Preference erosion in textiles and clothing due to NAMA negotiations in the WTO

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Introduction

The phase out of quotas in the textiles and clothing sector at the start of 2005 has led to some degree of turmoil in this sector worldwide. Although the expected changes in world trade have not completely materialised at this stage, partly due to the safeguards that were put up by the US and EU, many countries have felt the impact of the changes, and in particular many developing countries have seen closures of factories, job losses and social disruption.

Instead of assisting workers that are displaced or providing alternatives or longer implementation periods, the world is now anticipating a second wave of liberalization which stands to take away many of the jobs that are still left. Much textiles and clothing production in developing countries is currently able to survive due to tariff preferences these countries receive under several preferential schemes. However, ambitious tariff reduction under NAMA negotiations and in particular through the use of a Swiss (type) formula applied on a line-by-line basis or, even worse, through sectoral negotiations in apparel and textiles with the aim to eliminate tariffs in these sectors, are getting closer to an end. Once again the WTO negotiations are demonstrating that interests of workers and even whole societies are not taken into account, and that reflection on how to assist countries with substantial changes is absent.

This paper will look at the social consequences of the phase out of the Multifibre Arrangement (MFA), which had established a quota system in 1974 for textiles and clothing, and will also look at the importance of preferences for those countries that currently face adjustment due to changes in global trade in textiles and clothing. The paper will look at the negotiations on market access in non-agricultural goods (NAMA), which include tariff reduction proposals also covering textiles and clothing. It will focus on the consequences of the erosion of preferences for a number of preference receiving countries, looking at different scenarios of tariff reductions under different formulas. Finally the paper will look at the different possible actions that could enable countries to respond adequately to the challenges ahead and at the importance of providing the necessary time and resources to adapt to changes, while building on different strategies to improve competitiveness.

The first year after the Phase Out

Not many statistics are available yet on the first year of the phase out. The ILO had collected information for its report that was prepared for the Tripartite Meeting on Promoting Fair Globalization in Textiles and Clothing in a post-MFA environment in October 2005. The report presents trade and employment figures for the first half of 2005[1], showing quite substantial shifts in a number of cases with increases of exports (more than 10% compared to the first months of 2004) to the US of textiles from Cambodia, China, Dominican Republic, India, Mexico and Turkey, and of clothing from Bangladesh, Cambodia, China, India, Indonesia, Sri Lanka, and Thailand. Substantial losses (more than 10%) in exports of textiles were experienced by El Salvador, Malaysia, the Philippines, and Sri Lanka (9.8%) and in clothing by Canada (9.9%), Hong Kong, Korea, Mauritius, and Taiwan. With regard to imports

[1] ILO, Promoting a Fair Globalization in textiles and clothing in a post-MFA environment, 2005, pages 11 and 12.

into the EU no detailed figures were available, only for a number of categories from China, which shows increases of over 100% for some categories.

Some selected figures from the International Textiles and Clothing Bureau (ITCB)[2] (period till November 2005 in value) are shown in the tables below

Clothing imports to the US

Country	Percentage change in value, Jan-Nov. 2005
Bangladesh	18.6%
China	72.4%
India	32.6%
Indonesia	19.4%
Peru	20.7%
Tunisia	22.1%
Cambodia	18.2%
Haiti	28.1%
Nicaragua	21.0%
Botswana	30%
Korea	-36.8%
Macao	-18.6%
Maldives	-93.8%
Paraguay	-15.3%
Uruguay	-22.2%
Turkey	-17.1%
Morocco	-29.0%
Bulgaria	-30.7%
Chinese Taipei	-27.4%
Mongolia	-41.4%
Nepal	-37.0%
Jamaica	-32.3%
Lesotho	-14.9%
Malawi	-16.6%
Mauritius	-25.5%
Namibia	-31.0%
South Africa	-52.0%

Source: ITCB

Textiles imports to the US

Country	Percentage change in value, Jan-Nov. 2005
Argentina	37.5%
China	28.9%
Costa Rica	20.0%
Egypt	20.8%
Guatemala	22.3%
Honduras	53.6%
India	16.4%
Pakistan	16.1%
Peru	37.6%
Romania	22.9%
Cambodia	14.6%
Turkey	14.1%
El Salvador	-27.0%
Sri Lanka	-21.9%

[2] http://www.itcb.org/Documents/ITCB-TD1-06.pdf 70

Thailand	-20.1%
Bulgaria	-68.9%
Malaysia	-11.6%
Philippines	-41.0%
Dominican Republic	-15.7%
South Africa	-11.6%

Source: ITCB

Clothing imports to the EU

Country	Percentage change in value, Jan-Nov. 2005
El Salvador	26.3%
China	54.9%
India	30.8%
Madagascar	10.5%
Peru	27.2%
US	18.2%
Colombia	-11.1%
Guatemala	-15.6%
Honduras	-23.7%
Hong Kong	-41.8%
Indonesia	-17.4%
Korea	-55.0%
Macao	-45.2%
Maldives	-79.1%
Paraguay	-78.7%
Thailand	-16.9%
Uruguay	-15.0%
Cambodia	-11.3%
Chinese Taipei	-48.4%
Jordan	-18.5%
Mauritius	-15.7%
Mexico	-20.3%
Philippines	-40.2%
South Africa	-30.5%

Source: ITCB

Textiles imports to the EU

Country	Percentage change in value, Jan-Nov. 2005
China	28.5%
Guatemala	16.5%
Macao	160.3%
Sri Lanka	33.1%
Cambodia	92.8%
Jordan	352.5%
Mexico	22.1%
Argentina	-23.5%
Brazil	-17.0%
Costa Rica	-24.7%
El Salvador	-13.3%
Hong Kong	-22.3%
Maldives	-72.5%
Laos	-66.7%
Mauritius	-13.3%
Philippines	-25.1%
South Africa	-11.1%

Source: ITCB

These figures show that some countries lost in either the US or EU market but gained in the other market, or that they lost either in textiles but gained in clothing. By looking at gains and losses in terms of value, some overall conclusions can be drawn. Some countries lost across the board, in particular South Africa, Mauritius, Maldives and the Philippines. Others gained in all markets and in both textiles and clothing such as China and India.

In many countries the share of textiles and clothing in their overall exports is high as well, and for some countries this is where the main part of export earnings comes from. The table below shows a number of countries where textiles and clothing accounts for a large part of export earnings.

Country	Textiles and clothing as part of exports of goods earnings (%)
Cambodia	85
Haiti	84
Bangladesh	83
China, Macao	83
Northern Mariana Islands	78
Pakistan	70
Lesotho	70
Mauritius	57
Sri Lanka	55
Tokelau	53
Nepal	51
Cape Verde	50
Dominican Republic	43
Lao PDR	42
Tunisia	41

Source: UNCTAD, Weaving a new world: realizing development gains in a post-ATC trading system, 2005.

Employment figures, as collected by the ILO[3] show that over the last year, but also previous to the end of quotas, substantial job losses have been experienced in many developing countries, including in the least developed ones. Textiles and clothing account for a high share of manufacturing employment in many countries. For example in Cambodia (2004) these shares were 38.2% in clothing and 41.9% in textiles. For Bangladesh (1998) these shares were 49.9% in clothing and 30% in textiles. For China the share was 18.9% for textiles and clothing in 2004. For India the share was 6.2% in clothing and 15.7% in textiles in 2001. For Pakistan the share was 42.9% for textiles and clothing in 2001. For Sri Lanka percentages were 34.2% in clothing and 15% in textiles, both for the year 2000. Mexico showed percentages of 12.3% for clothing in 2005 and 3.7% for textiles in 2000. Figures for Guatemala in 2005 were 23% for clothing and 4.1% for textiles. The share of employment in clothing as a share of total manufacturing employment in Romania was 25.3% in 2002, and that of textiles was 5.7%. For Turkey (2000) the percentages were 14.6% for clothing and 19.7% for textiles. For Mauritius (2001) the percentages were 65.8% for clothing and 7% for textiles. For Morocco figures showed 17.8% for clothing and 9.5% for textiles in 2002. And finally Madagascar showed a percentage of 44.8% for textiles and clothing employment combined in 2001.

[3] ILO, Promoting a Fair Globalization in textiles and clothing in a post-MFA environment, 2005, page 6.

Employment in textiles and clothing as a percentage of total manufacturing employment show the high shares for a number of countries for which data were available, and therefore show the importance of this sector for employment in developing countries. The share of female workers is generally higher than in other manufacturing sectors, in particular in clothing, with women accounting for over 70% of workers in countries such as Bangladesh, Cambodia, Sri Lanka and Mauritius. So from a gender perspective this is an important sector in developing countries.

The ILO provides some preliminary data on changes in employment in textiles and clothing in 2005. According to the report, employment has been declining over the last couple of years in Romania. Most Asian countries have not seen much change in employment, while increases were noted in some. In the Philippines job losses have been substantial since 2002, another 5,686 workers were displaced in 2004 and 2,260 between January and May 2005. In Kenya, 6,000 jobs were lost in 2004 and more were expected to be lost in 2005. In Lesotho 6, 600 jobs were lost in 2004 without termination benefits and 10,000 workers were put onto short-term working arrangements. South Africa lost 30,000 jobs since 2002. Nigeria lost 8,500 jobs since 2005. In El Salvador 6,000 jobs were lost in 2004 already and more were expected to be lost last year.

One of the problems is that in many of these countries no alternative employment is available, that no unemployment benefits are paid to redundant workers and that often the last wages and redundancy pay is not paid by employers who close down their factories. The safety nets that are common in industrialised countries are thus absent, which aggravates the impact. Workers that lost their jobs often end up in the informal economy, or with no job at all. For example in Lesotho[4], the factories employed a workforce of between 54,000 and 55,000 workers before the end of the ATC. At the end of 2004, 6,600 jobs were lost, in a country where the unemployment rate already stood at 40%. Some 10 to 15 people depend on the income of one worker, and with 34% of the workers in textiles and clothing being HIV positive, they also risk their access to life saving medicines. In total, 15,000 jobs were lost in Lesotho after the phase out. In some cases a liquidator was appointed and workers might get termination benefits, in other cases, especially subcontracting companies, workers are not entitled to severance pay.

Another problem is the huge effect China's entry has had on employment in other developing countries. In particular in textiles and clothing this has led to disruption in several countries, and not enough preparation has been undertaken to deal with these effects. Moreover, China practices unfair competition, based on the violation of workers' rights. Enough material is available that shows the working conditions of Chinese workers[5]. Most work very long hours, receive little wages (often subject to deductions) and live on the premises and are therefore readily available to work at anytime. Safety and health conditions are deplorable and often wages remain unpaid. It is clear that not allowing free trade unions in China deprives workers from their rights and their chance to negotiate better wages and conditions. Many workers in Chinese factories are recruited in rural areas. However, due to the Hukou system, which is a form of household registration, whereby each family member is registered according to his or her family residence, rural residency is hard to change, and many recruited workers work illegally in urban areas, thus excluding them from education, access to medical care, access to legal assistance, housing and other public services, and making them vulnerable to exploitation. Such working conditions put a downward pressure on wages and working conditions worldwide in countries competing with China for the same markets. Moreover, the quota phase out has worsened the working conditions and wages in many countries, due to increased competition and extremely tight targets set by

[4] ICFTU, Trade Union World Report*, Stitched Up*, 2005, http://www.icftu.org/www/PDF/LMSrapporttextile05EN.pdf
[5] See for example: *Whose Miracle*, China Report, ICFTU, 2005. http://www.workersvoiceatwto.org/www/pdf/WhoseMiracleChinaReport.pdf

buyers. At the ILO Tripartite Meeting on the Post MFA environment[6], many workers' representatives testified of such increased pressure on wages and working conditions.

Several studies have been undertaken on the longer term implications of the phase out. The ILO Working Paper on Labour Implications of the textiles and clothing quota phase-out (2005) shows that those countries that had been most restricted by the quotas will be the ones that will benefit most (namely China and India) as they are the most competitive ones. Another consequence of the phase out will be the further consolidation of supply chains, as many lead firms are expected to rely on a smaller number of suppliers and countries they source from[7]. Furthermore, developing countries have to focus on a range of other issues that reduce their competitiveness such as high lead time caused by insufficient infrastructural services, improved port efficiency, easing of rules of origin and better training and education for workers.

Another ILO paper[8] looks at the evolution of trade in textiles and clothing, the employment situation, and the future evolution of trade and employment in these sectors. Here again the data suggest that the most quota-restricted countries will benefit most from the abolition of quotas. Countries with growth potential identified here are China, Pakistan and to a lesser extent India, Belarus and Thailand. The ATC phase out would lead to a decrease in exports of between 10% and 30% for Romania, Turkey, Sri Lanka, Jordan, Macedonia, Madagascar, Morocco, Albania, Maldives, Tunisia, Nepal, Bangladesh, Mauritius, Cambodia and Lesotho. Most of these are relatively small economies.

With regard to the effect of an output loss on employment calculations were made for the employment/output elasticities in the case of small shocks, with elasticities of 0.47 for textiles and 0.49 for clothing in industrialized countries, and 0.51 for textiles and 0.52 for clothing in developing countries, and with an elasticity of one in the case of large shocks. This would result in employment gains in China, Pakistan and India, and employment losses in 51 countries, of which 28 are developing countries. The figures that are presented in the study are only indications. Overall they conclude, based on the competitiveness situation and the forecast of the gravity model they employed, that there will be a few clear winners, namely China and Pakistan, and also Chinese Taipei, Hong Kong, Macao, India and Belarus. A second group of countries will be slight losers but with some modernization and integration in global production systems they could become winners as well. This group includes countries in South and South East Asia like Thailand, Cambodia and Bangladesh. A third group will lose part of the industry but could survive in niches through some restructuring. This includes countries close to the US and the EU, such as Central American countries and Eastern European and Northern African countries. A fourth group will lose out completely. This includes small and less developed countries that benefit from preferential access such as Sub-Saharan countries.

Overall it can be concluded that full liberalization effects have not materialized completely yet, mainly due to agreements on limits imposed on textile and apparel exports from China to the US and EU in particular. Given that these agreements are temporary, part of the effects of the quota phase out will materialise in a few years' time. It further seems that gains and losses will be unevenly distributed among developing countries, with huge gains concentrated in a few countries, and with large losses mainly in small and vulnerable economies. Another effect has been the downward pressure on prices and wages for textiles and apparel, with an additional downward pressure on working conditions, and in particular an increase in overtime work, for workers in textiles and apparel. As there have been serious effects on employment in many developing countries, including in the poorest countries, caution is required in the near future, and ambitious liberalization in textiles and clothing would therefore be imprudent.

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[6] ILO Tripartite Meeting on Promoting Fair Globalization in Textiles and Clothing in a Post-MFA environment, Geneva 24-26 October, Note on the Proceedings.

[7] See also: TNCs and the removal of textiles and clothing quota, UNCTAD, Current studies on FDI and Development No. 1, Geneva, 2005.

[8] ILO, Employment Startegy Papers 2005/16, *The end of the Multi-fibre Agreement and its implication for trade and employment*, 2005.

Preferences and safeguards

Tariff preferences and safeguards have mitigated the first effects of the phase out. Many developing countries, in particular the LDCs and smaller developing countries (ACP), receive preferential access to the EU and US markets. Given that applied tariffs in textiles and clothing are among the higher tariffs in developed countries, preferential access at zero or close to zero tariffs is beneficial for quite a number of countries. In particular African and Latin American countries have been able to continue exports, often due to preferential access. Asian countries have generally benefited less from preferences. Preferences are particularly important for benefiting countries where the preference margin is high and the utilization rate is high, and where preferential exports make up a high percentage of their total export value. In protection of import surges in the domestic market, some developing countries have also set up safeguards against Chinese imports or concluded agreements with China, following the example of the EU and US. Examples are Turkey, and Brazil, while South Africa is still negotiating such an agreement.

NAMA negotiations

The aim of the NAMA negotiations is to reduce and where appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. This covers all products and includes therefore textiles and clothing.

Although textiles and clothing are definitely products of interest to developing countries, there is not a homogenous group of developing countries exporting textiles and clothing. Some countries are highly competitive, whereas others are categorised as small and vulnerable. This latter group is not very competitive, due to a variety of factors including small scale production, high production costs such as energy and water, and other factors such as transportation costs, long transportation time, low quality, corruption, etc. However, at the same time, the textiles and clothing industry generally plays an important role in their economies, representing up to 90% of export earnings of goods in some cases, and in providing employment, mainly to women, as well as foreign exchange earnings. In some countries the share of women in apparel production is as high as 80%.

NAMA negotiations have focused on a Swiss (type) formula[9]. Such a formula will reduce higher tariffs more than lower tariffs and aims for a harmonization of tariffs. In textiles and clothing, with generally high tariffs, this will lead to steep tariff cuts, and will have severe effects on exports from a number of countries due to the loss of preferential tariff access into developed country markets but is also likely to affect substantially domestic production in a number of developing countries, due to high tariff reductions.

This paper looks in particular at the effects of preference erosion, the size of such preference erosion under different scenarios, and the consequences for preference receiving countries.

No decision has been taken yet on the precise form of the formula, only that the formula should be a Swiss formula with several coefficients, leaving the possibility for a simple Swiss formula or a Swiss type formula such as the ABI (Argentina, Brazil, India) formula. What is important are the final percentage cuts. There might also be sectoral negotiations in textiles and apparel, following a recent proposal tabled by Turkey. One possibility would be to have less than formula cuts for textiles and clothing, or at least for a number of categories in textiles and clothing.

[9] Simple Swiss: final bound tariff = ([initial bound tariff] x [coefficient]) / ([initial bound tariff] + [coefficient])
ABI: final bound tariff = ([initial bound tariff] x [tm x [coefficient]) / ([initial bound tariff] + [tm x [coefficient]), where tm is the national average bound rate.

This paper discusses below the results of some tariff simulations for preference receiving countries by looking at the cuts in tariffs of developed countries, based on a Swiss formula with a coefficient of 6 or 10 and an ABI with a corrective factor of 1 or 2. The calculations have been done for 16 developing countries, looking at the changes in the preference margin in four developed countries (the EU, the US, Canada and Japan). The results for the categories HS 61, 62 and 63 are discussed below and full results are shown in Annex 1.

Preference erosion in apparel and clothing knitted and crocheted

For items of apparel and clothing (knitted or crocheted) in category HS61, the results show that a simple Swiss formula with a coefficient of 6 would affect the existing preference margin for those countries receiving preferences. Countries which receive preferences from the US would see their preference margin reduced to about one-third of the current one, and to one-fifth of the current margin when using an ABI formula with a corrective factor of 1. Bangladesh, Cambodia, Nepal and Haiti are not affected by lower preference margins as they do not receive preferences in the US market, and would thus potentially benefit from lower tariffs in the US market.

With regard to preferential access to the EU, the results are quite similar as for the US, with cuts in preference margins of two-thirds for all the countries, when using a simple Swiss formula with a coefficient of 6, and a 75% cut in the case of an ABI formula with a corrective factor of 1. Results are similar for all countries as the EU preferences scheme does not exclude the Asian LDCs.

Concerning Canada the table shows that fewer countries will be affected by preference erosion than in the cases of the EU and US. Those countries that are affected will see their preference margin cut by around 75% when using a simple Swiss formula with a coefficient of 6 and by around 80% when using an ABI formula with a corrective factor of 1. Moreover, the countries most affected will be the ones with the highest export value, for whom Canada represents a relatively important market.

Finally for Japan the results show that only a few countries from this group receive preferences in this category. The preference margin for these countries will be reduced by around 63% when using a simple Swiss formula with a coefficient of 6, and by over 80% when using an ABI with a corrective factor of 1. Countries such as Bangladesh and Cambodia that have a relatively high export value will be affected in particular.

HS 61	% cut SF6 US	% cut SF6 EU	% cut SF6 Canada	% cut SF6 Japan
Bangladesh	-	66%	72%	65%
Botswana	72%	67%	-	-
Cambodia	-	67%	75%	70%
Ghana	67%	-	-	-
Haiti	-	65%	75%	64%
Kenya	70%	66%	-	-
Lesotho	70%	67%	75%	65%
Malawi	66%	67%	-	-
Mauritius	73%	66%	-	-
Nepal	-	66%	74%	64%
Nigeria	59%	-	-	-
South Africa	72%	65%	-	66%
Swaziland	71%	67%	75%	-
Tanzania	73%	67%	-	-
Uganda	69%	-	75%	-
Zambia	-	-	-	-

Preference erosion in clothing and apparel not knitted or crocheted

Similar results can be found for the HS62 category which includes clothing and apparel that is not knitted or crocheted. For the US a simple Swiss formula with a coefficient of 6 results in cuts of between 60 and 70% depending on the country. Again the Asian LDCs are excluded from the preferential access to the US market in this category. The use of a corrective factor of 1 in the ABI formula results in a cut in the preference margin of between 70 and 80%.

For the EU, the use of a simple Swiss formula with a coefficient of 6 will lead to a reduction of the preference margin by two-thirds on average for all countries that have preferential access to the EU market. In the case of an ABI formula with a corrective factor of 1 the reduction in the preference margin will be around three-quarters for all the countries that are included in the table.

For Canada the results show that the use of a simple Swiss formula with a coefficient of 6 will lead to average cuts of around 75% in the preference margin. An ABI formula with a corrective factor of 1 will also lead to cuts of at least 75%.

For Japan the results show that the reductions in preferences are significant for a number of preference receiving countries. Those with the highest export values could see a reduction of their preference margin by 60% for Bangladesh (simple Swiss with coefficient 6), 65% for Cambodia and 43% for Nepal. For an ABI formula with a corrective factor of 1 the results are an 80% reduction in the preference margin for Bangladesh and Cambodia, and a reduction of 65% for Nepal.

HS 62	% cut SF6 US	% cut SF6 EU	% cut SF6 Canada	% cut SF6 Japan
Bangladesh	-	67%	73%	61%
Botswana	64%	67%	-	-
Cambodia	-	66%	73%	65%
Ghana	67%	67%	-	-
Haiti	InitialPM only 2.14%	-	75%	-
Kenya	62%	65%	-	-
Lesotho	60%	67%	74%	64%
Malawi	65%	67%	-	-
Mauritius	65%	66%	-	-
Nepal	-	64%	71%	43%
Nigeria	-	67%	-	-
South Africa	65%	69%	-	66%
Swaziland	63%	-	75%	-
Tanzania	68%	67%	74%	-
Uganda	60%	-	-	-
Zambia	73%	-	-	-

Preference erosion in textiles

With regard to preference erosion in textiles the HS 63 category has been taken. The results are shown in the tables below, again for the same set of developing countries with regard to their market access in the EU, US, Canada and Japan.

For those countries exporting to the US that receive preferences, the results are shown below. The preference margins are much lower than for clothing and apparel, and less countries benefit from preferential access to the US. Given that the initial preference margins are already low, the cuts in the preference margin, even if substantial, will have much less effect on preferential access to the US market. The table shows nevertheless that the preference margin will be reduced by almost 100% for Cambodia and Mauritius, 52% for Nepal, and 38% for Haiti and Lesotho, if a Swiss formula is used with a coefficient of 6. If an ABI formula is used with a corrective factor of 1, the reduction will be around 53% for Bangladesh, Lesotho and Haiti, 65% for Nepal, 73% for South Africa, and almost 100% for Cambodia and Mauritius.

For the EU the figures are similar. Many countries would face a reduction of the preference margin, whether using a simple Swiss with a coefficient of 6 or an ABI with a coefficient of 1. Bangladesh would face a two-third cut like Mauritius and Tanzania, Botswana would face a 28% cut, Cambodia and Nepal 63%, Ghana 55%, 77% for Kenya, 47% for Malawi, Zambia and Uganda, 77% for Nigeria, and 68% for South Africa. For the ABI formula with a corrective factor of 1, the results are similar. A 75% cut for Bangladesh and Tanzania, 45% for Botswana, 65% for Cambodia, 70% for Ghana, South Africa and Nepal, 81% for Kenya, 58% for Malawi, Zambia and Uganda, 72% for Mauritius, 40% for Nigeria.

In the case of Canada less countries would be among the ones affected by preference erosion in this category. Bangladesh, Cambodia, Haiti, Malawi and Nepal would be the main countries affected. The reduction in the preference margin when using a simple Swiss formula with coefficient of 6 would be around 75% for Bangladesh, Cambodia, Nepal and Haiti, and 50% for Malawi, An ABI formula with a corrective factor of 1 would result in cuts in the preference margin of around 77% for Bangladesh, Cambodia, Nepal and Haiti, and of 55% for Malawi.

With regard to preferential access into Japan, only a few countries receive preferences in this category, namely Bangladesh, Nepal, South Africa, Uganda and Zambia. A Swiss formula with a coefficient of 6 would lead to cuts in the preference margin for all five countries, 67% for Bangladesh, 38% for Nepal, 63% for South Africa, 43% for Uganda, and 52% for Zambia. Using an ABI formula with a corrective factor of 1 would result in cuts of 82% for Bangladesh and South Africa, 66% for Nepal and Uganda, and 73% for Zambia.

HS 63	% cut SF6 US	% cut SF6 EU	% cut SF6 Canada	% cut SF6 Japan
Bangladesh	37%*	66%	74%	67%*
Botswana	-	28%	-	-
Cambodia	99.9%	63%	75%	-
Ghana	-	55%*	-	-
Haiti	38%*	-	75%	-
Kenya	-	77%	-	-
Lesotho	38%*	-	-	-
Malawi	-	47%	50%	-
Mauritius	99.9%	66%	-	-
Nepal	52%*	63%	74%	38%

Nigeria	-	77%*	-	-
South Africa	42%*	68%	99.9%*	63%
Swaziland	-	-	-	-
Tanzania	-	67%	-	-
Uganda	-	47%	-	43%
Zambia	-	47%	-	52%

*The percentage cuts marked with an asterisk represent cuts from a relatively low level of preferences and therefore the overall impact of the erosion of preferences would be less substantial in these cases for this category.

Implications of preference erosion in the above categories HS 61, HS 62 and HS 63

These figures thus show that the reduction in the preference margin would be substantial, often more than 50%. Although it can be argued that countries do not always make full use of the preferences, nevertheless the reduction in the preference margin is likely to have a severe impact on countries exporting textiles and clothing.

A communication (TN/MA/W/53) by the ACP group in November 2005 shows a list of vulnerable products (at HS 6 digit level), based on a vulnerability index that was presented in the communication. It shows that two clothing categories (HS 61 and HS 62) are among the sectors that are most vulnerable to erosion of preferences for ACP countries in the EU and US market.

Conclusions and Recommendations

An assessment of the first effects of the quota phase out in textiles and clothing last year shows that significant changes have taken place at the global level, with a few countries benefiting but a large group, including many smaller developing countries, affected negatively, which stands to be manifested by loss of market share, company closures, and job losses. At the same time, the MFA phase out has led to more global competition with downward pressure on working conditions and wages, and an increase in overtime work.

Many developing countries receive preferences under the different preferential schemes that exist. The combination of preferences and import restricting agreements between developed countries and China have limited to a certain extent the negative effects of the quota phase out. However, the import restricting agreements and safeguards will only last till the end of 2008. In addition, the implementation of the agreement on NAMA, if it is finalised, is likely to have entered into force around that time as well, which will have severe consequences for a large number of developing countries. At the end of the phase out a number of developing countries had already tabled joint submissions to the Council on Trade in Goods and the subcommittee on LDCs, which showed the disruption these countries are facing and which asked for solutions to their problems. An ambitious outcome in NAMA negotiations would completely ignore these concerns, and would ignore the millions of workers worldwide in textiles and clothing who are facing increased competition and hardship everyday.

A number of solutions have been discussed with respect to preference erosion. Some solutions have focused on improved use of preferential access, for example by relaxing the often strict rules of origin, so that it will be easier for countries to export under the preferential schemes. Although relaxation of rules of origin or other ways that increase the use of preferential schemes should be undertaken seriously (in the case of Canada, for example, a relaxation of rules of origin led to an important increase in imports under the preferential scheme, which aided many developing countries), the fact that an ambitious NAMA outcome would erode most preferences has to be taken into account, and focus on such an approach alone will not be sufficient.

Other solutions that have been put forward are to exempt textiles and clothing from tariff cuts, or to have lower reductions in tariffs for textiles and clothing than for other products. One of the problems identified in this regard is the fact that the July framework does not allow for an a priori exclusion of any product categories, which excludes the possibility of complete exemption, but it leaves the option of less than formula cuts. Turkey has tabled a proposal in that direction, which would harmonize tariffs in textiles and clothing at a certain level, which would allow for less than formula cuts. However, a recent proposal by Singapore characterizes sectoral initiatives as being more ambitious than the tariff cuts under the formula, thereby excluding proposals that would aim for less than formula cuts.

A further option is to have longer implementation periods for textiles and clothing tariff reduction compared to other NAMA products. It is clear that with just longer implementation periods, adjustments still have to be made in the medium term. It will however provide for some additional time to set up adjustment programmes.

Adjustment programmes should consist of both income support for those that become unemployed (such as unemployment benefits and retrenchment benefits, which are lacking in many developing countries) and also training for the unemployed, and job matching services.

In addition to these measures, it will be necessary to restructure parts of the industry, to improve the competitiveness which is often low due to transportation costs, transportation time, customs and other costs such as energy. The countries concerned should also identify niche markets or explore the possibilities of regional markets and use of regional inputs (for example cotton in African countries used as inputs for textiles and clothing manufacturing).

At the same time, the ILO approach to improve competitiveness through decent work in textiles and clothing should become an integral part of strategies to improve the competitiveness of the textiles and clothing industry. Such an approach would put employment first, emphasising a fair income, security in the workplace, social protection, equality of opportunity and treatment for all women and men and the freedom for workers to express their concerns, organize and participate in the decisions that affect their lives. In line with such a strategy a more coherent approach is needed both at the national and international level, recognising the importance of decent work in textiles and clothing, not only for workers, but also for the competitiveness of the sector, recognising the potential this sector could have in providing employment and decent wages in developing countries and in reducing poverty if decent employment is guaranteed.

Annex I

Importing Country: USA

61	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	512'494	21.46%	13.28%	0.01%	3.88%	0.003%	5.32%	0.004%	2.45%	0.002%	4.04%	0.003%
Botswana	17'387	62.83%	0.00%	15.53%	0.00%	4.28%	0.00%	6.01%	0.00%	2.64%	0.00%	4.48%
Cambodia	1'137'770	67.20%	8.99%	0.00%	3.27%	0.00%	4.31%	0.00%	2.22%	0.00%	3.48%	0.00%
Ghana	842	84.20%	0.00%	12.08%	0.00%	3.93%	0.00%	5.36%	0.00%	2.49%	0.00%	4.11%
Haiti	300'808	95.98%	12.64%	1.08%	3.82%	0.31%	5.28%	0.83%	2.38%	0.19%	3.39%	0.33%
Kenya	2'014	32.66%	0.00%	13.33%	0.00%	4.09%	0.00%	5.65%	0.00%	2.56%	0.00%	4.28%
Lesotho	308'239	97.75%	0.00%	13.73%	0.00%	4.14%	0.00%	5.73%	0.00%	2.58%	0.00%	4.32%
Malawi	16'182	69.55%	0.00%	11.31%	0.00%	3.86%	0.00%	5.25%	0.00%	2.46%	0.00%	4.03%
Mauritius	85'364	13.48%	0.00%	15.51%	0.00%	4.25%	0.00%	5.94%	0.00%	2.61%	0.00%	4.43%
Nepal	28'606	64.98%	12.68%	0.10%	3.96%	0.04%	5.44%	0.04%	2.49%	0.02%	4.13%	0.04%
Nigeria	25	32.46%	0.00%	10.75%	0.00%	4.36%	0.00%	6.14%	0.00%	2.66%	0.00%	4.56%
South Africa	68'513	63.36%	0.00%	15.43%	0.00%	4.28%	0.00%	6.02%	0.00%	2.63%	0.00%	4.48%
Swaziland	125'022	98.68%	0.00%	14.59%	0.00%	4.22%	0.00%	5.90%	0.00%	2.61%	0.00%	4.42%
Tanzania	2'225	32.15%	0.00%	16.31%	0.00%	4.38%	0.00%	6.20%	0.00%	2.67%	0.00%	4.59%
Uganda	528	86.56%	0.00%	12.09%	0.00%	3.78%	0.00%	5.17%	0.00%	2.41%	0.00%	3.95%
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

62	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	739'190	36.71%	9.98%	0.21%	3.54%	0.01%	4.72%	0.01%	2.30%	0.00%	3.68%	0.01%
Botswana	4'039	83.99%	0.00%	10.25%	0.00%	3.70%	0.00%	4.93%	0.00%	2.40%	0.00%	3.85%
Cambodia	81'760	75.71%	8.42%	0.00%	3.41%	0.00%	4.47%	0.00%	2.26%	0.00%	3.54%	0.00%
Ghana	211	66.35%	0.00%	12.04%	0.00%	3.96%	0.00%	5.41%	0.00%	2.51%	0.00%	4.14%
Haiti	33'615	99.74%	9.85%	2.14%	3.01%	0.78%	4.06%	1.05%	1.93%	0.51%	3.14%	0.82%
Kenya	2'029	30.74%	0.00%	9.29%	0.00%	3.55%	0.00%	4.68%	0.00%	2.33%	0.00%	3.68%
Lesotho	173'478	97.01%	0.00%	8.72%	0.00%	3.55%	0.00%	4.65%	0.00%	2.34%	0.00%	3.68%
Malawi	8'446	40.07%	0.00%	10.74%	0.00%	3.73%	0.00%	5.00%	0.00%	2.41%	0.00%	2.88%
Mauritius	162'238	53.24%	0.00%	11.02%	0.00%	3.82%	0.00%	5.15%	0.00%	2.45%	0.00%	3.98%
Nepal	75'401	65.44%	9.36%	0.05%	3.57%	0.03%	4.73%	0.03%	2.34%	0.02%	3.71%	0.03%
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	66'072	48.43%	0.00%	10.84%	0.00%	3.77%	0.00%	5.07%	0.00%	2.43%	0.00%	3.93%
Swaziland	63'502	99.56%	0.00%	10.06%	0.00%	3.71%	0.00%	4.95%	0.00%	2.41%	0.00%	3.68%
Tanzania	588	46.48%	0.00%	10.98%	0.00%	3.49%	0.00%	4.75%	0.00%	2.25%	0.00%	3.64%
Uganda	3'593	89.00%	0.00%	8.83%	0.00%	3.55%	0.00%	4.67%	0.00%	2.34%	0.00%	4.57%
Zambia	49	36.30%	0.00%	16.00%	0.00%	4.36%	0.00%	6.15%	0.00%	2.67%	0.00%	4.57%

63	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	19'559	12.40%	7.68%	0.19%	3.07%	0.12%	4.03%	0.14%	2.02%	0.09%	3.19%	0.12%
Botswana	-	-	-	-	-	-	-	-	-	-	-	-
Cambodia	5'012	62.78%	6.11%	3.90%	3.66%	0.03%	4.88%	0.04%	2.37%	0.02%	3.80%	0.03%
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	116	14.79%	0.00%	3.65%	0.00%	2.27%	0.00%	2.67%	0.00%	1.71%	0.00%	2.32%
Kenya	66	0.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lesotho	79	100.00%	0.00%	3.65%	0.00%	2.27%	0.00%	2.67%	0.00%	1.71%	0.00%	2.32%
Malawi	12	0.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mauritius	156	3.63%	0.00%	6.55%	2.98%	0.00%	5.81%	0.00%	2.02%	0.00%	5.09%	0.00%
Nepal	4'067	76.61%	6.34%	0.41%	2.80%	0.20%	3.15%	0.68%	1.89%	0.14%	2.52%	0.59%
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	3'545	7.44%	4.88%	0.79%	1.88%	0.30%	2.38%	0.35%	1.29%	0.22%	1.94%	0.30%
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	76	39.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Uganda	109	2.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Zambia	179	20.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

64	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	172	0.51%	9.70%	1.75%	2.70%	0.74%	3.74%	0.97%	1.69%	0.49%	2.82%	0.77%
Botswana	67	22.04%	0.00%	19.91%	0.00%	4.02%	0.00%	5.49%	0.00%	2.53%	0.00%	4.20%
Cambodia	-	-	-	-	-	-	-	-	-	-	-	-
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	-	-	-	-	-	-	-	-	-	-	-	-
Kenya	52	0.23%	0.00%	8.15%	0.00%	3.46%	0.00%	4.49%	0.00%	2.30%	0.00%	3.58%
Lesotho	-	-	-	-	-	-	-	-	-	-	-	-
Malawi	-	-	-	-	-	-	-	-	-	-	-	-
Mauritius	11	0.35%	0.00%	30.70%	0.00%	5.11%	0.00%	7.76%	0.00%	2.93%	0.00%	5.40%
Nepal	32	9.91%	14.74%	0.00%	3.96%	0.00%	5.49%	0.00%	2.48%	0.00%	4.13%	0.00%
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	1'357	7.98%	0.00%	8.99%	0.00%	3.41%	0.00%	4.43%	0.00%	2.28%	0.00%	3.54%
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	-	-	-	-	-	-	-	-	-	-	-	-
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

Importing Country: EU

61	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	1’739’411	72.84%	0.00%	11.85%	0.00%	3.99%	0.00%	5.42%	0.00%	2.93%	0.00%	4.71%
Botswana	10’145	36.66%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
Cambodia	547’478	32.33%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	2’295	0.73%	0.00%	11.32%	0.00%	3.91%	0.00%	5.28%	0.00%	2.89%	0.00%	4.60%
Kenya	203	3.29%	0.00%	11.89%	0.00%	3.99%	0.00%	5.43%	0.00%	2.93%	0.00%	4.71%
Lesotho	678	0.22%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
Malawi	79	0.34%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.53%	0.00%	4.71%
Mauritius	535’562	84.60%	0.00%	11.75%	0.00%	4.00%	0.00%	5.44%	0.00%	2.94%	0.00%	4.73%
Nepal	8’259	18.76%	0.00%	11.82%	0.00%	4.01%	0.00%	5.45%	0.00%	2.95%	0.00%	4.73%
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	22’329	20.65%	0.19%	11.61%	0.15%	3.78%	0.17%	5.17%	0.08%	2.83%	0.11%	4.54%
Swaziland	1’061	0.84%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
Tanzania	3’791	54.78%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

62	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	1'127'208	55.98%	0.00%	11.94%	0.00%	3.99%	0.00%	5.44%	0.00%	2.94%	0.00%	4.72%
Botswana	664	13.81%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
Cambodia	16'855	15.61%	0.00%	11.65%	0.00%	3.94%	0.00%	5.36%	0.00%	2.91%	0.00%	4.66%
Ghana	26	8.18%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
Haiti	-	-	-	-	-	-	-	-	-	-	-	-
Kenya	90	1.36%	0.00%	10.80%	0.00%	3.83%	0.00%	5.15%	0.00%	2.82%	0.00%	4.50%
Lesotho	417	0.23%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
Malawi	111	0.53%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
Mauritius	127'127	41.72%	0.00%	11.41%	0.00%	3.92%	0.00%	5.32%	0.00%	2.90%	0.00%	4.63%
Nepal	29'797	25.86%	0.00%	10.73%	0.00%	3.82%	0.00%	5.13%	0.00%	2.84%	0.00%	4.48%
Nigeria	19	100.00%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
South Africa	40'931	30.02%	0.66%	10.88%	0.53%	3.40%	0.57%	4.76%	0.22%	2.68%	0.33%	4.30%
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	88	6.96%	0.00%	12.00%	0.00%	4.00%	0.00%	5.45%	0.00%	2.94%	0.00%	4.73%
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

63	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	76'974	48.81%	0.07%	11.04%	0.06%	3.74%	0.06%	5.08%	0.03%	2.78%	0.04%	4.43%
Botswana	59	6.80%	0.00%	4.80%	0.00%	3.46%	0.00%	4.51%	0.00%	2.64%	0.00%	4.00%
Cambodia	264	3.31%	0.18%	8.93%	0.10%	3.39%	0.12%	4.48%	0.03%	2.62%	0.04%	4.02%
Ghana	94	38.84%	0.00%	2.74%	0.00%	1.23%	0.00%	1.58%	0.00%	0.82%	0.00%	1.41%
Haiti	-	-	-	-	-	-	-	-	-	-	-	-
Kenya	454	2.05%	0.00%	12.40%	0.18%	2.85%	0.21%	3.62%	0.06%	2.32%	0.10%	3.35%
Lesotho	-	-	-	-	-	-	-	-	-	-	-	-
Malawi	109	3.28%	0.00%	5.30%	0.00%	2.81%	0.00%	3.46%	0.00%	2.25%	0.00%	3.16%
Mauritius	1'357	31.56%	0.00%	8.31%	0.40%	2.82%	0.50%	3.83%	0.12%	2.30%	0.19%	3.59%
Nepal	755	14.22%	0.29%	8.04%	0.31%	3.01%	0.64%	4.02%	0.14%	2.54%	0.24%	3.87%
Nigeria	33	2.39%	4.80%	3.40%	2.67%	0.79%	3.42%	1.27%	0.61%	2.03%	1.17%	2.83%
South Africa	14'771	30.99%	2.01%	8.33%	1.10%	2.67%	1.26%	3.79%	0.38%	2.43%	0.60%	4.42%
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	3'559	18.41%	0.00%	11.96%	0.00%	3.99%	0.00%	5.44%	0.00%	2.94%	0.00%	4.72%
Uganda	336	8.04%	0.00%	5.14%	0.00%	2.73%	0.00%	3.36%	0.00%	2.18%	0.00%	3.07%
Zambia	109	12.25%	0.00%	5.30%	0.00%	2.81%	0.00%	3.46%	0.00%	2.25%	0.00%	3.16%

64	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	26'985	79.33%	0.00%	9.22%	0.00%	3.47%	0.00%	4.59%	0.00%	2.62%	0.00%	4.04%
Botswana	117	38.49%	0.00%	3.00%	0.00%	2.00%	0.00%	2.31%	0.00%	1.70%	0.00%	2.17%
Cambodia	20'946	51.41%	0.00%	7.32%	0.00%	3.40%	0.00%	4.40%	0.00%	2.60%	0.00%	3.91%
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	-	-	-	-	-	-	-	-	-	-	-	-
Kenya	1'233	5.36%	0.00%	12.40%	0.00%	3.77%	0.00%	5.16%	0.00%	2.78%	0.00%	4.46%
Lesotho	143	87.20%	0.00%	13.46%	0.00%	4.03%	0.00%	5.56%	0.00%	2.95%	0.00%	4.79%
Malawi	34	22.82%	0.00%	17.00%	0.00%	4.43%	0.00%	6.30%	0.00%	3.17%	0.00%	5.35%
Mauritius	98	3.12%	0.00%	10.94%	0.00%	3.82%	0.00%	5.15%	0.00%	2.84%	0.00%	4.48%
Nepal	161	49.85%	0.00%	8.79%	0.00%	3.18%	0.00%	4.17%	0.00%	3.18%	0.00%	4.13%
Nigeria	204	2.72%	0.00%	15.48%	0.00%	4.26%	0.00%	5.98%	0.00%	3.07%	0.00%	5.11%
South Africa	4'820	28.35%	0.00%	9.22%	0.00%	3.47%	0.00%	4.57%	0.00%	2.63%	0.00%	4.03%
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	77	2.32%	0.00%	17.00%	0.00%	4.43%	0.00%	6.30%	0.00%	3.17%	0.00%	5.35%
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Zambia	2'732	45.16%	0.00%	10.50%	0.00%	3.82%	0.00%	5.12%	0.00%	2.84%	0.00%	4.48%

Importing Country: Canada

61	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	83'205	3%	0.00%	15.77%	0.00%	4.44%	0.00%	6.32%	0.00%	4.04%	0.00%	6.56%
Botswana	55	0.20%	18.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%	0.00%
Cambodia	86'244	5.90%	0.00%	18.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	6'280	2.00%	0.00%	18.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%
Kenya	11	0.18%	18.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%	0.00%
Lesotho	5'916	1.88%	0.00%	18.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%
Malawi	-	-	-	-	-	-	-	-	-	-	-	-
Mauritius	934	0.15%	18.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%	0.00%
Nepal	1'899	4.31%	0.00%	17.51%	0.00%	4.47%	0.00%	6.38%	0.00%	4.07%	0.00%	6.62%
Nigeria	42	54.54%	9.00%	0.00%	3.60%	0.00%	4.74%	0.00%	3.34%	0.00%	4.87%	0.00%
South Africa	1'510	1.40%	17.58%	0.00%	4.48%	0.00%	6.39%	0.00%	4.07%	0.00%	6.63%	0.00%
Swaziland	475	0.37%	0.00%	18.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%
Tanzania	-	-	-	-	-	-	-	-	-	-	-	-
Uganda	82	13.44%	0.00%	18.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

62	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	99'670	4.95%	0.00%	16.13%	0.00%	4.43%	0.00%	6.29%	0.00%	4.05%	0.00%	6.56%
Botswana	66	1.37%	17.00%	0.00%	4.48%	0.00%	6.38%	0.00%	4.07%	0.00%	6.62%	0.00%
Cambodia	6'310	5.84%	0.00%	16.29%	0.00%	4.46%	0.00%	6.36%	0.00%	4.06%	0.00%	6.23%
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	86	0.26%	0.00%	17.84%	0.00%	4.49%	0.00%	6.41%	0.00%	4.08%	0.00%	6.65%
Kenya	-	-	-	-	-	-	-	-	-	-	-	-
Lesotho	4'846	2.71%	0.00%	17.00%	0.00%	4.43%	0.00%	6.30%	0.00%	4.04%	0.00%	6.53%
Malawi	-	-	-	-	-	-	-	-	-	-	-	-
Mauritius	3'698	1.21%	16.85%	0.00%	4.43%	0.00%	6.30%	0.00%	4.04%	0.00%	6.53%	0.00%
Nepal	5'172	4.49%	0.00%	14.89%	0.00%	4.34%	0.00%	6.12%	0.00%	3.96%	0.00%	6.34%
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	813	0.60%	17.82%	0.00%	4.49%	0.00%	6.41%	0.00%	4.08%	0.00%	6.64%	0.00%
Swaziland	282	0.44%	0.00%	17.67%	0.00%	4.48%	0.00%	6.39%	0.00%	4.07%	0.00%	6.62%
Tanzania	10	0.79%	0.00%	17.00%	0.00%	4.43%	0.00%	6.30%	0.00%	4.07%	0.00%	6.53%
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

63	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	10'205	6.47%	0.00%	17.00%	0.00%	4.43%	0.00%	6.29%	0.00%	4.04%	0.00%	6.36%
Botswana	-	-	-	-	-	-	-	-	-	-	-	-
Cambodia	274	3.43%	0.00%	17.89%	0.00%	4.43%	0.00%	6.30%	0.00%	4.04%	0.00%	6.53%
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	6'430	85.19%	0.00%	18.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%
Kenya	15	0.07%	9.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%	0.00%
Lesotho	-	-	-	-	-	-	-	-	-	-	-	-
Malawi	10	0.30%	0.00%	9.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%
Mauritius	15	0.35%	9.00%	0.00%	4.50%	0.00%	6.43%	0.00%	4.09%	0.00%	6.67%	0.00%
Nepal	201	3.79%	0.00%	17.00%	0.00%	4.41%	0.00%	6.26%	0.00%	4.02%	0.00%	6.49%
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	419	0.88%	14.30%	1.25%	4.39%	0.00%	6.21%	0.00%	4.00%	0.00%	6.43%	0.00%
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	-	-	-	-	-	-	-	-	-	-	-	-
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

64	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	44	0.84%	0.00%	13.00%	0.00%	3.99%	0.00%	5.44%	0.00%	3.67%	0.00%	5.62%
Botswana	46	15.13%	5.00%	0.00%	0.00%	3.19%	0.00%	4.06%	0.00%	2.98%	0.00%	4.15%
Cambodia	950	2.33%	0.00%	17.44%	0.00%	4.45%	0.00%	6.42%	0.00%	4.09%	0.00%	6.66%
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	-	-	-	-	-	-	-	-	-	-	-	-
Kenya	-	-	-	-	-	-	-	-	-	-	-	-
Lesotho	-	-	-	-	-	-	-	-	-	-	-	-
Malawi	-	-	-	-	-	-	-	-	-	-	-	-
Mauritius	-	-	-	-	-	-	-	-	-	-	-	-
Nepal	-	-	-	-	-	-	-	-	-	-	-	-
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	126	0.74%	11.75%	0.00%	4.27%	0.00%	5.97%	0.00%	3.90%	0.00%	6.18%	0.00%
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	-	-	-	-	-	-	-	-	-	-	-	-
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

Importing Country: Japan

61	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	1'884	0.08%	0.00%	10.53%	0.00%	3.72%	0.00%	4.96%	0.00%	1.86%	0.00%	3.13%
Botswana	-	-	-	-	-	-	-	-	-	-	-	-
Cambodia	5'784	0.34%	0.00%	12.69%	0.00%	3.77%	0.00%	5.04%	0.00%	1.87%	0.00%	3.16%
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	427	0.14%	0.00%	10.23%	0.00%	3.69%	0.00%	4.89%	0.00%	1.85%	0.00%	3.11%
Kenya	-	-	-	-	-	-	-	-	-	-	-	-
Lesotho	262	0.08%	0.00%	10.41%	0.00%	3.67%	0.00%	4.86%	0.00%	1.85%	0.00%	3.10%
Malawi	-	-	-	-	-	-	-	-	-	-	-	-
Mauritius	350	0.06%	9.97%	0.00%	3.72%	0.00%	4.94%	0.00%	1.85%	0.00%	3.10%	0.00%
Nepal	712	1.62%	0.00%	10.47%	0.00%	3.73%	0.00%	4.97%	0.00%	1.86%	0.00%	3.13%
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	21	0.02%	0.00%	10.79%	0.00%	3.67%	0.00%	4.85%	0.00%	1.85%	0.00%	3.09%
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	-	-	-	-	-	-	-	-	-	-	-	-
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

62	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	5'952	0.30%	0.00%	9.16%	0.00%	3.58%	0.00%	4.71%	0.00%	1.82%	0.00%	3.03%
Botswana	-	-	-	-	-	-	-	-	-	-	-	-
Cambodia	924	0.86%	0.00%	10.88%	0.00%	3.79%	0.00%	5.07%	0.00%	1.88%	0.00%	3.17%
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	-	-	-	-	-	-	-	-	-	-	-	-
Kenya	-	-	-	-	-	-	-	-	-	-	-	-
Lesotho	22	0.01%	0.00%	10.30%	0.00%	3.68%	0.00%	4.88%	0.00%	1.85%	0.00%	3.10%
Malawi	-	-	-	-	-	-	-	-	-	-	-	-
Mauritius	1'386	0.45%	8.85%	0.00%	3.47%	0.00%	4.51%	0.00%	1.79%	0.00%	2.95%	0.00%
Nepal	1'430	1.24%	0.00%	5.63%	0.00%	3.23%	0.00%	4.14%	0.00%	1.73%	0.00%	2.77%
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	42	0.03%	0.00%	11.25%	0.00%	3.83%	0.00%	5.15%	0.00%	1.89%	0.00%	3.22%
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	-	-	-	-	-	-	-	-	-	-	-	-
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

63	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	1317	0.13%	0.00%	2.99%	0.00%	1.00%	0.00%	1.28%	0.00%	0.53%	0.00%	0.85%
Botswana	-	-	-	-	-	-	-	-	-	-	-	-
Cambodia	-	-	-	-	-	-	-	-	-	-	-	-
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	-	-	-	-	-	-	-	-	-	-	-	-
Kenya	-	-	-	-	-	-	-	-	-	-	-	-
Lesotho	-	-	-	-	-	-	-	-	-	-	-	-
Malawi	-	-	-	-	-	-	-	-	-	-	-	-
Mauritius	-	-	-	-	-	-	-	-	-	-	-	-
Nepal	24	0.45%	0.00%	4.98%	0.00%	3.07%	0.00%	3.87%	0.00%	1.68%	0.00%	2.66%
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	133	0.28%	0.00%	9.87%	0.00%	3.63%	0.00%	4.81%	0.00%	1.84%	0.00%	3.01%
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	-	-	-	-	-	-	-	-	-	-	-	-
Uganda	18	0.43%	0.00%	4.20%	0.00%	2.40%	0.00%	2.86%	0.00%	1.46%	0.00%	2.14%
Zambia	11	1.24%	0.00%	6.10%	0.00%	2.95%	0.00%	3.67%	0.00%	1.65%	0.00%	2.57%

64	exports	%	W tariffs	PM	W TarSF 6	PM SF 6	W Tar SF 10	PM SF 10	W Tar ABI 1	PM ABI 1	W Tar ABI 2	PM ABI 2
Bangladesh	5'626	16.54%	0.00%	32.31%	0.18%	5.18%	0.22%	8.29%	0.11%	2.07%	0.16%	4.04%
Botswana	-	-	-	-	-	-	-	-	-	-	-	-
Cambodia	17'242	42.32%	0.00%	30.84%	0.00%	5.68%	0.00%	9.16%	0.00%	2.25%	0.00%	4.41%
Ghana	-	-	-	-	-	-	-	-	-	-	-	-
Haiti	-	-	-	-	-	-	-	-	-	-	-	-
Kenya	-	-	-	-	-	-	-	-	-	-	-	-
Lesotho	-	-	-	-	-	-	-	-	-	-	-	-
Malawi	-	-	-	-	-	-	-	-	-	-	-	-
Mauritius	-	-	-	-	-	-	-	-	-	-	-	-
Nepal	117	36.22%	0.00%	19.67%	0.00%	5.06%	0.00%	7.92%	0.00%	2.11%	0.00%	3.99%
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-	-	-	-	-
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	-	-	-	-	-	-	-	-	-	-	-	-
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Zambia	-	-	-	-	-	-	-	-	-	-	-	-

SF 6: Tariff after reduction using a Simple Swiss with a coefficient of 6
SF 10: Tariff after reduction using a Simple Swiss with a coefficient of 10
ABI 1: Tariff after reduction using an ABI formula with a corrective factor of 1
ABI 2: Tariff after reduction using an ABI formula with a corrective factor of 2

Exports: value exported in 2004 in thousands dollars
%: percentage of exports to the importing country
W tariffs: applied tariffs before reduction, weighted by the value exported on each product line (HS 6 digit)
PM: Preference margin before reduction, weighted by the value exported on each product line (HS 6 digit)
PM SF or PM ABI: preference margin after the tariff reduction, weighted by the value exported on each product line.