

**NAMA SIMULATIONS FOR LABOUR INTENSIVE SECTORS IN DEVELOPING COUNTRIES**

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## **NAMA tariff simulations for labour intensive non-agricultural sectors**

NAMA negotiations, which aim at reducing bound tariffs of non-agricultural goods, have focused on a Swiss type formula for tariff reductions, which reduces high tariffs much more than low tariffs and would have a harmonizing effect. The coefficients to be used in the formula would effectively cap the level of bound tariffs. At the Hong Kong Ministerial a Declaration was adopted which contained the decision to pursue NAMA negotiations on the basis of a Swiss type formula with more than one coefficient. Discussions are taking place around the value of the coefficient for developed and developing countries as well as around the flexibilities for developing countries, which could be used to exempt a certain percentage of tariff lines from tariff cuts or to apply less than formula cuts to a certain percentage of tariff lines. The negotiations have been considering demands by some developed countries for a coefficient of 15 for developing countries and a coefficient of 10 for developed countries. Given that the average bound tariff (34% on average for the 13 countries selected in this report and 29.4% the simple average for all developing countries) of developing countries is many times higher than the average bound tariff of developed countries (3-4% on average for the EU and US) this would effectively mean cuts of around 70% of the bound rates for developing countries, whereas developed countries would cut their bound rates by 20-25%. In fact, a similar cut of 20-25% in bound rates of developing countries would require a coefficient of over 100.

Some simulations were undertaken by the WTO secretariat, but these only show the overall average reductions in tariffs for each country, without going into a more detailed sectoral level.

Furthermore, there have been no detailed assessments of the impact of different levels of tariff cuts on employment. This has been one of the main demands that trade unions have put forward, namely that no decisions on tariff cuts should be taken without knowing what the effects will be for employment. With unemployment and underemployment being one of the main challenges today, such lack of assessment seems rather irresponsible.

Flexibilities could shield a number of tariff lines, in particular in the labour intensive sectors, but also in sectors that would require some protection for future development. However, the current percentages of 5% of sectors (for exemption from cuts) or 10% of sectors (for tariff cuts that are below the general formula levels) are too low to provide effective protection.

Given the lack of clarity about the effects at the sectoral level of the different tariff cuts on the applied and bound tariffs of developing countries and the possible devastating effects such cuts could have on employment and sustainable development, a number of countries that will be subject to tariff cuts under the formula have been selected for simulations in this report. The selected countries are: Argentina, Brazil, Colombia, Costa Rica, India, Indonesia, Mexico, Morocco, Peru, the Philippines, South Africa, Tunisia and Uruguay.

Three different scenarios are used for the tariff simulations:

- A simple Swiss formula with a coefficient of 15, as being advocated by the EU and US;

- A simple Swiss formula with a coefficient of 30;
- An ABI formula (using the average bound tariff of each country as coefficient multiplied by the corrective factor) with a corrective factor of 3.

These simulations are based on the average applied and bound tariffs and are done on a sectoral basis. The employment data show formal employment per sector. The data come from the Market Access Map, with applied tariff data coming from national sources and UN TARMAC, whereas bound tariff data come from the consolidated tariff schedule of the WTO. The employment data come mainly from the ILO Laborsta database and are data on formal employment.

The simulations at sectoral level show very high cuts in bound rates, both under a Swiss formula with a coefficient of 15 and a Swiss formula with a coefficient of 30. This will bring all tariffs in all sectors down to a low level and similar range, thus preventing the protection of more sensitive sectors in terms of employment or industrial development. Apart from showing very high cuts in bound rates in the case of a simple Swiss formula with a coefficient of 15 or 30, the simulations also show substantial cuts in applied rates, in particular in the case of a coefficient of 15, but in many countries also in the case of a coefficient of 30. Such cuts would directly have an effect on employment. Generally speaking, the sectors that are most sensitive in most of the developing countries are textiles and apparel, leather and footwear, rubber and plastic products, automobiles and furniture. These sectors represent an important share of formal employment, representing jobs that are crucial in the fight against poverty and the building of a sustainable industrial structure.

It is our hope therefore that by showing the scale of the possible impact on this group of developing countries, these simulations will help to bring sustainable development, rather than narrow focused market access, back to the forefront of the discussions at the WTO.

## ARGENTINA

Sector	Formal Employment 2004	Applied tariff (average)	Bound tariff (average)	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound rate after Swiss formula with coefficient of 30	Percentage cut in applied rates after Swiss 30	ABI with factor 3
Textiles	30,737	20%	35%	10.5%	50%	16.15%	20%	25.61%
Clothing and apparel	21,516	20%	35%	10.5%	47%	16.15%	20%	25.61%
Footwear	21,516	20%	35%	10.5%	47%	16.15%	20%	25.61%
Wood and wood products	20,747	8.07%	28.43%	9.82%	-	14.6%	-	21.9%
Paper and paper products	16,905	13.27%	35%	10.5%	20%	16.15%	-	25.61%
Printed material	33,041	0.22%	35%	10.5%	-	16.15%	-	25.61%
Chemicals and chemical substances	54,556	9.87%	21.28%	8.8%	11%	12.45%	-	17.4%
Leather	7,684	20%	35%	10.5%	47%	16.15%	20%	25.61%
Plastic products	33,809	13.71%	22.09%	8.93%	35%	12.72%	8%	17.94%
Mineral and metal products	24,588	15.98%	35%	10.5%	34%	16.15%	-	25.61%
Iron and steel products	16,136	14.77%	35%	10.5%	29%	16.15%	-	25.61%
Machinery	43,030	8.19%	35%	10.5%	-	16.15%	-	25.61%

Autoparts	23,052	27.9%	35%	10.5%	62%	16.15%	42%	25.61%
Furniture	15,368	17.69%	35%	10.5%	41%	16.15%	7%	25.61%

Employment data: Centro de Estudios para la Producción (CEP), Secretaría de Industria, Comercio y PYME. Ministerio de Economía y Producción

Trade data: Trade Map / COMTRADE

The average applied tariff for all industrial products is 8.6%. The average bound tariff for all industrial products is 31.8%. An ABI formula with a corrective factor of 1 would give similar results to a Swiss formula with coefficient 32.

The results show that bound rates will be reduced by 68% after applying a Swiss formula with a coefficient of 15 and by 52% after applying a Swiss formula with a coefficient of 30. Concerning applied rates, in a number of labour intensive sectors in Argentina, a Swiss formula with a coefficient of 15 would lead to substantial cuts in the applied rates and thus have an immediate impact on employment in textiles, clothing, leather, footwear, plastic products, autoparts, furniture, mineral products and iron and steel products. Even a coefficient of 30 would not be sufficient to protect the sensitive, labour intensive sectors.

## BRAZIL

Sector	Formal Employment 2004	Value of imports average 2002/04 (mil FOB)	Bound tariff average	applied tariff average	New bound rate swiss 15 (ABI=0.5) and number of tariff lines affected	New bound rate Swiss 30 (ABI=1) and number of tariff lines affected	New bound rate Swiss 45 (ABI=1.5) and number of tariff lines affected	New bound rate Swiss 60 (ABI=2) and number of tariff lines affected
Footwear	393,184 (leather and footwear)	58,752	35%	19.6%	10.7% 33	16.4% 33	20% 27	22.4% 0
Automobile	321,445	5,454,970	31.7%	19.4%	10.4% 274	15.6% 183	18.7% 109	20.9% 103
Furniture	294,324	70,401	32.8%	18.0%	10.2% 44	15.6% 43	18.9% 5	21.1% 5
Textiles and Apparel	799,662	1,048,989	34.9%	17.3%	10.7% 894	16.4% 688	19.9% 330	22.3% 9
Tools and metals	355,148	257,226	33.8%	17.2%	10.6% 119	16.1% 76	19.5% 14	21.8% 14
Transport material (except automobile industry)	54,303	137,225	34.6%	16.9%	10.7% 33	16.3% 20	19.8% 19	22.2% 2
Optical and medical instruments	42,082	546,238	31.9%	14.3%	10.0% 117	15.2% 68	18.4% 8	20.5% 7
Iron and steel products	223,373	850,580	34.7%	12.3%	10.7% 282	16.3% 37	19.8% 11	22.2% 4
Plastic and plastic products	320,099 (plastic and rubber)	1,880,371	21.8%	11.5%	9.0% 207	12.8% 203	14.8% 149	16.1% 29
Pulp of wood, paper and paper products	133,427	736,983	33.2%	11.5%	10.3% 183	15.7% 5	19.1% 5	21.4% 5

Capital goods	457,522	8,501,298	32.8%	10.7%	10.4% 909	15.8% 150	19% 20	21.3% 11
Non-ferrous metals products	292,592	1,096,072	30.2%	9.0%	10.0% 128	15.0% 18	18% 3	20% 0
IT products and telecom products	24,800	5,487,905	32.9%	8.1%	10.3% 211	15.7% 10	19% 8	21.2% 8
Wood and wood products, cork and	251,762	65,271	20.4%	7.9%	8.6% 54	12.1% 10	13.9% 10	15.1% 0
Chemical products	304,838	9,412,990	24.1%	6.6%	9.2% 1,108	13.2% 351	15.5% 325	17% 50
Fuel	70,232	8,623,996	34.1%	0.5%	10.6% 0	16.2% 0	19.6% 0	21.9% 0

This table is based on a study by the Observatorio Social from Brasil, titled: OMC, las desigualdades Norte/Sur y la geopolítica del desarrollo: Las negociaciones de NAMA y el impacto en América Latina y el Brasil, Sao Paolo, December 2005. The trade data are from the Brazilian Ministry of Trade. The employment data are from the Brazilian Ministry of Labour.

The average bound tariff in Brazil is 29.9% whereas the average applied tariff is 10.8%. The table below shows the impact per sector of the Swiss formula and ABI formula on the bound tariffs in Brazil. The average reductions in bound tariffs will be 67% after applying a Swiss formula with a coefficient of 15 and 50% after applying a Swiss formula with a coefficient of 30. The table also shows the number of tariff lines affected per sector by the cuts, as well as the level of (formal) employment per sector. Most affected will be automobile, textiles and apparel, tools and metals, IT products, chemical products, non-ferrous metals, paper products, plastic products, iron and steel products, consumer products, optical and medical products, capital goods/machinery.

## COLOMBIA

Sector	Total employment (2003)	Applied tariff (average)	Bound tariff (average)	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound rate after Swiss formula with coefficient of 30	Percentage cut in applied rates after Swiss 30	ABI with factor 3
Textiles	27,075	18-20%	35% - 40%	10.5%	Approx 45%	16.15%	15%	26.32%
Apparel	92,903	20%	40%	10.91%	45%	17.14%	15%	29.06%
Footwear	10,309	19.98%	35.69%	10.56%	48%	16.30%	19%	26.72%
Paper and paper products	19,523	13.13%	35%	10.5%	21%	16.15%	-	26.32%
Printed books, newspapers and other	21,669	9.91%	35%	10.5%	-	16.15%	-	26.32%
chemical products	50,658	8.05%	35%	10.5%	-	16.15%	-	26.32%
Leather products	4,028	19.99%	35.28%	10.52%	48%	16.21%	19%	26.48%
Plastic products	33,602	15.94%	34.94%	10.5%	34%	16.14%	-	26.29%
Articles of iron and steel	10,682	14.07%	35%	10.5%	25%	16.15%	-	26.32%
Articles of metal base	15,695	5% - 13.36%	35%	10.5%	Max. 22%	16.15%	-	26.32%
Machinery (for general and special use)	14,810	Approx 7%	35%	10.5%	-	16.15%	-	26.32%
Auto and auto parts	4,756	25.33%	35.33%	10.53%	58%	16.22%	35%	26.51%
Furniture	12,954	17.7%	35.17%	10.51%	41%	16.19%	8.5%	26.42%

Employment data: Ministerio de Economía, Colombia

Trade data: Trade Map / COMTRADE

The average applied tariff for all industrial products is 8.3%. The average bound tariff for all industrial products is 35.4%

An ABI formula with a corrective factor of 1 would add between 1% and 4% to the bound tariffs after the use of Swiss formula with coefficient of 30.

The results show that the bound rates would be cut by 70% on average after applying a Swiss formula with coefficient of 15 and by over 50% after applying a Swiss formula with coefficient of 30. In a number of labour intensive sectors in Colombia, a Swiss formula with a coefficient of 15 would lead to substantial cuts in the applied rates as well, thus have an immediate impact. Even a coefficient of 30 would not be sufficient in all cases to protect the sensitive, labour intensive sectors. The sectors mainly affected would be textiles, apparel, leather, footwear, plastic products, auto and autoparts and furniture.

## COSTA RICA

Sector	Paid Employment Thousands 2004	Applied tariff (average)	Bound tariff (average)	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound after Swiss formula with coefficient of 30	percentage cut in applied rates after Swiss 30	ABI with factor 3
Textiles	4.663	14.84%	45%	11.25%	24%	18%	-	33.34%
Apparel	15.547	14.99	45%	11.25%	25%	18%	-	33.34%
Leather Footwear	2.062	14.83% 13.91%	44.17% 54.79%	11.20% 11.78%	24% 15%	17.87% 19.39%	- -	32.88% 38.43%
Wood and wood products	6.449	7.52%	42.14%	11.06%	-	17.52%	-	31.75%
Paper and paper products	4.339	5.92%	46.24%	11.33%	-	18.19%	-	34.02%
Printed works	8.599	0.20%	45.91%	11.31%	-	18.14%	-	33.84%
Chemicals and chemical products	11.081	2.68%	43.29%	11.14%	-	17.72%	-	32.39%
Rubber products	7.839	6.33%	44.91%	11.24%	-	17.99%	-	33.29%
Plastic products		3.93%	36.25%	10.61%	-	16.42%	-	28.28%
Non-metallic mineral products	6.583	0	45%	11.25%	-	18%	-	33.34%
Basic metals	1.698	2.00%	45%	11.25%	-	18%	-	33.34%
Fabricated metals	9.477	2.06%	45%	11.25%	-	18%	-	33.34%
Machinery	5.634	0.61%	41.25%	11%	-	17.37%	-	31.24%
Electrical machinery	3.164	0.51%	34.92%	10.49%	-	16.14%	-	27.47%

Radio, TV equipment	5.416	0.51%	34.92%	10.49%	-	16.14%	-	27.47%
Medical, precision and optical instruments, watches and clocks	6.668	0.78%	37.13%	10.68%	-	16.59%	-	28.82%
Motor vehicles	1.413	8.45%	55.97%	11.83%	-	19.53%	-	39.01%
Other transport equipment	1.308	8.45%	55.97%	11.83%	-	19.53%	-	39.01%
Furniture	14.626	13.40%	42.18%	11.06%	-	17.53%	-	31.77%
Other manufacturing		9.93%	44.69%	11.23%	-	17.95%	-	33.17%

Employment data: ILO Laborsta

Trade data: Trade Map / COMTRADE

The average applied tariff for all industrial products is 1.40%. The average bound tariff for all industrial products is 42.9%. An ABI with factor 1 would give similar results to a Swiss formula with coefficient 43.

The results show that the bound rates would be reduced by 75% on average after applying a Swiss formula with a coefficient of 15 and by 60% on average for a Swiss formula with a coefficient of 30. In a few labour intensive sectors in Costa Rica a Swiss formula with a coefficient of 15 would lead to substantial cuts in the applied rates and thus have an immediate impact, mainly in textiles and clothing.

## INDIA

Sector	Paid Employment Thousands 1999	Applied tariff Average	Bound tariff Average	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound after Swiss formula with coefficient of 30	Percentage cut in applied rates after Swiss 30	ABI with factor 3
Textiles	1.471.000	15.00%	30-60%	10-12%	20%-33%	15-20%	-	23-38%
Apparel	144.000	15.00%	90-100%	Approx.13%	14%	23%	-	50%
Paper and paper products	131.000	15.00%	39.42%	10.87%	28%	17.04%	-	28.5%
Printed works	152.000	14.12%	25%	9.38%	33%	13.64%	3%	20.11%
Chemicals	653.000	13.76%	43.74%	11.17%	19%	17.79%	-	30.69%
Rubber products	118.000	14.71%	35.61%	10.55%	28%	16.28%	-	26.46%
Plastic products	63.000	15.00%	40%	10.91%	28%	17.14%	-	28.8%
Non metal mineral products	207.000	6.25%	40%	10.91%	-	17.14%	-	28.8%
Basic iron and steel	440.000	20.00%	39.53%	10.87%	46%	17.06%	15%	28.56%
Basic non-ferrous metal	125.000	15.00%	39.53%	10.87%	28%	17.06%	-	28.56%
Fabricated metal products	254.000	15.00%	39.53%	10.87%	28%	17.06%	-	28.56%
Machinery	349.000	15.47%	36.25%	10.6%	32%	16.42%	-	26.81%

Electrical machinery	447.000	3.62%	23.15%	9.10%	-	13.07%	-	18.90%
Transport equipment	482.000	40%	40%	10.91%	73%	17.14%	58%	28.8%

Employment data: ILO Laborsta

Trade data: Trade Map / COMTRADE

The average applied tariff for all industrial products is 9.21%. The average bound tariff for all industrial products is 34.3%. An ABI with factor 1 would give similar results to a Swiss formula with coefficient 34.

The results show that bound tariffs would be cut by 70% on average after applying a Swiss formula with a coefficient of 15 and by 55% after applying a Swiss formula with a coefficient of 30. In almost all labour intensive sectors in India, a Swiss formula with a coefficient of 15 would lead to substantial cuts in the applied rates and thus have an immediate impact. A coefficient of 30 would not be sufficient in all cases to protect the sensitive, labour intensive sectors, in particular transport equipment.

## INDONESIA

Sector	Paid Employment Thousands 2001	Applied tariff (average)	Bound tariff (average)	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound rate after Swiss formula with coefficient of 30	Percentage cut in applied rates after Swiss 30	ABI with factor 3
Textiles	678.670	11.67%	30%	10%	15%	15%	-	23.42%
Apparel	462.223	14.88%	35%	10.5%	30%	16.15%	-	26.36%
Leather and footwear	284.511	12.31%	40%	10.91%	12%	17.14%	-	29.10%
Wood and wood products	407.855	4.55%	40%	10.91%	-	17.14%	-	29.10%
Paper and paper products	115.297	3.75%	39.57%	10.88%	-	17.06%	-	28.87%
Printed works	55.522	2.02%	39.39%	10.86%	-	17.03%	-	28.78%
Chemicals and chemical products	212.519	3.59%	37.85%	10.74%	-	16.74%	-	27.95%
Rubber and plastic products	292.267	12.76%	39.8%	10.89%	15%	17.12%	-	28.99%
Non-metallic mineral products	173.172	0.48%	40%	10.91%	-	17.14%	-	29.10%
Basic metals	60.218	8.85%	40%	10.91%	-	17.14%	-	29.10%
Fabricated metals	116.972	10.17%	40%	10.91%	-	17.14%	-	29.10%

Machinery	49.214	1.87%	38.75%	10.8%	-	16.91%	-	28.43%
Electrical machinery	74.988	2.58%	30.48%	10.05%	-	15.12%	-	23.72%
Radio tv equipment	179.775	11.65%	15% - 40%	7.5-10.9%	7%-35%	10-17.14%	0-15%	13.15-29.1%
Motor vehicles	48.676	28.05%	38.89%	10.82%	61%	16.94%	40%	28.51%
Other transport equipment	69.160	28.05%%	35%	10.5%	63%	16.15%	42%	26.36%
Furniture	300.519	11.30%	39.67%	10.88%	4%	17.08%	-	28.92%

Employment data: ILO Laborsta

Trade data: Trade Map / COMTRADE

The average applied tariff for all industrial products is 3.55%. The average bound tariff for all industrial products is 35.6%. An ABI with factor 1 would give similar results to a Swiss formula with coefficient 35.

The results show that bound rates would be reduced by 70% on average after applying a Swiss formula with a coefficient of 15 and by 55% after using a Swiss formula with a coefficient of 30. In a number of labour intensive sectors in Indonesia a Swiss formula with a coefficient of 15 would lead to substantial cuts in the applied rates and thus have an immediate impact, mainly in vehicles, transport equipment, textiles and clothing. A Swiss formula with a 30 coefficient would lead to substantial cuts in motor vehicles and transport equipment.

## MEXICO

Sector	Paid Employment thousands 2004	Applied tariff (average)	Bound tariff (average)	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound rate after Swiss formula with coefficient of 30	Percentage cut in applied rates after Swiss 30	ABI with factor 3
Textiles	270,600	31.27%	35%	10.5%	66%	16.15%	49%	26.2%
Clothing	701,900	35%	35%	10.5%	70%	16.15%	54%	26.2%
Leather and footwear	234,200	34.85%	35%	10.5%	70%	16.15%	54%	26.2%
Wood and wood products	117,300	15.61%	34.82%	10.5%	33%	16.1%	-	26.2%
Paper products	94,800	10.28%	33.80%	10.4%	-	15.9%	-	25.5%
Printed works	215,600	3.59%	31.55%	10.16%	-	15.4%	-	24.2%
Chemicals	258,100	9.04%	34.93%	10.5%	-	16.1%	-	26.2%
Rubber products plastic products	290,300	27.35% 13.76%	35.90% 34.76%	10.5%	24% 62%	16.1%	0 41%	26.2%
Non metal minerals	277,800	9.25%	38.75%	10.8%	-	16.9%	-	28.28%
Basic metals	93,400	10%	35%	10.5%	-	16.15%	-	26.2%
Fabricated metals	336,600	16.78%	35.56%	10.5%	38%	16.2%	5%	26.5%
Machinery	84,700	5.75%	35%	10.5%	-	16.15%	-	26.2%
Electrical machinery	240,300	4.15%	34.79%	10.5%	-	16.1%	-	26.2%

Radio, TV equipment	200,500	4.15% – 18%	35%	10.5%	0-42%	16.15%	0-11%	26.2%
Motor vehicles	522,600	8.89%	38.94%	10.8%	-	16.9%	-	28.38%
Furniture	379,900	16.94%	35%	10.5%	38%	16.15%	5%	26.2%

Employment data: ILO Laborsta

Trade data: Trade Map / COMTRADE

The average applied tariff for all industrial products is 5.49%. The average bound tariff for all industrial products is 34.9%. An ABI with factor 1 would give similar results to a Swiss formula with coefficient 35.

The results show that bound tariffs would be reduced by 70% on average if applying a Swiss formula with a coefficient of 15 and by 54% in the case of a Swiss formula with a coefficient of 30. In a number of labour intensive sectors in Mexico, a Swiss formula with a coefficient of 15 would lead to substantial cuts in the applied rates and thus have an immediate impact. A coefficient of 30 would affect sensitive, labour intensive sectors, in particular textiles, clothing, leather, footwear and plastic products.

## MOROCCO

Sector	Paid Employment Thousands For 2000	Applied tariff (average)	Bound tariff (average)	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound rate after Swiss formula with coefficient of 30	Percentage cut in applied rates after Swiss 30	ABI with factor 3
Textiles	69,621	40.00%	41.06% (max 45%)	10.99%	70.3%	17.33%	57%	30.44%
Apparel	134,930	49.90%	40%	10.91%	78%	17.1%	66%	29.85%
Leather	4,952	49.75%	40%	10.91%	78%	17.1%	66%	29.85%
Footwear	9,566	46.10%	40%	10.91%	76%	17.1%	63%	29.85%
Wood and wood products	7,436	29.95%	39.22%	10.85%	64%	17%	43%	29.41%
Paper and paper products	8,738	45.35%	39% (max 45%)	10.83%	76%	16.9%	63%	29.29%
Printed works	7,967	25.25%	40.75%	10.96%	57%	17.3%	31%	30.26%
Chemicals and chemical products	35,974	15.34%	39.74%	10.89%	29%	17.1%	-	29.7%
Rubber products	2,901	42.81%	39.8% (max 45%)	10.89%	75%	17.1%	60%	29.7%
Plastic products	11,690	32.88%	39.88%	10.9%	67%	17.1%	48%	29.78%
Ceramics	5,377	49.62%	40%	10.91%	78%	17.1%	66%	29.85%
Basic metals	16,956	9.04%	40%	10.91%	-	17.1%	-	29.85%
Machinery	5,992	5.73%	36.99%	10.67%	-	16.6%	-	28.14%

Electrical machinery	19,041	7.3%	38.57%	10.8%	-	16.9%	-	29.05%
Motor vehicles and transport equipment	13,823	26.8%	39.61%	10.88%	60%	17.1%	36%	29.63%
Furniture	2,796	47.84%	40%	10.91%	77%	17.1%	64%	29.85%

Employment data: ILO Laborsta

Trade data: Trade Map / COMTRADE

The average applied tariff for all industrial products is 6.82%. The average bound tariff for all industrial products is 39.20%

An ABI with factor 1 would give similar results as a Swiss formula with coefficient 39.

The results show that bound tariffs would be reduced by 73% on average if applying a Swiss formula with a coefficient of 15 and by 57% in the case of a Swiss formula with a coefficient of 30

The results further show that in most labour intensive sectors in Morocco a Swiss formula with a coefficient of 15 would lead to high cuts in the applied rates and thus have an immediate impact, mainly in furniture, vehicles and transport equipment, textiles, apparel, leather, footwear, wood products, paper products, printed works, plastic products, rubber products, and ceramics. Even a Swiss formula with a 30 coefficient would lead to substantial cuts in the same sectors.

## PERU

Sector	Paid Employment (metropolitan Lima) thousands 2004	Applied tariff (average)	Bound tariff (average)	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound rate after Swiss formula with coefficient of 30	percentage cut in applied rates after Swiss 30	ABI with factor 3
Textiles	30,100	19.98%	30%	10%	50%	15%	25%	22.5%
Apparel	80,900	20%	30%	10%	50%	15%	25%	22.5%
Leather Footwear	24,100	11.97% 20%	30% 30%	10% 10%	17% 50%	15% 15%	- 25%	22.5% 22.5%
Wood and wood products	3,600	10.39%	30%	10%	4%	15%	-	22.5%
Paper and paper products	3,000	10.30%	30%	10%	3%	15%	-	22.5%
Printed works	19,400	11.87%	30%	10%	16%	15%	-	22.5%
Chemicals and chemical products	26,100	8.19%	30%	10%	-	15%	-	22.5%
Rubber and plastic products	15,700	7%	30%	10%	-	15%	-	22.5%
Basic metals	2,400	4.22%	30%	10%	-	15%	-	22.5%
Fabricated metals	19,100	9.93%	30%	10%	-	15%	-	22.5%

Machinery	10,500	7.83%	30%	10%	-	15%	-	22.5%
Electrical machinery	3,000	7.02%	30%	10%	-	15%	-	22.5%
Motor vehicles	5,000	9.4%	30%	10%	-	15%	-	22.5%
Other transport equipment	1,700	9.4%	30%	10%	-	15%	-	22.5%
Furniture	51,000	10.36%	30%	10%	4%	15%	-	22.5%

Employment data: ILO Laborsta

Trade data: Trade Map / COMTRADE

The average applied tariff for all industrial products is 8.67%. The average bound tariff for all industrial products is 30.00%

An ABI with factor 1 would give similar results as a Swiss formula with coefficient 30.

The results show that bound tariffs would be reduced by 66% if applying a Swiss formula with a coefficient of 15 and by 50% in the case of a Swiss formula with a coefficient of 30

The results further show that in a number of labour intensive sectors in Peru a Swiss formula with a coefficient of 15 would lead to cuts up to 50% in the applied rates and thus have an immediate impact. This would be the case for textiles, apparel and footwear. Even a Swiss formula with a 30 coefficient would lead to substantial cuts these sectors.

## PHILIPPINES

Sector	Paid Employment thousands 2004	Applied tariff (average)	Bound tariff (average)	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound rate after Swiss formula with coefficient of 30	percentage cut in applied rates after Swiss 30	ABI with factor 3
Textiles	96.000	9.12%	30%	10%	-	15%	-	21.02%
Apparel	370.000	15.00%	30%	10%	33%	15%	-	21.02%
Leather and footwear	69.000	13.29%	50%	11.54%	13%	18.75%	-	29.20%
Wood and wood products	142.000	7.11%	24.72%	9.34%	-	13.55%	-	18.28%
Paper and paper products	41.000	6.42%	31.56%	10.17%	-	15.38%	-	21.77%
Chemicals and chemical products	66.000	3.7%	25.64%	9.46%	-	13.83%	-	18.78%
Rubber products	56.000	8.28%	23.77%	9%	-	13.3%	-	18%
plastic products		11.47%	30.36%	10%	13%	15.1%	-	21%
Non-metallic mineral products	82.000	3.29%	15%	7.5%	-	10%	-	11.98%
Basic metals	41.000	4.55%	30%	10%	-	15%	-	21.02%
Fabricated metals	111.000	7.21%	30%	10%	-	15%	-	21.02%
Machinery	64.000	2.74%	26.25%	9.5%	-	14%	-	19.11%
Electrical machinery	40.000	2.05%	20.74%	8.7%	-	12.26%	-	16.01%

Radio, tv equipment	229.000	2.74%	20.00%	8.57%	-	12%	-	15.56%
Motor vehicles	39.000	24.03%	24.77%	9.34%	61%	13.57%	44%	18.31%
Furniture	143.000	11.87%	38.96%	10.83%	9%	16.5%	-	25.05%

Employment data: ILO Laborsta

Trade data: Trade Map / COMTRADE

The average applied tariff for all industrial products is 12.85%. The average bound tariff for all industrial products is 23.40%. An ABI with factor 1 would give similar results to a Swiss formula with coefficient 23.

The results show that bound tariffs would be reduced by 63% on average after applying a Swiss formula with a coefficient of 15 and by 44% in the case of a Swiss formula with a coefficient of 30. In a number of labour intensive sectors in the Philippines, a Swiss formula with a coefficient of 15 would lead to substantial cuts in some of the applied rates and thus have an immediate impact.

The Philippines has still 38.2% of its tariff lines unbound.

## SOUTH AFRICA

Sector	Paid Employment Thousands 2003	Applied tariff	Bound tariff	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound rate after Swiss formula with coefficient of 30	Percentage cut in applied rates after Swiss 30	ABI with factor 3
Wearing apparel	114,933	39	44	11.2%	71%	17.8%	55%	22.8%
Motor vehicles, parts	77,886	33	50	11.5%	65%	18.7%	44%	24.3%
Footwear	17,785	30	30	10%	66%	15%	50%	18.4%
Coke and refined petroleum products	17,097	30	49	11.5%	62%	18.6%	38%	24.1%
Textiles	55,846	22	25	9.4%	57%	13.6%	38%	16.4%
Rubber products	22,398	21	26	9.5%	55%	13.9%	34%	16.8%
Leather and leather products	8,916	21	23	9.1%	56%	13%	38%	15.5%
Electrical machinery	34,088	20	29	9.9%	51%	14.7%	26%	18%
furniture	38,473	20	23	9.1%	55%	13%	35%	15.5%
Glass and glass products	5,635	18	24	9.2%	49%	13.3%	26%	15.9%
Other manufacturing	58,106	17	20	8.6%	50%	12%	30%	14%
Plastic products	45,554	16	24	9.2%	43%	13.3%	17%	15.9%

Metal products	111,277	16	20	8.6%	47%	12%	25%	14%
Machinery and equipment	90,278	16	23	9.1%	43%	13%	19%	15.5%
Other chemicals	62,557	14	17	7.9%	44%	10.8%	23%	12.5%
Wood and wood products	46,812	14	17	7.9%	44%	10.8%	23%	12.5%
Other transport equipment	16,927	13	17	7.9%	40%	10.8%	17%	12.5%
Non metallic minerals	52,723	13	16	7.7%	41%	10.4%	20%	12%
Professional and scientific equipment	14,530	13	13	6.9%	47%	9.1%	30%	10.2%
Basic chemicals	29,474	12	13	6.9%	42%	9.1%	24%	10.2%
Basic non-ferrous metals	13,356	10	15	7.5%	25%	10%	-	11.4%
Paper and paper products	52,476	9	10	6%	33%	7.5%	17%	8.3%
Basic iron and steel	32,334	5	5	3.7%	25%	4.3%	14%	4.5%

The simulations for South Africa are based on research conducted by COSATU, the Congress of South African Trade Unions.

The average applied tariff for all industrial products is 6.64%. The average bound tariff for all industrial products is 15.80%

An ABI with factor 1 would give similar results as a Swiss formula with a coefficient of 16. The results show that in a large number of labour intensive sectors in South Africa, a Swiss formula with a coefficient of 15 would lead to substantial cuts in the applied rates and thus have an immediate impact. But even a coefficient of 30 would cut deeply in applied rates in a number of sectors such as furniture, motor vehicles and equipment, rubber products, textiles, apparel, leather and footwear, wood products, glass products and paper products.

## TUNISIA

Sector	Paid Employment Thousands 2000	Applied tariff (average)	Bound tariff (average)	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rates after Swiss 15	New bound rate after Swiss formula with coefficient of 30	Percentage cut in applied rates after Swiss 15	ABI with factor 3
Textiles	12.259	40.38%	60%	12%	70%	20%	50%	40.2%
Apparel	109.695	40.27%	60%	12%	70%	20%	50%	40.2%
Leather	3.322	42.26%	57.24%	11.89%	72%	19.68%	54%	38.94%
Wood and wood products	1.876	28.23%	37.67%	10.73%	62%	16.7%	41%	28.77%
Paper and paper products	6.099	33.67%	41.44%	11.01%	68%	17.4%	49%	30.92%
Printed works	3.824	18.66%	47.50%	11.4%	39%	18.39%	2%	34.17%
Chemicals and chemical products	11.032	13.6%	53.18%	11.7%	14%	19.18%	-	37.02%
Rubber products	2.690	37.86%	37.23% (max is 43%)	10.69%	72%	16.61%	56%	28.51%
Plastic products	8.486	14.27%	32.80%	10.29%	28%	15.67%	-	25.84%
Basic metals iron and steel	2.314	23.79%	28.8%	9.86%	59%	14.69%	39%	23.29%
Non ferrous basic metals	4.787	12.96%	(max) 43%	11.12%	14%	17.67%	-	31.78%
Fabricated metals	9.548	36.4%	37.5%	10.71%	71%	16.67%	54%	28.67%

Machinery	6.944	11.55%	27%	9.64%	17%	14.21%	-	22.1%
Electrical machinery	18.015	9.78%	35.24%	10.52%	-	16.21%	-	27.33%
Transport equipment	9.385	11.63%	33.37%	10.35%	11%	15.80%	-	26.19%

Employment data: ILO Laborsta

Trade data: Trade Map / COMTRADE

The average applied tariff for all industrial products is 10.45%. The average bound tariff for all industrial products is 40.6%. An ABI with factor 1 would give similar results to a Swiss formula with coefficient 40.

The results show that bound tariffs would be reduced by 73% on average after applying a Swiss formula with a coefficient of 15 and by 58% after applying a Swiss formula with a coefficient of 30. In almost all sectors in Tunisia a Swiss formula with a coefficient of 15 would lead to very high cuts in the applied rates and thus have an immediate impact. A Swiss formula with a 30 coefficient would lead to substantial cuts in applied rates of around 50% in fabricated metals, rubber products, paper and paper products, textiles, apparel and leather.

## URUGUAY

Sector	Paid Employment Thousands 2003	Applied tariff	Bound tariff	New bound rate after Swiss formula with coefficient of 15	Percentage cut in applied rate	New bound after Swiss with coefficient of 30	% cut in applied rates	ABI with factor 3
Textiles	6,148	20.74%	35%	10.5%	49%	16.15%	22%	25.5%
Apparel	4,744	20%	35%	10.5%	48%	16.15%	20%	25.5%
Leather footwear	3,846	20%	35% 33.98%	10.5% 10.41%	48%	16.15% 15.9%	20% 21%	25.5% 24.95%
Wood and wood products	1,707	8.08%	17.83%	8.15%	-	11.18%	-	14.99%
Paper and paper products	1,723	12.93%	34.35%	10.44%	20%	16.01%	-	25.15%
Printed material	4,373	0.22%	35%	10.5%	-	16.15%	-	25.5%
Fuel products	840	0.27%	35%	10.5%	-	16.15%	-	25.5%
Chemical products	6,311	9.51%	21.65%	8.86%	7%	12.57%	-	17.59%
Plastic products rubber products	2,916	13.17% 15.01%	22.22% 34.12%	8.95% 10.42%	32% 31%	12.76% 15.96%	3% -	17.97% 25.03%
Non metal mineral products	2,837	4%	35%	10.5%	-	16.15%	-	25.5%
Basic metals	846	9%	35%	10.5%	-	16.15%	-	25.5%

Fabricated metals	3,223	15.98%	35%	10.5%	34%	16.15%	-	25.5%
Machinery	1,606	7.34%	35%	10.5%	-	16.15%	-	25.5%
Electrical machinery	931	4.98%	34.06%	10.41%	-	15.95%	-	24.99%
Radio and TV equipment	79	7.34%	35%	10.5%	-	16.15%	-	25.5%
Medical, optical instruments, watches and clocks	1,245	5.04%	33.18%	10.33%	-	15.76%	-	24.52%
Motor vehicles	919	15.52%	33.85%	10.39%	33%	15.9%	-	24.88%
Transport equipment	1,302	15.52%	33.85%	10.39%	33%	15.9%	-	24.88%
Furniture	1,415	17.71%	32.5%	10.26%	42%	15.6%	12%	24.14%

Trade Data: Market Access Map/COMTRADE

Employment data: Instituto Nacional de Estadística de Uruguay

The average applied tariff for all industrial products is 5.46%. The average bound tariff for all industrial products is 31.3%. An ABI with factor 1 would give similar results to a Swiss formula with a coefficient of 31.

The results show that bound tariffs would be reduced by 68% on average after applying a Swiss formula with a coefficient of 15 and by 52% after applying a Swiss formula with a coefficient of 30. In a number of labour intensive sectors in Uruguay, a Swiss formula with a coefficient of 15 would lead to substantial cuts in the applied rates and thus have an immediate impact. Even a coefficient of 30 would not be sufficient in all cases to protect the sensitive, labour intensive sectors such as furniture, motor vehicles and equipment, plastic products, textiles, apparel, leather and footwear.