RENEGOTIATING THE LOME CONVENTION - TRADE POLICY SCHEMES AND THEIR EFFECTS FOR AFRICAN REGIONS

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Research in Progress

13.5.2000

Abstract

With a multiregion GE-model (GTAP) we quantify and evaluate two different trade policy scenarios for trade between European Union and African regions. In most African countries, the trade between EU has been governed by the Lomé Convention, which has offered non-reciprocal duty-free access for most of the imports to EU. To make these relationships compatible with WTO rules, a proposal of Regional Economic Partnership Agreements has been made. We analyze these agreements as free trade areas and study how they compare to GSP system, which is available for most of African countries. Results show clearly the negative welfare effects of both free trade areas and the GSP system, although results lie mainly on terms of trade effects. Trade policy schemes differ mainly on the effects on exports from African regions with regard to their destination and the sign of their change.

1. Introduction

The Lomé Convention has been the primary framework of European Union's external activities. The critical tool in the convention has been the preferential treatment for almost all imports from 70 ACP countries to EU. Preferential treatment is one of the tools in this development policy; others are direct assistance, training and stabilization funds. The agreement expired in the end of 1999 and during the agreed transitional phase, parties are negotiating of new arrangements. One of the guiding lines in the new arrangements will be moving in greater extent to trade-based instruments in the policy.

At its current form, the Lomé Convention allows almost totally duty-free access for most of the products from ACP countries, except some sensitive agricultural products, whose imports are regulated by protocols. These commodities are beef and veal, sugar, bananas and previously rum, for which the quotas have now been abolished.

Preference erosion for ACP countries in their exports to EU is a dominant factor affecting their future position in world markets. This preference erosion is borne from several factors. When renegotiating the Lomé Convention, one of the guiding lines is to make the agreement compatible

with WTO rules. They do not allow discrimination of developing countries when using non-reciprocal trade preferences (MFN). Instead, a common system like GSP (Generalized System of Preferences) should be used for all developing countries. This would narrow the preference margins especially for those ACP countries that are not developing countries. (EU 1999)

Regionalism and free trade areas that European Union is building with several regions in the world also narrow the preferential treatment for ACP countries. These free trade areas are under negotiations between South Africa, Mediterranean Countries, Mercosur and Eastern and Central European Countries. Even if ACP countries would accept the GSP tariffs, they would be higher compared to tariffs in free trade areas. These tariffs would also be very influential as developing countries are often competing in primary products and textiles with these countries.

Finally, the negotiated tariff cuts in the Uruguay Round diminish the preference margins of ACP countries (EU 1999). Anticipated reductions in the prices of some agricultural products in Agenda 2000 diminish the export income for those products that ACP countries have imported to EU under quota (beef and veal, sugar).

At its current phase, it seems that European Union will aim in building so called REPAs, Regional Economic Partnership Agreements, with ACP countries. We treat these agreements as free trade areas that abolish most of the tariffs between partners except for some critical commodities, mainly agricultural and food production that are critical for Europe. European Commission has produced six impact studies on the effects of these REPAS for certain selected country groups. Of these areas, four are in Africa (EAC, SADC, UDEAC-CEMAC, UEMOA). According to these studies, LDCs have little to gain from REPAs (McQueen 1999). As Africa is a very heterogeneous area where possibilities to negotiate on free trade areas are very limited, EU is planning to admit GSP preferences to those countries not willing or capable to build a REPA.

In this study, we evaluate numerically the general equilibrium effects of two alternatives for Africa in its trade with EU. These alternatives are a free trade area and GSP treatment for two African regions in GTAP database. We use the standard GTAP model and database for the analysis and only correct the GTAP tariff data to describe the actual tariffs in Africa. The results reveal the intuitive reason for the reluctance of LDCs to liberalize their trade with developed countries as it may not be very beneficial to them. As the GTAP database is very aggregated in its regions in Africa, we go into details by using an additional information on EU's imports from Africa received from TRAINS database produced by UNCTAD.

2. GTAP data and model – possibilities of general equilibrium analysis

DESCRIPTION OF GTAP DATA AND MODEL – TO BE COMPLETED

Contribution compared to studies that rely only on trade statistics (Impact Studies)

ADDITIONAL DATA – TRAINS DATABASE, EU STATISTICS– DESCRIPTION -TO BE COMPLETED

3. Trade between EU and African Countries

One purpose of this study has been to identify the critical industries in negotiations between European Union and African countries. This has been the motivation in aggregating the 16

commodities out of the 50 commodities in the GTAP database (SEE TABLE 1: Commodity aggregation).[2] The trade between EU and Africa is clearly of greater importance to African countries. Over two thirds of the exports from Rest of Sub-Saharan Africa (RSS) goes to European Union in the following 7 industries in our study: Vegetables, sugar, other crops, diamonds, food industry, wearing apparel and footwear. For Rest of Southern Africa, the trade with EU is somewhat less significant, except in case of sugar, where the exports to EU count over 90 percent. Other important industries in their concentration to EU exports are food industry and wearing apparel. On the overall, the imports from Africa are concentrated on primary products, especially plants and fibres that have no substituting production in Europe (flowers, fruits, coffee, cocoa, etc.) Other important areas are imports of oils and textiles. The shares of imports by different industries can be seen in the Table 4.[3] For European Union, of the African regions, RSS is of more importance in fibres (13 %) and other crops (17 %) and RSA in sugar (42 %).

When aggregating the countries under study we have focused on the African regions and European Union. As preferential margins affect also on the trade between European Union and other countries, we have left one reference area, RME (Rest of the Middle East) that consists of Turkey and Rest of the Middle East to study the trade diversion effects. The focused African Regions under study are Rest of Sub-Saharan Africa (RSS) and Rest of Southern Africa (RSA). The remaining African Regions are also left as regions of their own (NAF Northern Africa and Morocco, SAF Southern Africa).[4] The importance of Africa in global markets is very small: the aggregated share of their exports (SAF, RSA, RSS, NAF) to world markets is 2,2 % as EU's share is 40 %. It is also clear that what ever the policy schemes will be in the future in trade relations between EU and Africa, their importance to EU is marginal whereas they mean much more to African countries.

Both RSS and RSA are huge areas covering 37 and 7 countries respectively (Table 3). To consider a uniform trade policy with these areas and European Union is of course an abstraction. Strategic commodities differ and institutional factors vary; a fact that in real life affects the possible negotiations. Furthermore, former colonial relationships also affect the negotiations. In other contexts, regional groupings (free trade areas or any other blockings) have been seen as negotiating partners with European Union. For example, the impact studies picked four groups of regional agreements to a closer look. These groups were EAC (East African Cooperation) consisting of Kenya, Tanzania and Uganda, SADC (Southern African Development Community) consisting of 14 southern African countries (including South Africa) and two monetary communities in Francophone Africa (UDEAC-CEMAC in Central Africa: 6 countries and UEMOA – West African Monetary Union, 7 countries).

In order to identify the critical industries, we also need to identify the actual commodities and their main producers. For this purpose, we have studied the commodities traded with EU and their source country. Table 8 shows the trade flows gathered from the TRAINS database for most important commodities (HS4 categories) imported to EU from RSA and RSS. The figures are presented for products critical either to an individual country (over 10 % of country's total exports to EU) or to the whole region (over 2 % of region's total exports to EU). For the regions, the total value (in

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[2] We are using the GTAP database version 4 together with TRAINS data version 7.0, which is based on HS Classification. Concordances between these classifications are available only between HS and GTAP Database 3, this is why we use both commodity classifications from GTAP. The clearest difficulty raises in previous class 4, Non grain crops that in the database 4 have been divided into 5 different commodities. We wanted to keep all 5 commodities as separate because their imports treatment varies a lot between commodities (e.g. sugar cane and fruits)

[3] Especially for RSS, the shares received from GTAP and TRAINS look a bit different. This is probably due to the base year (GTAP 1995, Trains 1998)

[4] The clear impact on the trade performance of RSS and especially RSA comes evidently on the planned free trade area between EU and South Africa and its founding reveals the possibilities of free trade areas between other African countries as well. Also the FTA between EU and South Africa has percussions to Southern Africa (Lewis et al. 1999).For the moment, we abstract from these facts.

USD) of imports and the commodity's share of region's total imports to EU are presented. For induvidual countries, only the share of country's total import's to EU is shown. The table reveals that there are, indeed, countries who are very dependent on a single commodity in their trade with European Union. For example, coffee, of which European Union imports 7.7 % from Africa, forms a major part of trade with EU for Burundi (96.8 %), Ethiopia (75.3 %), Rwanda (49.9 %), Uganda (72.9 %) and Togo (29.9 %). Moreover, some products like fish (HS0302-0307), seem insignificant when the whole region is observed but still critical for some individual countries.

In world markets, the role of the RSS is of greater importance in the exports of fibres (11 %) and other crops (11 %). The size of RSA is of course smaller but its share of global sugar markets is some 8 percent.

4. Tariffs in trade between EU and Africa

A short look at GTAP tariff data between EU and RSS countries appeared not to be very plausible as most of the figures for tariffs for imports from EU to RSS were negative. The availability of tariff data is limited to some 3 countries in the region (see document on the GTAP4 Database). In addition, the Lomé treatment for imports from Africa to EU was not included in the data. The first step in the analysis was to correct the tariffs. When tariffs are corrected in a general equilibrium model by shocking the exogenous tariff variables, they necessarily result on resource allocation effects. To minimize these effects, software for correcting data has been made (Malcolm 1998) and it has been the first step in our study. Table 6 describes the GTAP tariffs and Tariffs after alterations (Altertax-tariffs).

In correcting the tariffs (exl. Lomé tariffs) we relied on a study made by Francois and Strutt (1999) and applied the Post-Uruguay round tariffs to the database. It is arguable whether the negotiated Post-Uruguay round tariffs are actually implemented or not and should we rather use Pre-Uruguay round tariffs. According to e.g. Francois and Strutt, some tariff cuts have already been made and for African countries, many applied tariffs are not binding. Thus, applying the post-Uruguay round tariffs will not have any bigger effect. The major result corrects the negative tariffs of RSS to be positive.

In the Lomé correction we took into account that some sensitive products, sugar, beef and veal and food processing industries, are protected in European Union and left the Post-Uruguay tariffs untouched.

4.1 European Union's GSP Scheme

GSP (Generalized System of Preferences) is a system used by many developed countries to help developing nations to improve their financial or economic condition through exports. It provides for importation with reduced tariffs or completely duty free access of a wide range of products that would be subject to higher customs duty if imported from non-GSP-status countries.

The GSP scheme of the European Union (EU) has broad country coverage including all the countries in the two African regions on the focus of this study. However, on the time being the scheme is not of practical interest for the concerned African countries as they benefit from more favorable preferences under the Lomé Convention in their trade with the EU.

The EC GSP scheme, since the revision in 1995 of its overall structure, revolves around three key features, namely, tariff modulation, country-sector graduation and special incentive arrangements.

A great number of agricultural products falling within HS 1-25 are covered by the GSP. The scheme also covers almost all processed and semi-processed industrial products, as well as ferro-alloys, falling within HS chapters 25-97. However, many primary products (in HS chapters 25 – 52 and 72 – 81) are excluded from preferential treatment.

Instead of the quantitative limitation of GSP imports in the earlier schemes, reduced rates of duty classified according to four categories of *product sensitivity* are implied. For very import sensitive products in relation to the EC market, the GSP rate is 85 per cent of the MFN rate (15 % preferential margin). The GSP rate for sensitive products is 70 per cent of the MFN rate (30 % preferential margin) and for semi-sensitive products 35 per cent of the MFN rate (65 % preferential margin). For non-sensitive products, duty-free entry is granted (100 % preferential margin).

The criteria for *country-sector graduation* are based on an open policy of graduation. For products classified in certain HS chapters, grouped in 22 sectors in the case of industrial products and in 12 sectors for agricultural, certain countries are excluded from GSP treatment. Exclusion criteria are based simultaneously on country's export specialization and development level. The specialization is measured by an index based on the ratio, where beneficiary country's share of total European Community imports in a given sector is divided by the country's share of total European Community imports. Similarly, a development index of beneficiary countries is calculated on the basis of a country's per capita income and the level of its exports, as compared with those of the Community. There are also additional clauses for the graduation based on the importing country's share of total GSP imports in a given sector, but none of the countries in the focus of our study is affected by these criteria.

The *special incentives* operate on the basis of an additional margin of preference granted to beneficiary countries that comply with certain requirements related to labor standards and environmental norms. The provisions for agricultural products are almost identical to those for industrial products.

The *least developed countries* (LDCs) are granted duty-free access on products covered by the EC industrial scheme. Preference-receiving LDCs are granted duty-free access on a substantial variety of agricultural products, too. Although, like with standard GSP preferences, the additional preferences are more relevant to LDCs that are not parties to the Lomé Convention, for some individual commodities the LDC preferential treatment is more favorable than ACP treatment. Countries to EU's GSP preferences for LDCs are presented in table 4.

4.2. Approximated GSP tariffs for trade between EU and Africa

We have calculated the tariffs for RSA and RSS imports to European Union under GSP treatment using the information on trade and customs duties extracted from the TRAINS database. The aggregation procedure is not straight forward because the trade information in the database is on Harmonizes System 6 digit level commodities (ca. 2 000) whereas the MFN, GSP and GSP for LDC preferential customs duties are presented separately for each national tariff line (ca. 16 000) which corresponds to HS 10 digit level commodities. Furthermore, not all the duties are directly ad valorem but some are imposed on quantity of the imported commodity. For some commodities, there are also non-tariff barriers, like import quotas.

At first, an approximate tariff for each HS 6 commodity has been calculated. Whenever there is a raw ad valorem tariff for all HS 10 commodities falling to one HS 6 category, we use arithmetic average of these tariffs as the HS 6 tariff approximate. For national tariff lines presenting the duty on volume, an ad valorem equivalent is achieved by dividing the tariff per volume by the average

value of the imported commodity. Tariffs and commodities are reported in same units (kg, l, etc.). In this exercise, we have ignored the effect of import quotas.

We have simplified the calculation by selecting about 120 most important commodities (HS 6 level) in terms of their share of total imports from the focused regions to the EU. These products represent about 97 % of the total imports from the region to the EU. Finally, we calculate the GSP tariff for each GTAP3 commodity group as average of HS 6 GSP and LDC tariffs falling into the group, weighted by present value of imports of LDC and non-LDC countries.

Approximate average tariff $\hat{t}_{c,r}$ for GTAP commodity group c for imports from GTAP region r to the EU can be presented with formula

$$\hat{t}_{c,r} = \sum_i M_i \left[\lambda_i \theta_i + (1 - \lambda_i)\tau_i\right] \Big/ \sum_i M_i$$

where:

M_i is the total value of imports of HS 6 level commodity i, falling to GTAP commodity group c, from region r to EU,

λ_i is the LDCs' share of total imports of commodity i from region r to EU,

τ_i is the average ad valorem tariff for imports of commodity i from countries entitled to GSP treatment to EU, and

θ_i is the average ad valorem tariff for imports of commodity i from LDC countries to EU.

Approximated tariffs are presented in the table 4.

5. Experiments and results

The simulations were done with the standard GTAP model to the updated data. In the FTA Experiment, we abolished all the import tariffs from EU imports to RSA and RSS. In the GSP Experiment, we shocked the actual tariffs to result in GSP tariffs. The GSP treatment for all African countries within the regions was supposed to be possible. As REPAs are planned to be built on bilateral basis, we did not expect the tariffs inside the two regions to disappear.

When comparing in general the difference between experiments FTA (Free trade area) and GSP, it can be seen that the volume of world trade in FTA experiment increases whereas in GSP it decreases. Also the magnitude in the experiments vary a lot, the effect on the volume of trade is ten times bigger in FTA. Both experiments actually increase the welfare in the world when measured by the equivalent variation, but the positive effects will not accrue to African countries.

In addition, the regional effects related to trade are of same sign as for global trade. Both imports and exports from RSS and RSA increase in FTA as trade in Africa is concentrated between these regions and EU, displacing the trade with Southern Africa, SAF. Instead, in GSP simulations both the imports and exports from RSS and RSA decrease. For EU, both of the simulations increase trade.

In the tables below, we describe some aggregate effects. As the income or GDP in FTA experiment decreases by –1.6 percent, the effect of free trade to utility per capita is one to eight of this effect. GDP declines through decreasing trade but cheaper imports compensate the loss to consumers. The effects to public and private sector also differ a lot, which is dependent on their use of imported products in the production.

In the FTA experiment, the EU is the only region benefiting of the experiment. Instead, in the GSP simulation both the Northern Africa and Rest of the World can exploit the EU market when imports from African countries becomes relatively more expensive. Analyzing the welfare effects more carefully reveals that most of the negative effects are born from the terms of trade effect but also on allocative effect. Removing barriers of trade only in one direction at a moment may be harmful to a country as it increases the distortions in the economy.

FTA	EU	NAF	RSS	RSA	SAF	RME	ROW
Income (y)	0.081	-0.055	-1.622	-0.669	-0.488	-0.079	-0.022
Private utility	0.021	-0.028	-0.258	-0.015	-0.137	-0.033	-0.002
Public utility	0.012	-0.03	-0.453	-0.581	-0.068	-0.028	-0.003
Utility per capita	0.019	-0.029	-0.255	-0.141	-0.12	-0.032	-0.002
Welfare in MioUSD	1357.665	-39.876	-416.031	-23.851	-139.159	-203.819	-419.026

	EU	NAF	RSS	RSA	SAF	RME	ROW
GSP							
Income (y)	0.005	0.003	-0.341	-0.473	-0.017	-0.001	0.002
Private utility	0.001	0.001	-0.063	-0.246	-0.003	-0.002	0
Public utility	0.002	0	-0.075	-0.186	-0.003	-0.002	0
Utility per capita	0.002	0.001	-0.069	-0.231	-0.003	-0.002	0
Welfare in MioUSD	116.562	0.989	-111.998	-38.915	-3.669	-10.547	53.002

We also study the effects on the production and trade in different industries in RSS and RSA; first, we look at the case of FTA for RSS[5]. Destination countries in the changes of exports from RSS are selected on the basis to describe the trade diversion effects. The changes in domestic production vary a lot from negative to positive effects. Still, exports to EU increases as it does in same magnitude to all regions but RSS, inside trade, and RSA, where bigger negative effects occur. Trade diverts from the trade within Africa to trade with EU.

FTA	Production	Exports from RSS to			Imports from EU to RSS
	RSS	EU	RSS	RSA	
Vegetables	-0.07	4.2	-20.77	-0.24	51.57
Oil seeds	0.01	3.51	1.93	4.96	-1.92
Sugar	0.28	4.2	1.78	0.92	-1.98
Fibres	0.94	3.14	-9.28	2.7	51.68
Other crops	1.29	3.44	-13.88	-2.01	97.53
Other prim.prod.	0.12	4.17	2.3	5.14	-2.33
Oil	0.23	2.71	-0.29	1.05	-3.23
Diamonds	1.5	2.23	-0.04	1.21	-2.15
Food industry	0.98	5.01	2.8	4.89	-2.26
Bev. And Tobacco	-2.9	7.82	-37.45	6.23	76.1
Textiles	-1.76	6.02	-10.82	-5.07	62.66
Wearing apparel	-0.62	17.32	-11.23	-11.84	189.54
Footwear	1.16	16.53	-15.56	-14.97	142.19
Metals	-3.81	8.17	-20.34	-3.34	47.53
Heavy industry	-2.6	8.25	-13.44	-9.28	29.45
Services	0.22	4.83	2.05	4.62	-2.74
Capital goods	2.21				

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[5] Rest of the cases; RSA-FTA, RSA-GSP, to be completed.

GSP	Production	Exports from RSS to			Imports from EU
	RSS	EU	RSS	RSA	to RSS
Vegetables	-0.099	-2.901	0.839	0.886	-0.74
Oil seeds	0.099	1.542	0.85	0.742	-0.78
Sugar	-0.01	1.308	0.97	-0.509	-0.84
Fibres	0.048	-2.379	0.765	-0.578	-0.98
Other crops	-0.823	-2.826	0.847	0.761	-1.08
Other prim.prod.	0.076	1.519	0.918	0.907	-0.77
Oil	0.096	0.234	0.126	0.206	-0.13
Diamonds	0.397	0.511	0.226	0.372	-0.25
Food industry	0.293	1.272	0.791	1.012	-0.51
Bev. And Tobacco	0.018	-4.595	0.843	1.061	-0.88
Textiles	0.023	-3.331	0.641	-1.287	-0.62
Wearing apparel	-0.19	-6.86	1.25	-0.007	-0.92
Footwear	-1.365	-6.663	1.298	1.042	-0.79
Metals	-0.174	-4.353	0.746	0.842	-0.55
Heavy industry	-0.018	-5.183	0.686	0.573	-0.46
Services	0.017	1.1	0.534	0.308	-0.56
Capital goods	-0.264				

Effects of the GSP on the direction of trade are quite opposite compared to the FTA case. GSP diminishes all the imports from EU and decreases exports also in some sectors. Still, exports to other African regions increases .

6. Discussion

Comparison to Impact Studies, which took into account only the contemporary trade flows, not any resource allocation effects.
Taking into account few conditional factors
– abolishing all MFA-tariffs
– Agenda 2000, will result in lower prices within quotas and diminishing income for developing countries
– FTA between EU and South Africa

Realism in trade policy evaluations: The importance of revenues from customs duties is much more important to African countries than e.g. EU. This is why adoption of more liberal trade policies is not a so simple question. Cutting the tariffs will directly diminish the revenues of the government, for some countries they may cover some 60 % of the government's revenue.

Conclusion : For African countries: why to stay in the same room with EU and close all the other possible doors, is the dependence on aid the motivation, makes one ask of the efficiency of aid.

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Table 1. Commodity Aggregation

1. Vegetables
Vegetables, fruit, nuts

2. Oil seeds
Oil seeds

3. Sugar
Sugar cane, sugar beet

4. Fibres
Plant-based fibers

5. Other crops
Crops nec

6. Other primary products
Paddy rice
Wheat
Cereal grains nec
Bovine cattle, sheep and goats, horses
Animal products nec
Raw milk
Wool silk-worm cocoons
Forestry
Fishing

7. Oil
Coal
Oil
Gas

8. Diamonds
Minerals nec

9. Processed food
Bovine cattle, sheep and goat, horse meat prods
Meat products nec
Vegetable oils and fats
Dairy products
Processed rice
Sugar
Food products nec

10. Beverages and tobacco
Beverages and tobacco products

11. Textiles
Textiles

12. Wearing apparel
Wearing apparel

13. Footwear
Leather products

14. Metals
Ferrous metals
Metals nec

15. Heavy industry
Wood products
Paper products, publishing
Petroleum, coal products
Chemical, rubber, plastic products
Mineral products nec
Metal products
Motor vehicles and parts
Transport equipment nec
Electronic equipment
Machinery and equipment nec
Manufactures nec

16. Services
Electricity
Gas manufacture, distribution
Water
Construction
Trade, transport
Financial, business, recreational services
Public admin and defence, education, health
Dwellings

Table 2. Regional Aggregation

1. European Union, EU
    United Kingdom
    Germany
    Denmark
    Sweden
    Finland
    Rest of European Union

2. North Africa, NAF
    Morocco
    Rest of North Africa

3. Rest of Subsaharan Africa, RSS
    Rest of Sub Saharan Africa

4. Rest of Southern Africa, RSA
    Rest of Southern Africa

5. Southern Africa, SAF
    South African Customs Union

6. Rest of Middle East and Turkey, RME
    Turkey
    Rest of Middle East

7. Rest of World, ROW
    Australia
    New Zealand
    Japan
    Republic of Korea
    Indonesia
    Malaysia
    Philippines
    Singapore
    Thailand
    Viet Nam
    China
    Hong Kong
    Taiwan
    India
    Sri Lanka
    Rest of South Asia
    Canada
    United States of America
    Mexico
    Central America and Caribbean
    Venezuela
    Colombia
    Rest of Andean Pact
    Argentina
    Brazil
    Chile
    Uruguay
    Rest of South America
    European Free Trade Area
    Central European Associates
    Former Soviet Union
    Rest of World

Table 3. Countries included in RSA and RSS

Rest of Southern Africa:

Angola	Mozambique	Zambia
Malawi	Tanzania	Zimbabwe
Mauritius		

Rest of Subsaharan Africa:

Benin	Eritrea	Niger
Burkina Faso	Ethiopia	Nigeria
Burundi	Gabon	Rwanda
Cameroon	Gambia	São Tome and Principe
Cape Verde	Ghana	Senegal
Central African Republic	Guinea	Seychelles
Chad	Guinea-Bissau	Sierra Leone
Comoros	Kenya	Somalia
Congo	Liberia	Sudan
Congo RP (Zaire)	Madagascar	Togo
Côte d'Ivoire	Mali	Uganda
Djibouti	Mauritania	
Equatorial Guinea	Mayotte	

Table 4. Least-developed countries: duty-free entry

Rest of Sub-Saharan Africa	**Rest of Southern Africa**
Benin	Angola
Botswana	Malawi
Burkina Faso	Mozambique
Burundi	Tanzania
Cape Verde	Zambia
Central African Republic	
Chad	**South African Customs Union**
Comoros	Lesotho
Congo (Kinshasa)	
Djibouti	**Rest of Middle East**
Equatorial Guinea	Yemen*
Eritrea	
Ethiopia	**Rest of South Asia**
Gambia	Bangladesh*
Guinea	Bhutan*
Guinea Bissau	Maldives*
Liberia	Nepal*
Madagascar	
Mali	**Central America and the Caribbean**
Mauritania	Haiti
Niger	
Rwanda	**Rest of the World**
São Tome and Principe	Afghanistan*
Sierra Leone	Kampuchea*
Somalia	Kiribati
Sudan	Laos*
Togo	Myanmar*
Uganda	Samoa
	Solomon Islands
	Tonga
	Tuvalu
	Vanuatu

*Note: The majority of the least developed countries are beneficiaries of the Lomé Convention, but there remain several countries who benefit from the special GSP provisions for least developed countries (marked with asterisk).

Table 5. RSA and RSS imports to EU, tariffs under Lomé and GSP

RSA

GTAP 3 commodity group	Average tariff under Lomé	Average tariff with GSP	Value of imports (1000 USD)	Share of total RSA imports to EU
Pdr			0	0.0 %
Wht			0	0.0 %
Gro			122	0.0 %
Ngc	0.1 %	2.5 %	**432 142**	**12.5 %**
Olp			0	0.0 %
Wol	0.0 %	2.3 %	12 665	0.4 %
For	0.0 %	0.0 %	604	0.0 %
fsh	0.0 %	6.3 %	12 360	0.4 %
col	0.0 %	0.0 %	11 932	0.3 %
oil	0.0 %	0.0 %	**236 241**	**6.9 %**
gas			65	0.0 %
omn	0.0 %	0.0 %	**439 684**	**12.8 %**
met			0	0.0 %
mil	4.9 %	20.6 %	43 302	1.3 %
pcr			16	0.0 %
ofp	0.0 %	6.6 %	**668 250**	**19.4 %**
b_t	0.0 %	4.4 %	**369 062**	**10.7 %**
tex	0.0 %	4.8 %	76 458	2.2 %
wap	0.0 %	11.8 %	**702 444**	**20.4 %**
lea	0.0 %	3.2 %	19 691	0.6 %
lum	0.0 %	0.2 %	11 570	0.3 %
ppp	0.0 %		3 121	0.1 %
p_c	0.0 %	2.6 %	3 267	0.1 %
crp	0.0 %		7 929	0.2 %
nmm	0.0 %		2 143	0.1 %
i_s	0.0 %	4.2 %	104 362	3.0 %
nfm	0.0 %	0.0 %	169 582	4.9 %
fmp	0.0 %		6 749	0.2 %
trn	0.0 %	1.4 %	12 413	0.4 %
ome	0.0 %	3.6 %	50 052	1.5 %
omf	0.0 %	3.0 %	42 064	1.2 %
Other[a]			6 799	0.2 %
Total			*3 445 089*	*100.0 %*

RSS

GTAP 3 commodity group	Average tariff under Lomé	Average tariff with GSP	Value of imports (1000 USD)	Share of total RSS imports to EU
pdr			272	0.0 %
wht			0	0.0 %
gro			3 281	0.0 %
ngc	0.0 %	1.2 %	**4 696 666**	**29.8 %**
olp	0.0 %		726	0.0 %
wol	0.0 %	0.3 %	48 500	0.3 %
for	0.0 %	0.0 %	107 137	0.7 %
fsh	0.0 %	7.6 %	83 192	0.5 %
col	0.0 %	0.0 %	2 649	0.0 %
oil	0.0 %	0.0 %	**3 640 758**	**23.1 %**
gas	0.0 %	1.6 %	20 678	0.1 %
omn	0.0 %	0.0 %	**2 111 978**	**13.4 %**
met			461	0.0 %
mil	8.0 %	16.3 %	1 493	0.0 %
pcr			121	0.0 %
ofp	0.0 %	10.1 %	**1 786 100**	**11.3 %**
b_t	0.0 %	4.1 %	20 433	0.1 %
tex	0.0 %	6.0 %	93 264	0.6 %
wap	0.0 %	5.9 %	214 226	1.4 %
lea	0.0 %	2.2 %	184 149	1.2 %
lum	0.0 %	0.7 %	194 242	1.2 %
ppp	0.0 %		6 447	0.0 %
p_c	0.0 %	2.6 %	43 228	0.3 %
crp	0.0 %	0.5 %	260 384	1.7 %
nmm	0.0 %		13 753	0.1 %
i_s	0.0 %	4.0 %	10 309	0.1 %
nfm	0.0 %	3.7 %	406 939	2.6 %
fmp	0.0 %		3 969	0.0 %
trn	0.0 %	1.2 %	352 321	2.2 %
ome	0.0 %	1.0 %	88 453	0.6 %
omf	0.0 %	4.7 %	23 247	0.1 %
Other[a]			**1 330 518**	**8.4 %**
Total			*15 749 894*	*100.0 %*

[a] «Other»; commodities not included in any GTAP category. For RSS, constains mainly (94 %) commodities in HS class 44, «Wood and articles of wood; wood charcoal»

Source: UNCTAD TRAINS database

Table 6. Original and corrected duties on imports in trade between EU and Africa

Duties on imports from EU

	Imports to RSS				Imports to RSA	
Commodity group	Original duty	Altertax duty		Commodity group	Original duty	Altertax duty
V_F	-3.5 %	17.1 %		V_F	12.6 %	12.7 %
OSD	-38.9 %	8.3 %		OSD	20.0 %	20.0 %
C_B	-81.5 %	20.0 %		C_B	12.6 %	12.7 %
PFB	-36.2 %	13.3 %		PFB	12.5 %	11.8 %
OCR	7.4 %	21.9 %		OCR	12.7 %	12.6 %
OPP	-5.7 %	15.7 %		OPP	13.3 %	13.3 %
OIL	8.2 %	14.6 %		OIL	15.5 %	15.0 %
OMN	-7.7 %	8.1 %		OMN	8.1 %	8.1 %
OFD	-10.8 %	13.5 %		OFD	14.5 %	14.4 %
B_T	-30.1 %	19.6 %		B_T	-3.4 %	-3.4 %
TEX	-2.7 %	16.2 %		TEX	17.1 %	16.2 %
WAP	9.4 %	16.6 %		WAP	16.6 %	16.5 %
LEA	2.1 %	14.8 %		LEA	14.8 %	14.8 %
MET	-0.1 %	13.2 %		MET	13.8 %	13.6 %
IND	-3.5 %	8.4 %		IND	8.1 %	8.1 %
SER	0.0 %	0.0 %		SER	0.0 %	0.0 %
Total	*-3.8 %*	*8.2 %*		*Total*	*7.2 %*	*7.2 %*

Duties on imports to EU

	Imports from RSS				Imports from RSA	
Commodity group	Original duty	Altertax duty		Commodity group	Original duty	Altertax duty
V_F	5.6 %	0.0 %		V_F	5.6 %	0.0 %
OSD	0.0 %	0.0 %		OSD	0.0 %	0.0 %
C_B	76.6 %	76.5 %		C_B	76.6 %	76.6 %
PFB	50.0 %	0.0 %		PFB	50.0 %	0.0 %
OCR	2.1 %	0.0 %		OCR	2.1 %	0.0 %
OPP	3.1 %	3.1 %		OPP	7.3 %	7.3 %
OIL	0.0 %	0.0 %		OIL	0.0 %	0.0 %
OMN	0.0 %	0.0 %		OMN	0.0 %	0.0 %
OFD	10.6 %	9.7 %		OFD	65.1 %	29.5 %
B_T	19.4 %	0.0 %		B_T	19.2 %	0.0 %
TEX	5.9 %	0.0 %		TEX	5.9 %	0.0 %
WAP	10.4 %	0.0 %		WAP	10.4 %	0.0 %
LEA	5.1 %	0.0 %		LEA	5.1 %	0.0 %
MET	1.8 %	0.0 %		MET	2.5 %	0.0 %
IND	2.9 %	0.0 %		IND	4.0 %	0.0 %
SER	0.1 %	0.0 %		SER	0.1 %	0.0 %
Total	*2.9 %*	*1.7 %*		*Total*	*19.3 %*	*11.9 %*

Table 7. Harmonized System Code Listing (2-digit level)

Animals & Animal Products
>   01 - Live animals
>   02 - Meat & edible meat offal
>   03 - Fish, crustaceans & aquatic invertebrates
>   04 - Dairy produce, bird eggs, honey & other edible animal products
>   05 - Other products of animal origin, NESOI

Vegetable Products
>   06 - Live trees, plants; bulbs, roots; cut flowers & ornamental foliage chicory
>   07 - Edible vegetables & certain roots & tubers
>   08 - Edible fruits & nuts; citrus fruit or melon peel
>   09 - Coffee, tea, mate & spices
>   10 - Cereals
>   11 - Milling products; malt; starch; inulin; wheat gluten
>   12 - Oil seeds, etc; misc grain, seed, fruit, plant, etc
>   13 - Lac; gums, resins & other vegetable sap & extracts
>   14 - Vegetable plaiting materials & other vegetable products

Animal or Vegetable Fats
>   15 - Animal or vegetable fats/oils/waxes/etc

Prepared Foodstuffs
>   16 - Edible preparations of meat, fish, crustaceans, mollusks or other aquatic invertebrates
>   17 - Sugars & sugar confectionery
>   18 - Cocoa & cocoa preparations
>   19 - Preparations of cereals, flour, starch or milk; bakers wares
>   20 - Preparations of vegetables, fruit, nuts or other plant parts
>   21 - Miscellaneous edible preparations
>   22 - Beverages, spirits & vinegar
>   23 - Food industry residues & waste; prepared animal feed
>   24 - Tobacco & manufactured tobacco substitutes

Mineral Products
>   25 - Salt; sulfur; earth & stone; lime & cement plaster
>   26 - Ores, slag & ash
>   27 - Mineral fuels/oils/products of their distillation; bitumen substances; mineral wax

Chemical Products
>   28 - Inorganic chemicals; compounds of precious/rare-earth metals, radioactive elements/isotopes
>   29 - Organic chemicals
>   30 - Pharmaceutical products
>   31 - Fertilizers
>   32 - Tanning/dyeing extracts; tannins/derivatives/dyes/etc; paint/varnish; putty/other mastics; inks
>   33 - Essential oils/resinoids; perfumery/cosmetic/toilet preparations
>   34 - Soaps/waxes/polishes/candles/modeling pastes/dental preparations with plaster base
>   35 - Albuminoidal substances/modified starches/glues/enzymes
>   36 - Explosives/pyrotechnic products/matches/pyrophoric alloys/certain combustible preparations
>   37 - Photographic/cinematographic goods
>   38 - Miscellaneous chemical products

Plastics & Rubbers
>   39 - Plastics & articles thereof
>   40 - Rubber & articles thereof

Hides & Skins
41 - Raw hides, skins (exc furskins), leather
42 - Leather articles; saddlery/harness; travel goods/etc; articles of animal gut (exc silkworm gut)
43 - Furskins & artificial fur; products thereof

Wood & Wood Products
44 - Wood & articles of wood; wood charcoal
45 - Cork & articles of cork
46 - Products of straw/esparto/other plaiting materials; basketware & wickerwork

Wood Pulp Products
47 - Pulp of wood or of other fibrous cellulosic material; waste & scrap of paper & paperboard
48 - Paper/paperboard/articles thereof; paper pulp articles
49 - Printed books, newspapers, pictures/other printing; manuscripts, typescript parts/plans

Textiles/Textile Articles
50 - Silk, incl yarn/woven fabric thereof
51 - Wool/animal hair, incl yarn/woven fabric thereof
52 - Cotton, incl yarn/woven fabric thereof
53 - Other vegetable/paper fibers, incl yarn/woven fabric thereof, NESOI
54 - Manmade filaments, incl yarns/woven fabric thereof
55 - Manmade staple fibers, incl yarns/woven fabrics thereof
56 - Wadding, felt/nonwovens; special yarns; twine, cordage, ropes/cables/articles thereof
57 - Carpets/other textile floor coverings
58 - Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery
59 - Impregnated/coated/covered/laminated textile fabrics; textile articles for industrial use
60 - Knitted/crocheted fabrics
61 - Apparel articles/clothing accessories, knitted/crocheted
62 - Apparel articles/clothing accessories, not knitted/crocheted
63 - Other textile articles, NESOI; needlecraft sets; worn clothing/textile articles; rags

Footwear, Headgear
64 - Footwear/gaiters/etc, parts thereof
65 - Headgear, parts thereof
66 - Umbrellas/walking-sticks/seat-sticks/riding-crops/whips, parts thereof
67 - Prepared feathers/down/articles thereof; artificial flowers; articles of human hair

Articles of Stone, Plaster, Cement, Asbestos
68 - Articles of stone/plaster/cement/asbestos/mica/similar materials
69 - Ceramic products
70 - Glass/glassware

Pearls, Precious/Semi-Precious Stones, Metals
71 - Natural/cultured pearls, precious/semi precious stones, precious metals/imitation jewelry/coin

Base Metals/Articles Thereof
72 - Iron/steel
73 - Articles of iron/steel
75 - Nickel, articles thereof
76 - Aluminum, articles thereof
78 - Lead/articles of
79 - Zinc/articles of
80 - Tin/articles of
81 - Other base metals; cermets; articles of
82 - Tools, implements, cutlery, spoons/forks of base metal & parts
83 - Miscellaneous articles of base metal

Machines/mechanical appliances

      84 - Nuclear reactors, boilers, machinery/mechanical appliances; parts

      85 - Electric machinery, equipment & parts; sound equipment; television equipment

Transportation Equipment structures

      86 - Railway/tramway: locomotives/rolling stock/track fixtures & parts; traffic signal equipment

      87 - Vehicles, (exc railway, tramway, rolling stock); parts/accessories

      88 - Aircraft, spacecraft & parts

      89 - Ships, boats/floating structures

Instruments - Measuring/Musical

      90 - Optical/photographic/cinematographic/measuring/checking/medical/surgical instruments

      91 - Clocks/watches & parts

      92 - Musical instruments; parts/accessories thereof

Arms/Ammunition

      93 - Arms/ammunition; parts/accessories thereof

Miscellaneous

      94 - Furnishings: domestic, medical, office, lighting, holiday; prefabricated buildings

      95 - Toys, games/sports equipment; parts/accessories

      96 - Miscellaneous manufactured articles

Works of Art

      97 - Works of art, collectors' pieces/antiques

Source: TradeNet's Export Advisor, http://export.2rad.net/Company/Harmoniz.htm

Table 8. The most important commodities for RSA or RSS regions or induvidual countries imported to EU

ish and Crustaceans

   0302 - Fish, fresh/chilled (exc 0304)

      Senegal (12.1 %)

   0303 - Fish, frozen (exc 0304)

      Guinea Bissau (42.7 %), Somalia (18.2 %),
      São Tome and Principe (17.0 %)

   0304 - Fish fillets & other fish meat (exc steaks), fresh/chilled/frozen

      Tanzania (12.0 %)

   0306 - Crustaceans, for human consumption

      <u>Imports from RSA:</u> USD 86 Mio (2.5 %)

      Mozambique (46.5 %), Somalia (19.2 %), Madagascar (14.4 %),
      Senegal (11.9 %)

   0307 - Mollusks & other aquatic invertebrates, for human consumption

      Guinea Bissau (20.6 %)

olwers

   0603 - Prepared cut flowers/buds for bouquets/ornaments

      <u>Imports from RSA:</u> USD 81 Mio (2.3 %)

ruits

   0803 - Bananas & plantains, fresh/dried

      Somalia (33.4 %)

offee, tea and spices

   0901 - Coffee; coffee husks & skins; substitutes containing coffee

      <u>Imports from RSA:</u> USD 115 Mio (3.3 %)

      <u>Imports from RSS:</u> USD 1 206 Mio (7.7 %)

      Burundi (96.8 %), Ethiopia (75.3 %), Uganda (72.9 %), Rwanda (49.9 %),
      Togo (29.9 %), Tanzania (23.9 %)

   0902 - Tea

      Malawi (9.6 %)

   0905 - Vanilla beans

      Comoros (41.0 %)

il seeds

   1207 - Other oil seeds & oleaginous fruits

      Benin (34.6 %)

ac, gums and resins

   1301 - Lac; natural gums, resins, gum-resins & oleoresins (balsams)

      Sudan (11.4 %)

egetable oils

   1508 - Peanut (ground-nut) oils/fractions, not chemically modified

      Sudan (24.5 %), Senegal (12.1 %)

cont.

dible preparations of fish

1604 - Prepared or preserved fish; caviar & other fish eggs
Imports from RSS: USD 493 Mio (3.1 %)
Seychelles (83.6 %), Senegal (14.6 %), Somalia (9.8 %)

1701 - Cane/beet sugar/chemically pure sucrose, in solid form
Imports from RSA: USD 450 Mio (13.1 %)
Mauritius (29.7 %)

ocoa

1801 - Cocoa beans, whole/broken, raw/roasted
Imports from RSS: USD 1 813 Mio (11.5 %)
São Tome and Principe (68.2 %), Côte d'Ivoire (40.0 %),
Ghana (29.4 %), Togo (11.0 %), Cameroon (10.1 %)

obacco

2401 - Unmanufactured tobacco/tobacco refuse
Imports from RSA: USD 345 Mio (10.0 %)
Malawi (61.6 %), Zimbabwe (26.2 %), Tanzania (11.4 %)

res, slag and ash

2601 - Iron ores/concentrates (incl roasted iron pyrites)
Mauritania (72.2 %)

2602 - Manganese ores/concentrates
Gabon (16.2 %)

2606 - Aluminum ores/concentrates
Guinea (54.6 %)

ineral fuels and oils

2701 - Coal; briquettes/ovoids/similar solid fuels manufactured from coal
Djibouti (18.9 %)

2709 - Crude oils from petroleum/bituminous minerals
Imports from RSA: USD 236 Mio (6.9 %)
Imports from RSS: USD 3 641 Mio (23.1 %)
Equatorial Guinea (83.4 %), Congo (Brazzaville) (40.2 %),
Angola (36.7 %), Gabon (34.2 %), Cameroon (30.5 %)

adioactive elements

2844 - Radioactive chemical elements/isotopes/compounds
Niger (96.9 %)

ssential oils and resinoids

3301 - Essential oils/concentrates/distillates/solutions
Comoros (45.1 %)

ood and articles of wood; wood charcoal

4403 - Wood in the rough, incl stripped of bark/sapwood, or roughly squared
Imports from RSS: USD 570 Mio (3.6 %)
Gabon (30.0 %), Cameroon (15.7 %), Congo (Brazzaville) (15.4 %)

4407 - Wood sawn/chipped/sliced/peeled
Imports from RSS: USD 491 Mio (3.1 %)

otton

5201 - Cotton, not carded/combed :

Imports from RSA: USD 77 Mio (2.3 %)

Imports from RSS: USD 378 Mio (2.4 %)

Chad (92.4 %), Mali (84.8 %), Burkina Faso (59.5 %), Benin (34.9 %),
Mozambique (15.7 %), Sudan (13.3 %)

lothing and textile articles

6109 - Knitted/crocheted t-shirts/singlets/tank tops/etc

Imports from RSA: USD 174 Mio (5.0 %)

Mauritius (13.4 %)

6205 - Men's/boys' shirts, exc knitted/crocheted

Cape Verde (12.2 %)

ootwear

*6406 - Parts of footwear; removable insoles/heel cushions/etc;
gaiters/leggings/etc, parts thereof*

Cape Verde (32.0 %)

recious stones and metals

7102 - Diamonds, not mounted/set

Imports from RSA: USD 354 Mio (10.3 %)

Imports from RSS: USD 1 348 Mio (8.6 %)

Gambia (82.3 %), Central African Republic (79.6 %),
Sierra Leone (70.1 %), Congo (Kinshasa) (64.0 %), Liberia (58.3 %),
Angola (54.5 %), Guinea (23.9 %)

7108 - Gold, unwrought/in semimanufactured/powder form

Rwanda (45.0 %), Burkina Faso (12.2 %)