

Examining the value of Unilateral trade preferences and Africa

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The landscape and the Dilemma

- **EU preferences are moving towards reciprocity except for EBA**
- **AGOA and Japan GSP remain unilateral**
- **The main worry now is preference erosion**
- **A common denominator and dilemma: What is the value of trade preferences ?**

Measuring the value of trade preferences

- **Most studies on erosion are focusing on average tariffs**
- **However the limited supply capacity of African countries and the concentration of their exports suggests that a tariff line approach could be more effective**
- **Trade flows may be limited but impact on poverty may concern thousands**
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The methodology

- **Identify the most utilized trade preferences at tariff line level.**
- **Trade data on utilization rates**
- **Preferences may be given but this does not ensure that they are granted at the time of customs clearance in the preference giving country**
- **Given the different preferences granted to LDC the tables in the annex relates to GSP preferences(EBA), AGOA and ACP**

The Second step after this study

- The second step is to establish a link between the country product/pairs and the communities or social groups, workers or small-scale rural farmers that have benefited from trade preferences and could suffer from preference erosion.
- **ACTION : Develop a questionnaire directed at the exporters/ producers of the most utilized country/tariff line to directly assess the impact of preference erosion and rules of origin**

The Third step after this study

- The third step is to establish mechanisms at the multilateral and bilateral levels to address the possible adverse effects of the erosion of those preferences.
- **ACTION** : Assist African countries devising ways and means at national level to make use of the EIF and Aid for trade to develop a trade policy framework to identify bankable projects that could be used to develop infrastructure or finance trade reforms

Preferences in the Context of NAMA and AGRI \ Non Trade solutions

- Non- trade solutions
- Develop the steps earlier indicated at national level and seek assistance from Donors and Agencies
- Bear in mind that Total value of trade preferences in terms of revenue foregone has been calculated at 800 million yearly
- What will be pledge for the EIF ?
- What about Aid for trade?

Using the content of the study in NAMA and AGRI 2\trade solutions

- Using the tables of the study to draw up the list in annex 2 and 3 of NAMA and sensitive products solutions
- Non application of tariff reduction formulas or longer implementation period
- The remaining is let to implementation of DFQF

DFQF :Way Forward for implementation

- US still has to implement it
- Japan still to be assessed
- EU with EBA but nothing on origin
- What about Developing countries efforts to implement DFQF ?
- The issue of rules of origin remains open and the NAMA Chairman text is rather confused
- Work on origin/LDC proposal comments and suggestions to further develop the LDC/ACP approach
- Devise a suitable system for origin certification and verification
- Present a revised text incorporating comments from Partners and LDC private sector and suggestions