

APPENDIX E3: WORLD BANK ADVOCACY ON INDUSTRIAL COUNTRY  
TRADE POLICIES

**Table E3.1: World Development Reports 1980–2002 (Main Themes on Trade)**

<b>World Development Report 1980</b>	<b>World Development Report 1981</b>	<b>World Development Report 1982</b>	<b>World Development Report 1983</b>
Some agricultural products remain constrained by heavy protection in Japan and Western Europe—textiles and clothing elaborate mechanism to control imports have become more entrenched, reducing the chance of their earlier removal. In some industrialized countries, imports on footwear and some consumer electronic goods are still subject to fairly stringent quotas. Tariff escalation inhibits exports of processed products from developing countries.	Tariffs remain high in some sectors—particularly those of interest of developing countries exporters. Tariff escalation—removing the tariffs on processed varieties of eight agricultural products. Disturbing development in trade restrictions. MFA, safeguards, antidumping, and counter-vailing duties. Many subsidies were overtly protectionist.	Protections have taken the form of NTB, quotas, voluntary restraints, antidumping, counter-vailing duties, safeguards and the increase of subsidies. Unlike tariffs, many of those are bilateral outside the scope of the GATT. Today's institutionalized restrictions were yesterday's temporary measures. In contrast to the situation in most developing countries, agriculture in the developed world is heavily protected and supported. European Economic Community (EEC), USA, and Japan have high protection levels and subsidies. Little progress was made in the Tokyo Round in reducing agricultural protection	High protectionism in agriculture. Tariff and NTB against clothing and textile imports from developing countries grew. Recession rose protectionist pressure.
<b>World Development Report 1985</b>	<b>World Development Report 1986</b>	<b>World Development Report 1987</b>	<b>World Development Report 1989</b>
Increased protectionism in industrial countries against developing countries' exports reduces the export earnings that developing countries would otherwise obtain. Detrimental to their capacity to import and to service their debt. Protectionism can adversely affect the developing countries terms of trade. New protectionism: escalation, NTB in agriculture, steel, footwear, MFA, quotas, voluntary export restraint (VER).	NTBs on developing countries' exports are higher than industrial countries' exports. MRN should focus on NTB and effective system of safeguards. Agricultural trade policy has been excluded from multilateral negotiations. Protectionism in agriculture: variable imports levies, exports restitutions, high tariffs, imports quotas Preferences: Lome. Caribbean Basin Initiative (CBI). Generalized System of Preferences (GSP): limited benefits, partly because they are restric-	Developing countries subject to NTB, VER, tariff escalation. Demands to combat "unfair" trade are protectionism and attack the basis of trade—comparative advantage. GSP limited gains—sectors excluded. Urged more open trading system: include agriculture, MFA to be phased out, safeguards amended to assure access to developing countries' exports. CVD-AD reform.	Specific safeguards actions taken by industrial countries increasingly discriminate against developing countries. VER, MFA, and quotas have their greatest effect on the exports of developing countries. The share of developing countries exports that face NTB is roughly 20 percent, about twice the share of industrial countries exports. Protection in agriculture. Increase in bilateral trade agreements. Uruguay Round (UR) need to take care of those issues.

*(Table continues on the following page.)*

**Table E3.1: World Development Reports 1980–2002 (Main Themes on Trade) (continued)**

<b>World Development Report 1985</b>	<b>World Development Report 1986</b>	<b>World Development Report 1987</b>	<b>World Development Report 1989</b>
	<p>tive, exclude or place limits on precisely those products in which developing countries could be most competitive.</p>		
<b>World Development Report 1991</b>	<b>World Development Report 1999/2000</b>	<b>World Development Report 2000/2001</b>	<b>World Development Report 2002</b>
<p>Trade reform in developing countries is much more likely to go ahead if success in trade is not punished. Use of quotas, subsidies, VER, CVD, and AD has risen alarmingly since the 1960s. Subsidies in agriculture increased by 80 percent in the U.S., and 69 percent in Canada between 1980 and 1985. It remains to be seen if regional blocs will support or hinder the goal of more open global trading system. UR must be revived to eliminate quantitative restrictions, open agriculture, and restrict the use of the so-called fair trade legislation.</p>	<p>Trade sanctions, which may be little more than a cover for the introduction of protectionist measures, may be implemented in ways that have little to do with child labor.</p>	<p>Agricultural trade grew only 1.8 percent from 1985 to 1994. One reason for this slow growth is the continuing protection of agricultural products by developed countries—protection not only through tariffs and quotas but also through subsidies. High tariffs in products of interest in developing countries. High income countries' agricultural tariffs and other distortions, such as subsidies, have been stimulated to cause annual welfare losses of \$19.8 billion for developing countries—equivalent to about 40 percent of the development assistance given to developing countries in 1998. For manufactured goods, tariffs facing developing country exports to high-income countries are, on average, four times those facing industrial country exports to the same market. Tariff escalation can discourage industrialization efforts in developing countries.</p>	<p>The benefits of trade liberalization for developing countries would be significantly enhanced if industrial countries also reduced their tariff and nontariff barriers, especially on agriculture and textiles. Industrial country support to agriculture rose from 31 percent of gross farm receipts in 1997 to 40 percent in 1999. Much of the liberalization under the MFA has been on products that were not under restraint to begin with. The initiatives of industrial countries to liberalize exports from LDC needs to be extended to all products. Even after the elimination of MFA, developing countries still face high tariffs.</p>
<b>Global Economic Prospects (OECD and other Trade Themes)</b>			
<b>Global Economic Prospects 1991</b>	<b>Global Economic Prospects 1992</b>	<b>Global Economic Prospects 1993</b>	<b>Global Economic Prospects 1994</b>
<p>High tariffs in products of interest of developing countries. NTB-VER, AD, 24 OECD economies are on balance, more protectionist now than they were ten years ago. NTB in sectors of interest of developing countries. Escalation on processed commodities.</p>	<p>Restrictive trade policies in industrial countries affect prospects for developing countries exports of manufactures. AD—CVD—VER—MFA—Domestic subsidies MFA</p>	<p>Protectionism in OECD markets is particularly vexing for aid-receiving countries. Exports of developing countries would increase in the OECD tariff and NTB were removed. "Trade not Aid"</p>	<p>A disappointing result of the recent UR is that tariff escalation will continue for agricultural products. NTB, quotas, variables levies, exports subsidies, AD, CVD in agriculture. The total transfers provided to agriculture in OECD countries amounted \$350 billion in 1992 or about six times the official development finance provided to developing countries</p>

Global Economic Prospects 1995	Global Economic Prospects 1996	Global Economic Prospects 2001	Global Economic Prospects 2002
Escalation remains. The UR appears to have done little to constrain the use of AD. Trade policies are not suited to deal with labor and environmental standards.	Important and real external obstacles to growth in trade remain, including the spread of anti-dumping practices, agricultural protection, and the MFA phase-out will likely to be delayed until 2005. *The importance of tariff escalation has been exaggerated given the special relations and conditions of market access of developing countries in OECD markets.	NTB in agriculture—high tariffs in sectors where the developing countries have comparative advantage. Agricultural subsidies. Tariff escalation. Quotas	Extend duty free access to all LDC exports in Quad countries. Removal of distortions in agriculture: reduce most favored nation (MFN) tariffs, peaks, quotas, subsidies. Expand access in labor-intensive manufactures, phase out remaining quantitative restrictions, MFA, reduce escalation, tariffs, and peaks.

Source: Rajapatirana (2003).