13

USAQ054 (kilograms)		2017
TRQ Quantity		2,500
In-quota Imports		2,500
Fill rates (%)		100

IDB DATA

Partner	Trade Flow	Quota Code	TL	TLS	Duty Scheme Code	Value	PQty Unit	PQty	SQty Unit	SQty
WORLD	I		52010010		A0002	95,263.07	KG	49,628	NULL	NULL

TN/AG/GEN/34/Rev.13

XXXQ053 (metric tonnes)		2016
TRQ Quantity		17,101
In-quota Imports		15,743
Fill rates (%)		92



Inconsistent information difficult to reconcile!

Quota Statistics: Issues

Additional information possibly included in the IDB notification:

- Quota Code (TQID in the Concessions Table)
- Quantity information consistent with the quantity unit in the Concession table
- IDB has provision for 2 quantity measures – primary quantity and secondary quantity

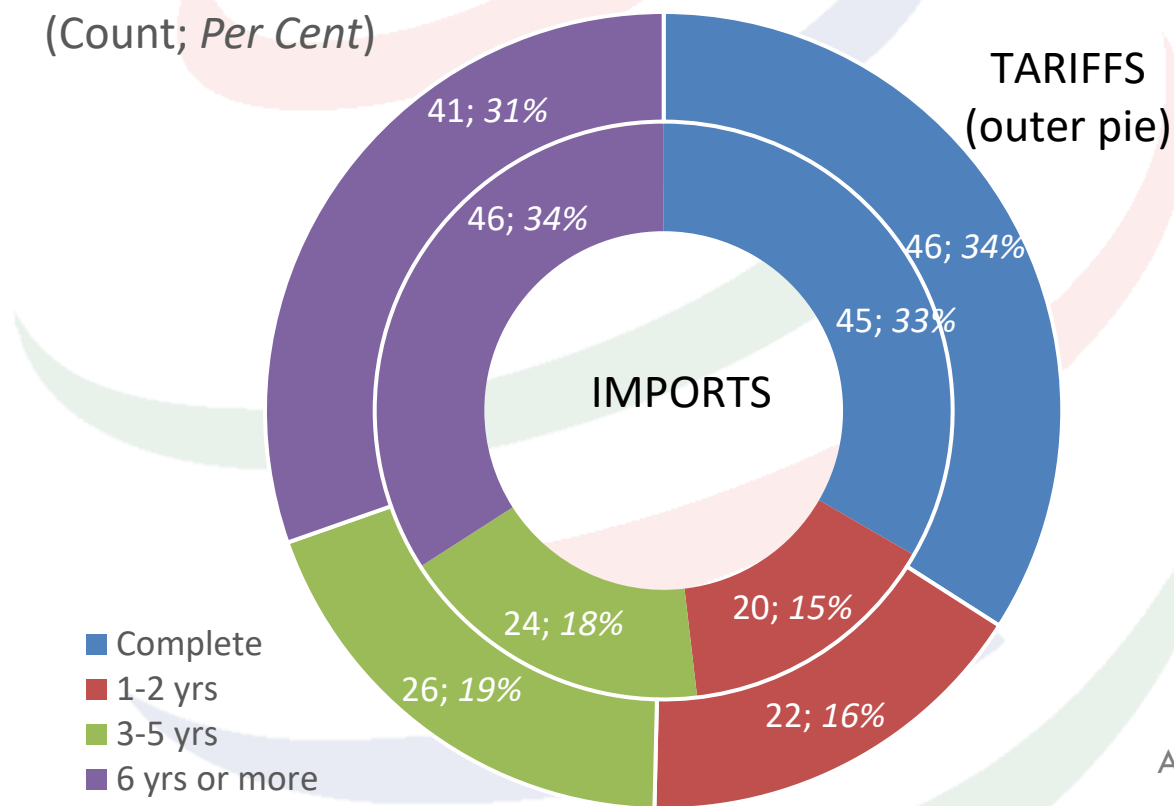
Timely Notification

- Deadlines:
 - 30 March for applied tariffs of the current year
 - 31 October for imports of the previous year
- Possible automatic data transmission
 - Voluntary basis and will lessen notification burden of members
 - Template of memorandum of understanding can be shared and can be customized to needs and sensitivities of the member
 - Initiative is supported in other committees who recognize the need for timely and complete IDB data. There would be no duplicate effort but the IDB statistics and the analyses derived are used by different stakeholders which include delegations themselves and their capitals to support negotiations and formulating economic policies, Secretariat, academia and research, and the interested general public.

Members' Compliance WITH IDB notifications



Among notifying members, 41 for tariffs and 46 for imports have six years or more of outstanding notifications.



Status of IDB notifications - [G/MA/IDB/2/Rev52](https://www.wto.org/gatt/ma/IDB/2/Rev52) or IDB section of the WTO webpage



Summary

- ❑ The IDB is a very important repository of official tariff and imports data and should be kept complete and updated. Other committees rely on IDB data for their reports.
- ❑ Countries are encouraged to provide optional information (AVEs, Quota data, other import duties, preferential tariffs) mentioned in the new IDB decision to make the analyses more comprehensive, reliable and meaningful.
- ❑ PTA-TM notifications are important sources of information on LDC preferences but many PTA-TM members have outstanding data notifications.
- ❑ IDB data are disseminated in Tariff Analysis Online <https://tao.wto.org> and Tariff Download Facility <http://tdf.wto.org>
- ❑ Important indicators are published in the World Tariff Profiles and available online on WTO Data Portal <http://data.wto.org>.



Queries and comments on the databases:

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