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# Trade Policies and the Debt Crisis

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The highly indebted countries have been removing their trade barriers but creditor nations are increasing them. This makes it harder for the indebted countries to export more and to service their debts.

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In the early 1980s, faced with a mounting debt crisis, most highly indebted developing countries increased trade barriers to generate more foreign exchange — but in the last three to four years, they have reversed course.

Almost all highly indebted countries have undergone real devaluations and many have undertaken significant liberalizations, so much so that some countries (Bolivia, Jamaica, Uruguay, Mexico, Morocco, Costa Rica) are less protectionist than before the debt crisis.

But industrial countries have imposed new nontariff barriers against imports from highly indebted countries. Canada, Australia, the EEC, and the United States have greatly increased the use of countervailing duties and anti-dumping actions.

Industrial countries' export subsidies have contributed to lower prices for beef, sugar, and grains — which are important exports for several highly indebted countries. Industrial countries have also recently imposed stricter import quotas and pressured highly indebted countries to accept additional “voluntary” export restraints.

In general, highly indebted countries remain more protectionist than industrial nations. But growing protectionism in the industrial nations makes it more difficult for highly indebted countries to pay off their debts, and ultimately rebounds on creditor governments and banks.

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## TRADE POLICIES AND THE DEBT CRISIS

### I. Introduction

This paper analyzes trade policies from the perspective of the debt problem of the highly indebted countries (HICs). <sup>1/</sup> The importance of this topic is straightforward. On the one hand, the resource allocation and international competitiveness of the HICs will improve with the introduction of trade liberalization measures. On the other hand, trade liberalization in the creditor countries is important to them, not only from a welfare point of view, but also because it increases the degree of access to their markets by exports from indebted countries. If the HICs are able to profit from these trade opportunities, their higher foreign exchange earnings would be partly used for debt service. This in turn would help to ease the problems of the debtors and also of the creditor's financial sectors.

Section II will analyze changes in the trade policy of the HICs. Here we show that, following the increase in import barriers during the early 80s, in recent years, the HICs have liberalized their import regimes and conducted real devaluations. In section III we look at the behavior of trade policies of the industrial (creditor) countries (EEC, Japan and the United States) vis-a-vis the highly indebted countries and other groups of countries. This analysis includes tariff and nontariff barriers (NTBs). We observe a tendency of the industrial countries to impose new nontariff barriers, particularly antidumping and countervailing investigations and duties on imports coming from highly indebted countries.

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\* The authors are indebted to Bela Balassa, Ron Duncan, J. Michael Finger, Paul Meo, Richard Snape and Neil Roger for comments on an earlier draft.

<sup>1/</sup> The country coverage of the HICs follows the classification of the World Bank (see for example, World Development Report, 1988). It includes Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cote d'Ivoire, Ecuador, Jamaica, Morocco, Mexico, Nigeria, Perú, Philippines, Uruguay, Venezuela, and Yugoslavia.

Section IV provides a rough estimate of the foreign exchange earnings foregone by the highly indebted countries which can be attributed in part to import barriers of industrial countries. We conservatively estimate that the removal of trade barriers facing the key exports of the HICs could lift their exports by at least \$7.2 billion dollars a year. In addition, industrial countries' trade policies contributed to the decline in the prices of beef, sugar and grains which have an important weight in the exports of the HICs. These commodity-price effects as well as the effects of several industrial countries' trade policies including antidumping and countervailing actions, unfair trade actions, recent import quotas and "voluntary" export restraints, etc. are not reflected in our estimates of foreign exchange gains to the HICs from elimination of industrial countries' import restrictions.

Section V will provide a brief assessment of the trade performance of the HICs. There is an important linkage between the changes in indebtedness in the 1980s and their dependence on exports and commodities which have undergone price declines -- some of which are also policy related.

Section VI contains some final remarks. Overall, we conclude that the trade regimes of the HICs remain more protected than that of industrial countries and therefore, their trade and industrial policies remain a greater impediment to their export performance than the barriers they face in industrial markets. Nevertheless, the HICs are facing increasing problems in trying to export their goods because of trade barriers and support mechanisms in the major industrial markets countries. Regrettably, it is not widely understood that protection is a matter of tradeoffs: protection for sectors facing competition from HICs exports may have an adverse effect on the banking sector in the industrialized countries if the HICs are unable to gain increased export revenues to meet their debt commitments.

## II. Recent Trends in the Trade Regimes of Indebted Countries

When the HICs faced their payments problems during the early 80s, they all increased import barriers as a way of generating a foreign exchange surplus. This increase in import barriers was effected mainly by introducing generalized mechanisms of import licensing. Less well known is that, since

then, a majority of the HICs have introduced trade liberalization measures, and in approximately half the cases we find evidence that import regimes are today more liberal than even before the crisis.

A. Trade policy indicators of the HICs during the 1980s

Table 1 presents some key trade policy indicators of the HICs. The major source of information is World Bank documents, but in several instances we have resorted to published research. For the interested reader, a short discussion of the recent trade policy behavior of each HIC is available from the authors. Where information is available, we present for each indicator its value before the debt crisis, when this crisis appeared, and a more recent reading. 1/

1. Shift of import policies during the debt crisis

Between 1982 and 1984, the debt crisis led the HICs to increase import barriers as they confronted debt-servicing difficulties. In some countries this behavior implied a reversal of trade liberalization attempts while in others, it essentially represented tightening of their price and nonprice import controls.

At the time of the debt crisis, several countries -- including Argentina, Chile, Colombia, Perú, the Philippines, and Uruguay -- had either recently introduced or were introducing trade liberalization policies. In all of these countries the debt crisis led to a reversal of these policies. 2/ Among this set of countries, the most drastic reversals occurred in Argentina,

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1/ Because the methodology for constructing the trade policy indicators varies, intercountry comparisons cannot always be made. Although Table 1 is on import policies, the discussion in the text includes comments on import taxes and foreign exchange controls.

2/ This does not imply that the debt crisis was the only explanatory factor for the reversal of the liberalization attempts; but it certainly was a major one.

Perú, and the Philippines. <sup>1/</sup> During the late 70s and early 80s these countries dismantled virtually all NTBs and replaced them by tariff rates, all below 60%. After this, Table 1 shows that they reverted to discretionary management of NTBs including import prohibitions and licensing.

In addition to countries that reversed ongoing liberalization programs, there is a large group -- Bolivia, Brazil, Cote d'Ivoire, Ecuador, Jamaica, Mexico, Morocco, Nigeria, Venezuela and Yugoslavia -- that had maintained relatively protectionist trade policies, including substantial NTBs. The payments crisis pushed these countries to further increase and tighten direct controls.

In short, none of the HICs relied exclusively on devaluation cum strong demand management as the sole way of confronting their payments problems; virtually all accompanied their devaluation with some form of import restriction. But the form of the restriction made an important difference. These restrictions can work through the price mechanism or they may entail some form of direct control. The social costs of import barriers are likely to be much higher in the second case.

Among the 17 HICs, only three -- Chile, Costa Rica and Uruguay -- resorted mainly to import taxes in contrast to NTBs as a way of restricting imports. Chile and Costa Rica had been relying on tariff protection for several years before the crisis. When in the early 1980s, after a period of a seriously overvalued currency, Chile implemented a real devaluation, it also increased its uniform tariff structure in steps to 35%, and initiated numerous countervailing duty investigations (CVD) against imports from neighboring countries. Nevertheless, according to the GATT files, of the 140 CVD investigations initiated during 1981-86, only one has ended up with a positive finding while the rest turned out with a negative outcome. Since 1984, when import restrictions peaked, Chile reintroduced trade liberalization measures and by December 1987, the uniform tariff rate had declined to 15%.

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<sup>1/</sup> The trade liberalization experiences of these countries have been documented in Nogués (1986a) for Argentina; Nogués (1986b) for Perú and Shepherd (1986) for the Philippines.

**Table 1: SUMMARY OF TRADE POLICY INDICATORS OF HIGHLY INDEBTED COUNTRIES BEFORE, DURING AND AFTER THE PAYMENTS CRISIS**

	AVERAGE TARIFF RATES (%)			INCIDENCE OF NTBs (%) <sup>1/</sup>		
	Before	During	After	Before	During	After
Argentina <sup>2/</sup>	44(U) <sup>3/</sup> D			L	100(+)	62(+)
Bolivia	H	H	20	H	100(M)	
Brazil	H	H	51(U)	H	100(M)	100(M)
Chile <sup>4/</sup>	10	35	15	O	L	L
Colombia	NA	61(U)	52(U)	<66(M)	66(M)	50(M)
Costa Rica	<54(U)	54(U)	24(U)	L	L	2(M)
Cote d'Ivoire	31(W <sup>b</sup> )	NA	<sup>5/</sup>	NA	47(M)	L
Ecuador	<51(U)	51(U)	42(U)	NA	29(+)	16(+)
Jamaica	NA	NA	D	NA	100(P)	9(P)
Mexico	NA	25(W)	<25(W)	60(M)	100(M)	39(M)
Morocco	NA	36(U)	23(U)	34(+)	100(+)	67(+)
Nigeria	14(R)	19(R)	NA	H	100(+)	L
Peru	32(U)	57(U)	>57(U)	L	100(M)	100(M)
Philippines <sup>6/</sup>	43(U)	D	29(U)	40(+)	100(+)	<sup>13/</sup> <100(+)
Uruguay	67(U)	46(U)	D	D	D	L
Venezuela	NA	NA	34(U)	7(+)	50(+)	<50(+)
Yugoslavia <sup>7/</sup>	NA	NA	12(U)	NA	NA	50(M)

**Notes on symbols and letters**

D: declining; NA: not available; H: high; L: low; (U): unweighted; (W) import weighted; (W<sup>b</sup>): output weighted; (M): import coverage; (P) product coverage; (+): tariff line coverage; <: lower than; >: higher than; (R): tariff revenues as a proportion of imports:

- <sup>1/</sup> A value of 100 for the NTB coverage is valid for all three indicators +, M and P.
- <sup>2/</sup> The recent estimate of incidence of NTBs does not include the liberalization of the steel and petrochemical industries implemented in early 1988.
- <sup>3/</sup> Estimated from table 7 in Nogués (1986).
- <sup>4/</sup> Only a few variable levies protecting cereals, sugar and dairy products remain in place.
- <sup>5/</sup> Because the dismantling of NTBs will be accompanied by the introduction of tariff surcharges, it is expected that the maximum and average tariff rates will be increasing.
- <sup>6/</sup> Direct foreign exchange allocation was the main NTB introduced at the time of the debt crises.
- <sup>7/</sup> There is also a generalized tariff surcharge that up to 1987 was 7%; since then it has been raised to 10%.



Costa Rica applied escalated tariff surcharges and consumption taxes while Uruguay introduced a uniform tariff surcharge. In recent years, these countries have also been eliminating these measures.

Except for these three cases, the other HICs resorted to import licensing as a way of restricting imports. Table 1 shows that at a point in time, Argentina, Bolivia, Brazil, Jamaica, Mexico, Morocco, Nigeria, Perú, and the Philippines introduced direct controls on all imports. In some of these cases, e.g., Brazil and the Philippines, foreign exchange controls played a predominant role (Moreira and Araujo 1984 for Brazil and Shepherd 1986 for the Philippines). Colombia, Ecuador and Venezuela greatly increased the proportion of imports covered by import-licensing mechanisms. In addition to direct import controls some of these countries also increased import taxes. For example, in Argentina, a uniform tariff surcharge was introduced with the launching of the Austral plan in mid-1985. Nigeria, Perú and Yugoslavia also increased their tariff structures.

## 2. From import-restricting to import-liberalizing trade policies

During the last few years, an important number of HICs have been implementing liberalization measures. In some cases, the measures have been so ambitious that their import regimes are now more open than before the debt crisis. In other cases, the recent trade liberalization measures have been milder, but still imply a partial dismantling of the protection introduced when the payment problems started.

Quite unexpectedly, six HICs are today according to our indicators more open than what they used to be before the payments crisis. These are Bolivia, Jamaica, Uruguay, Mexico, Morocco and Costa Rica. Some of these countries have implemented a major liberalization of NTBs and have also reduced tariff rates. Bolivia with a 20% uniform tariff rate and a floating foreign exchange rate (determined through an auction system), is a remarkable example of a major trade liberalization. This liberalization has included the abandonment of an extensive system of direct import controls. Together with Chile, Bolivia is now the most open economy among the sample of HICs. Bolivia seems to implement a uniform tariff rate of 10 percent by 1990.

Jamaica, too, has introduced significant liberalization measures, although not as extensive as Bolivia's. On the other hand, except for a short period of time, Uruguay has continued introducing liberalization measures (Favaro and Spiller, 1986).

Mexico and Morocco have recently acceded to the GATT. <sup>1/</sup> As a consequence, major elements of their recent and ambitious trade liberalization measures including their maximum tariff rates of around 50% are bound. Nevertheless, while Morocco has recently increased its special import tariff, Mexico has continued its liberalization program. By December 1987, it had dismantled its mechanism of reference prices and the maximum de facto tariff rate was 20%. Nevertheless, in both countries, the remaining NTBs still protect major segments of domestic production.

On the other hand, because Cote d'Ivoire and Nigeria have implemented a major dismantling of NTBs, they are also likely to be more open now than what they were before the payments crises. Including these countries, the number of HICs that today have import regimes more open than before the debt crisis increases to eight.

Thus, in spite of payments problems and powerful domestic resistance to liberalization, more than half the HICs have introduced more transparent, and in some cases -- Bolivia, Costa Rica, Mexico and Uruguay -- trade policies which by historical standards are very open. This is remarkable; only a few years ago few would have expected such significant policy changes could be introduced.

Although six other HICs -- Argentina, Chile, Colombia, Ecuador, Philippines and Venezuela -- have introduced some trade liberalization measures, their import regimes remain more closed than before the payments crisis. In spite of this common characteristic, there are important differences among these countries. For example, in relation to the pre-crisis period, Chile's uniform import tariff remains higher, but it is still one of the two most open economies among the HICs. In contrast, practically no

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<sup>1/</sup> Those HICs which are not signatories to the GATT include Bolivia, Ecuador and Venezuela. Costa Rica is in the process of accession.

import liberalization has been introduced in Venezuela and Ecuador. Nevertheless, Ecuador has devalued and adopted a managed floating exchange rate regime, easing the pressures on the import control system. Somewhere in between these cases is Argentina, which has been dismantling high export taxes and today, the few that remain carry low rates. On the import side, the liberalization of the steel and petrochemical industries in early 1988 has also been a significant liberalization measure.

Two countries, Brazil and Yugoslavia, have not made any significant changes in their inward-looking policies during the 1980s (see Araujo and Moreira, 1984 and Havrylyshyn, 1986). Finally, Perú remains at least as protected as when the import controls were reintroduced during 1985.

In summary, the two polar cases of trade-policy behavior in recent post-crisis years are Bolivia and Perú. Bolivia's may be the fastest and most ambitious trade liberalization policy that has been introduced in the post-WWII era. In contrast, during 1984-85, Perú drastically reversed the trade liberalization policies introduced during the late 1970s and early 1980s; together with Brazil and Yugoslavia it remains one of the three most inward-oriented economies among the HICs.

Although the other HICs fall in between these two extremes, in an important number, the policy trend is closer to that of Bolivia. This, as said, is the case of Costa Rica, Jamaica, Mexico, Morocco, Uruguay and very likely Cote d'Ivoire and Nigeria. A second set of countries -- Argentina, Chile, Columbia, Ecuador, the Philippines and Venezuela -- that also raised import barriers during the payment crisis have introduced some trade liberalization measures. A third set of countries are Brazil and Yugoslavia, that have consistently maintained protectionist import regimes. Finally as said, the worst case in terms of trade policy shifts is Perú.

#### B. Real exchange rate behavior

Theory suggests and experience shows that successful trade liberalization policies have been accompanied by a real devaluation. Table 2 shows the behavior of the real exchange rate (RER) of the HICs between 1980 and

Table 2: REAL EXCHANGE RATES OF 15 HIGHLY INDEBTED COUNTRIES

	1978	1979	1980	1981	1982	1983	1984	1985	1986	RATIO OF 1986 RATE TO THE HIGHEST RATE IN 1980s
Argentina	54	77	100	91	51	43	50	44	44	0.44
Bolivia	88	92	100	127	136	125	172	256	82	0.32
Brazil	123	112	100	122	128	104	104	100	94	0.73
Chile	85	86	100	118	106	87	85	69	58	0.49
Colombia	95	98	100	108	115	114	104	91	63	0.59
Costa Rica	87	91	100	63	72	83	82	81	72	0.72
Cote d'Ivoire	89	98	100	85	78	75	72	72	85	0.85
Ecuador	99	99	100	112	110	104	86	89	72	0.64
Jamaica	96	90	100	106	111	104	73	64	68	0.62
Mexico	84	89	100	114	81	72	84	86	60	0.53
Morocco	103	103	100	92	90	84	79	74	71	0.71
Nigeria	91	93	100	111	114	135	185	167	88	0.48
Peru	88	90	100	119	122	115	115	94	106	0.87
Philippines	88	95	100	103	108	90	89	98	76	0.71
Uruguay	72	79	100	112	118	72	69	67	66	0.56
Venezuela	91	92	100	112	120	110	93	90	77	0.64
Yugoslavia	103	109	100	105	98	76	74	71	76	0.72

Source: World Bank BESD Data Base

1986. 1/ The last column indicates the ratio of the 1986 RER to the highest RER observed during the 1980s.

The figures show several interesting aspects. First, in recent years, all (RERs) have declined, signifying a real depreciation. The greatest depreciation is recorded for Argentina, Chile and Mexico. During the early 1960s, all of these countries had undergone a process of significant real appreciation.

There is also a group of HICs -- including Brazil, Cote d'Ivoire (which belongs to the franc zone), Nigeria and Perú -- showing a relatively low real depreciation. It is of interest to recall that the import regimes of Brazil and Perú remain highly protectionistic. 2/

In addition to the real devaluation process, there are some shifts in exchange rate regimes that are worth emphasizing. Here again a contrasting behavior is observed in the neighboring countries of Bolivia and Perú. We already mentioned that when import barriers were reduced, Bolivia dismantled its exchange controls and introduced an auction system for allocating foreign exchange reserves. As a consequence, the black market rate which used to be 15 times higher than the official rate, practically disappeared (Morales and Sachs, 1987). In contrast, Perú increased its tariff rates, extended direct controls over 100% of imports, and created an escalated structure of commercial exchange rates. At a point in time the maximum commercial exchange rate was more than four times higher than the minimum.

Other countries that in recent years have liberalized their foreign exchange regimes include Chile, Columbia, Ecuador (floating regime), Jamaica (auction regime) Nigeria (auction regime), and Uruguay.

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1/ This is a weighted RER where the weights are given by the value of trade with the main trading partners. The RER is defined by the inverse of the nominal exchange rate times the ratio of the wholesale price index of the trading partner to the domestic wholesale price index.

2/ On the other hand, Brazil is one of the few HICs that has avoided quite consistency episodes of severe currency overvaluation.

In contrast, few countries that have maintained relatively closed import regimes have also kept important controls over their exchange rates, including multiple exchange rate regimes. In some cases -- such as Argentina, Brazil, Philippines, Venezuela and Yugoslavia -- important differentials between the commercial and parallel or financial market exchange rates are recorded.

C. Concluding note on the HICs trade and exchange rate policies

During the debt crisis, the trade policies introduced as partial response to the high debt-service payments implied that in some cases ambitious programs of trade liberalization were reversed. In most cases, the NTBs introduced to cope with the payments crisis wrecked the trade regimes of a majority of HICs pushing them to reintroduce and/or reinforce obscure and administratively discretionary trade policies.

Although in the short run these policies increased the foreign exchange reserves of the HICs, they worsened their long-run growth and employment prospects. What was done to trade policies for debt-service purposes, was the exact opposite of what should have been done. If creditors wanted to increase the likelihood of getting their money back and debtors the likelihood of repaying, they should have gone for an improvement in the resource allocation of the debtor and as we shall see also of the creditor countries. As is usual with crisis, the debt problems were addressed initially with wrong policies. However, since the debt crisis peaked, the trade and exchange rate policy behavior of most HICs has clearly been in the direction of liberalization; in some cases this liberalization has been remarkable.

Many of these trade liberalization experiences have been implemented in countries that have followed import-substitution policies for decades. These new policies have been fiercely attacked by powerful and concentrated groups of protected entrepreneurs and a linked bureaucracy. Yet, in spite of this opposition, these reforms have been implemented amidst serious payments problems. Although much remains to be done, this is from an historical perspective a remarkable policy behavior.

In most cases, these policies need to be reinforced over time; a reversal would entail tremendous social costs. The sustainability of these liberalization episodes depends on a number of factors which is not the purpose of this article to discuss. On the external front, however, the likelihood of sustainability will partly depend on the degree of access that industrial countries provide to the exports of other countries, including the HICs. The next section will address this issue.

### III. Trade Policies of the Industrial Countries in the 1980s

#### A. Tariffs and hard-core NTBs

Overall, nominal tariff protection in the EEC, Japan and the United States is quite moderate -- see Annex Table 1 -- with the HICs having a slight advantage over industrialized countries because of tariff preferences. However, even with tariff preferences, there are numerous categories of products where the trade-weighted average for the sector is higher for the HICS than for the industrial countries. The most striking example of this is in the clothing sector where the average tariff rates against the HICS are 9.3% in the EEC and 22.0% in the USA, while the corresponding rates against the industrial countries are 2.1% and 18.4%, respectively. Other product categories where this loading of rates against the HICs trade occurs include other textile and clothing categories, fruits and nuts, and leather manufactures. There are various categories where the loading exists in one or two markets but not in the others, e.g., fish, footwear and furniture in the EEC; organic chemicals in Japan.

These higher rates do not stem from country-specific discrimination, since preferences are intended to give a margin in favor of the developing countries. Rather, the HICs -- and developing countries generally -- tend to export the items which have higher rates of duty in industrial countries. Not only were these items not taken into account in the earlier rounds of multi-lateral trade negotiations because the developing countries did not fully negotiate (Finger, 1974, 1976) -- but they are often excluded from preferential schemes.

An indication of the significance of tariff preferences to the HICs can be obtained from Table 3. For the HICs as a group the value of 1983 imports by the OECD donors from the HICs under the GSP was estimated at \$1,265 million. This is the equivalent of a mere 1.6% of their exports in that year. The small size of these estimated GSP benefits is attributable to the concentration of basic commodity exports among the HICs, since these commodities either faced zero-MFN rates or were often excluded from GSP benefits, for example, petroleum, minerals and many agricultural products, etc. Brazil, Yugoslavia, Mexico, Morocco and the Philippines accounted for 75% of the total GSP benefits of the HICs, but the major relative gainer was Costa Rica. It is also clear that the losses that Chile might suffer as a result of its recent exclusion by the United States are quite minor. 1/

With respect to nontariff barriers we examine first the extent of NTBs in the EEC, Japan and the United States in 1986 against the HICs and against other industrial countries - see Annex Table 2 for detailed results. The indicator used is the percentage of trade covered by NTBs. The NTBs used in the construction of the tables include only relatively restrictive or hard-core measures -- quota restrictions, MFA, VERs, variable levies and non-automatic licensing. 2/

The overall results show that the EEC imports from the HICs are much more affected by the presence of hard-core NTBs than other industrialized country suppliers, but in the USA or Japan the bias is against other

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1/ For a more extensive discussion on preferences, see Laird and Sapir (1987).

2/ Some care should be used in interpreting these data for comparative purposes, as the indicator has a bias in that the more restrictive measures may preclude trade. Thus the trade coverage ratio in a sector subject to prohibitions would equal zero. It is sometimes suggested that world trade weights be used, as a proxy for "free trade" weights to eliminate this downward bias. However, this assumes that import-demand patterns for different countries would be the same. In addition, many markets protect the same sectors, so that world weights are also affected.



**Table 3: THE HICs & GSP IN OECD DONOR COUNTRIES  
DIRECT TRADE EFFECTS OF THE GSP**

Countries	Exports by HICs to OECD	Increased OECD Imports from HICs as Result of GSP	
	\$M	\$M	%
ARGENTINA	3,344.5	55.2	1.7
BOLIVIA	377.7	6.5	1.7
BRAZIL	13,741.5	303.5	2.2
CHILE	2,803.0	12.5	0.4
COLOMBIA	2,513.8	23.7	0.9
COSTA RICA	749.6	53.9	7.2
COTE D'IVOIRE	1,733.5	37.8	2.2
ECUADOR	1,624.3	7.5	0.5
JAMAICA	572.1	19.1	3.3
MEXICO	21,562.3	207.0	1.0
MOROCCO	1,434.6	76.5	5.3
NIGERIA	10,703.6	6.0	0.1
PERU	2,355.9	31.2	1.3
PHILIPPINES	4,328.8	124.6	2.9
URUGUAY	683.5	18.0	2.6
VENEZUELA	9,298.0	42.4	0.5
YUGOSLAVIA	3,625.5	239.6	6.6
HICS	81,452.2	1,265.0	1.6

Source: Karsenty and Laird (1987).

industrial countries. 1/ With respect to individual sectors, the discriminatory effects of the MFA is evident in the textile and clothing sectors in the EEC and the United States and to a lesser extent in Japan. Other products where the incidence of the measures is higher against the HICs are: (i) in the EEC -- alcoholic beverages, cereals preparations, coal, iron and steel pipes and tubes, crude petroleum, vegetables, non-electric power machinery, tinned fish, paper and paperboard, electrical machinery nes and pig iron, (ii) in Japan -- animal oils & fats, cheese and curd, crude vegetable materials, sugar preparations, preserved fruits, and oil seeds, and (iii) in the USA -- cheese and curd, coal, dried and preserved fruits, vegetable oils, sugar and honey, floor coverings, and iron and steel products.

The main changes in hard-core NTBs in the major industrial markets are shown in Table 4. As may be observed, on the basis of the data available, there has been no measurable change in the overall incidence of NTBs in Japan in the 1980s. (However, there have been reports of Japan restricting imports of textiles from China, including Taiwan Province, Republic of Korea and Pakistan by the use of "administrative guidelines" for textile importers - see Far Eastern Economic Review, 12 September 1985). The table shows a number of changes in the EEC and the USA. In both markets the overall incidence of NTBs rose against both HICs and the industrialized countries. The main HICs exports adversely affected were: (i) in the EEC -- MFA articles, cocoa, fresh and dried fruits and nuts, fresh vegetables, leather, tinned fish, and electrical machinery nes, and (ii) in the United States -- sugar, and iron and steel sheets, plates, pipes and tubes. The overall results for the US are affected by the invocation of sugar quotas in 1982.

It should be noted that the tightening of existing quotas is not identified by the computation of trade-coverage ratios. Thus, the increase in protection is understated in the figures given above.

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1/ However, further calculation using the frequency of transactions (tariff items times trading partners) -- not biased by the restraint of the NTB in the trade-weighting technique -- show discrimination in all three major markets. These results are available from the authors on request.

**Table 4: CHANGES IN NTBS IN EEC, JAPAN AND USA AGAINST HICs KEY EXPORTS, 1981 & 1986**

SITC	Product Description	Imports From HICS \$000 1983	Percentage of trade affected by hard-core NTBS					
			HICS		LDCS		Industrial	
			81	86	81	86	81	86
<b>EEC</b>								
	<b>All Products</b>	<b>27,494,412</b>	<b>16.3</b>	<b>18.1</b>	<b>20.5</b>	<b>21.3</b>	<b>8.8</b>	<b>11.5</b>
841	Clothing not of fur	558,115	81.9	84.7	70.6	70.2	14.3	9.7
732	Road motor vehicles	512,503	0.6	0.6	2.2	2.2	34.9	41.8
052	Dried fruit	491,376	22.0	23.8	8.8	10.2	45.9	52.3
051	Fruit fresh cuts fresh dry	293,364	0.0	20.8	0.2	8.1	1.2	19.3
262	Wool and animal hair	181,458	42.7	37.6	0.0	0.0	0.0	0.0
054	Veg etc. fresh, simply preserved	163,982	45.7	54.8	77.5	80.1	20.1	37.9
611	Leather	134,791	13.4	20.0	22.4	37.5	16.5	18.8
099	Food preparations NES	133,932	22.5	4.7	4.3	3.7	4.2	3.5
032	Fish etc. tinned, prepared	127,621	0.1	35.9	3.9	22.4	0.1	0.2
641	Paper and paperboard	102,578	31.5	29.9	10.4	7.7	7.6	7.5
729	Electrical machinery NES	89,502	0.2	22.9	0.6	9.6	3.2	6.7
684	Aluminum	69,744	0.0	0.0	9.5	4.9	0.0	0.0
<b>USA</b>								
	<b>All Products</b>	<b>36,840,554</b>	<b>0.9</b>	<b>4.2</b>	<b>7.0</b>	<b>5.3</b>	<b>9.2</b>	<b>13.2</b>
724	Telecommunications equip	1,000,500	0.0	0.0	27.2	14.5	0.0	0.0
851	Footwear	639,702	0.0	0.0	78.0	0.1	0.0	0.0
061	Sugar and honey	473,958	0.0	91.3	0.0	89.8	0.0	64.9
674	Iron, steel univ, plate, sheet	169,138	0.0	90.7	0.0	0.0	0.0	66.8
678	Iron, steel pipes, tubes etc.	138,711	0.0	98.5	0.0	87.5	0.0	81.6
698	Metal Manufactures NES	85,045	0.0	1.9	0.0	7.6	0.0	1.1
<b>Japan</b>								
	<b>All products</b>	<b>7,368,680</b>	<b>9.6</b>	<b>9.6</b>	<b>11.4</b>	<b>11.4</b>	<b>28.9</b>	<b>28.9</b>
292	Crude veg materials nes	106,539	77.9	77.3	24.4	22.9	26.9	17.6
053	Fruit preserved, prepared	87,667	72.8	70.2	59.3	58.5	33.2	32.9

Note: A constant 1984 trade base was used for the calculations, so that changes in the percentages can only result from the spread of NTBS to new countries or to new tariff lines.

Hard core NTBS are defined to include QRS, VERS, MFA, variable levies and non-automatic licensing.

Source: UNCTAD data base on trade measures, UN COMTRADE Data Base.

B. Administered Protection: The Case of Antidumping and Countervailing Duties Against the HICs

Antidumping (AD) and countervailing duty (CVD) mechanisms are used when countries find that imports enter at "unfairly" low prices. Unfairness according to these procedures can have two origins; dumping actions of individual firms, or subsidies granted by a foreign government of the foreign country to its exports. The first type can result in AD investigations, while the second might result in CVD actions.

1. Countervailing actions

Of the 460 CVD cases reported to the GATT between 1980 and 1986, 281 were processed in the US, 11 in Canada, 20 in Australia and only 7 in the EEC. Among developing countries, Chile has been the most important user, introducing 140 CVDs against imports coming mainly from neighboring countries. But of these cases, 125 were processed between 1982 and 1984 when Chile was facing serious payments problems; all ended with a negative finding. During 1985 and 1986, it initiated only 12 CVD investigations and only one was positive.

Today as in the past, the US is the dominant user of CVDs. And the number of US CVDs has risen sharply. Between 1975 and 1979, the US processed 104 CVD cases; 21 annually. During 1980-1986 the annual number more than tripled to 66. Annex Table 3 shows that of the 281 CVD cases initiated in the US during 1980-86, 30 percent were against imports from HICs. Of these, 60 percent were against Brazil and Mexico, the most indebted HICs, particularly vis-a-vis US banks.

Our conjecture is that this increase in CVDs has been triggered by a rapid growth in competitive imports, and also, by the change of rules which became operative in 1980 (see Marks, 1980). These changes have made it easier for the US-CVD mechanism to harass importers. Finger and Nogués (1987) have found that 35 percent of the CVD investigations initiated between 1980 and 1985 had preliminary affirmative but then a final negative determinations. If these investigations had been better documented in the initial stages, they

would have been more consistent with the outcome of findings in the final stages. While there is a great range of US-CVD rates against the HICs, the average CVD rate of 21 percent is more than six times higher than the US average -- import weighted -- applied tariff rate of 3.4 percent. It is clear that CVDs must have a serious detrimental effect on exporters found or presumed to be using export subsidies.

## 2. Antidumping actions

During the 1980s, the growth of AD cases has also been alarming. Between 1980 and 1986 there has been a total of 1,272 reported AD cases. 1/ In the EC, during 1971-75 and 1976-80 there were 17 and 79 AD cases respectively. In contrast, during 1981-85 the number of AD cases was 97. In the US, between 1975 and 1979 the number of AD cases was 97; between 1980-86 this increased to 350.

Annex Table 4 shows for 1980-86 the number of antidumping (AD) cases opened in the US, EEC, Australia and Canada against the HICs. The following points are worth noting. First, the proportion of US AD investigations against imports coming from HICs is smaller than in the case of CVDs, i.e., 21 percent vs. 29 percent. One explanation for this, is that according to GATT Article XVI, the use of export subsidies is allowed only to developing countries, but, neither the GATT nor the Subsidy Code prohibits countervailing duties against developing countries. This helps to explain why export subsidies are more prevalent among developing countries and also why the incidence of industrial countries' countervailing cases against the HICs is higher than that of antidumping cases. In any case, because -- unlike CVDs -- Australia, Canada and the EEC have been active users of AD duties, during 1980-86 the absolute number of AD cases against the HICs has been higher than that of CVDs (130 against 82).

Table 5 shows numbers of the incidence of industrial countries AD actions against the HICs for two periods 1980-81 -- before the debt crisis -- and 1982-86. The figures show that, the proportion of total AD actions, taken against the HICs almost tripled during the recent years of continuing balance of payments problems. Regrettably, this behavior of the creditor countries

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1/ A case might involve many countries and many firms.

**Table 5: INCIDENCE OF ANTIDUMPING ACTIONS AGAINST THE HICs  
1980-81 and 1982-86**

AD Actions Taken by	AD Actions Against the HICs as a % of:			
	Total AD actions		AD Against LDCs	
	1980-81	1982-86	1980-81	1982-86
Australia	2.8	4.5	7.7	14.9
Canada	4.2	6.6	20.0	27.3
EC	5.6	16.3	26.7	49.3
USA	5.6	18.1	25.0	42.1
Total	4.1	11.4	15.2	34.1

Source: GATT files.

has occurred during a period when the majority of HICs have been making efforts to adjust and service their debts.

#### IV. Impact of Major Creditor Country Trade Policies on the HICs

In the present section we examine the foreign exchange costs of trade policies with the emphasis being on the effects of industrial countries' protectionist policies. <sup>1/</sup> From the outset, let it be said that we are struck by the growth in the value of HICs manufactured exports to the industrial countries, by almost 100 percent between 1980 and 1986, although there is considerable variation in the performance of individual HICs. This is evidence of some "porosity" of the NTBs, associated with the ability of

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<sup>1/</sup> This does not imply that the HICs own policies are less harmful to them. For example, Sturzenegger (1988) recently estimated that, if during the early 80s, Argentina had shifted to a free trade economy, it would have increased its annual exports of agricultural goods by around \$6 billion. This figure is much higher than our estimates of the foreign exchange costs of industrial countries' policies.

exporters to get round the barriers by shifting production to other lines, not yet subject to the more stringent barriers. The Asian NICs in particular seem to have been adept at exploiting such opportunities. Nevertheless, there are NTBs such as quotas, which inhibit developing countries attempting to expand their exports.

In order to provide a rough order of magnitude of the potential export gains for the HICs from liberalization of tariff and nontariff barriers in the major industrialized countries, simulations were made using a standard, simple ex ante partial equilibrium model to compute trade-creation and trade-diversion effects of the postulated trade liberalization. 1/

In the model, data on the ad valorem equivalents of nontariff barriers are treated in the same way as data on tariffs. The information on the ad valorem equivalents of the NTB was compiled from a search through studies published in the late 1970s and early 1980s. 2/ These studies typically identify the price disadvantage of domestically produced goods relative to international prices, and the NTB ad valorem equivalent is assumed to equal the percentage price disadvantage less the tariff rate. This is not completely satisfactory but it does give a rough order of magnitude for the trade effects of NTBs. Obviously these ad valorem equivalents must vary according to international prices and any point estimate will often be higher or lower than the situation at other points of time. An alternative approach was used for products affected by variable levies in the EC, where data are

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1/ For a description of the model and sources of data and elasticities, see Laird and Yeats, 1986. The methodology is similar to that used by the Brookings Institution for its evaluation of the Tokyo Round. In the present study, the supply elasticities were assumed to be infinite - not unreasonable in the light of the magnitude of the projected changes and the fact that this is comparative static analysis with no short-run expectations of changes. It is also noted that under imperfect supply conditions, while the volume growth is less than under perfectly elastic supply, a price effect means that the revenue changes are less than the volume changes. The elasticity of substitution among suppliers was assumed to be 2.5.

2/ To be published in Laird, S. and A. Yeats, "Quantitative Methods for Trade Barriers Analysis" (forthcoming).

available on movements over time. In these cases, average figures over a three to five-year period (varying between 1975 and 1983) was used to compute the price disadvantages.

The study was carried out at the most detailed tariff-line level to get the greatest information on product categories most likely to be affected by changes in the trade regimes of the industrialized countries. For presentational purposes, the results have been aggregated to the 3-digit SITC level. Only the EEC, Japan and the United States markets were selected for study since published material exists on the restrictiveness of NTBs in these markets.

The results of the simulation are presented in Tables 6 and 7. As may be noted from the tables, the overall increase in imports by the EC, Japan and the US from the HICs from full trade liberalization in these markets is estimated at \$6.5 billion -- an expansion of 9.1 percent. Since the moderate overall results is based on all trade from all the HICs -- including many items which are free of trade restrictions -- it conceals much greater gains for certain of the HICs and for products which are currently subject to several restraints. For example, the gains for the HICs with relatively diversified export structures and substantial manufactured exports do much better than average (e.g., Philippines - 26.6 percent, Yugoslavia - 24.9 percent, Morocco - 21.1 percent, etc.) Above average gains are also registered by countries which are relatively important exporters of highly protected food products such as sugar and meat (Argentina, Brazil, Philippines). The countries which gain least are those with a much higher proportion of petroleum or mineral exports (Bolivia, Chile, Ecuador, Jamaica, Mexico, Perú and Venezuela) or for which coffee or coca are a major component of their exports (Colombia, Cote d'Ivoire).

The overall average is weighed down by petroleum -- which is virtually free of trade restraints. If petroleum and petroleum products are excluded, the overall average increase in imports from the HICs would be 25 percent. Even this conceals substantially greater percentage gains for products most affected by trade barriers. Clothing alone -- with a gain of 108.1 percent -- accounts for 20 percent of the total expansion. Manufactured



Table 6: EFFECTS OF TRADE LIBERALIZATION IN EEC, JAPAN & USA

COUNTRY	IMPORTS 1983 \$ 000	INCREASE IN IMPORTS FROM FULL MFN LIBERALIZATION OF			
		TARIFFS \$ 000	NTBS \$ 000	TARIFFS & NTBS \$ 000      %	
ALL HICS	71,703,646	2,666,691	3,830,232	6,491,479	9.1
ARGENTINA	2,775,623	101,536	337,631	439,240	15.8
BOLIVIA	345,050	3,657	12,814	16,384	4.6
BRAZIL	11,604,209	707,734	1,218,313	1,924,513	16.5
CHILE	2,555,522	22,060	90,598	112,608	4.3
COLOMBIA	2,022,806	90,081	89,434	179,422	8.9
COSTA RICA	591,130	51,889	68,435	121,175	20.4
COTE D'IVOIRE	1,646,662	45,319	47,996	93,551	5.7
ECUADOR	1,554,938	16,167	87,524	103,673	6.6
JAMAICA	372,842	15,384	14,256	29,854	7.8
MOROCCO	1,311,321	93,298	183,975	276,755	21.1
MEXICO	19,581,628	693,289	541,561	1,233,797	6.3
NIGERIA	10,195,969	25,138	9,792	35,004	0.3
PERU	2,188,116	29,339	76,402	105,621	4.8
PHILIPPINES	3,366,202	375,311	522,546	895,832	26.6
URUGUAY	575,270	29,580	56,345	85,896	14.8
VENEZUELA	8,237,109	95,623	49,031	144,738	1.7
YUGOSLAVIA	2,779,249	271,288	423,578	693,416	24.9

Note: Estimates by the authors. Tariff and trade information were taken from the GATT Tariff Study. Information on the ad valorem equivalents of NTBs was taken from a literature search by Laird and Yeats (op. cit.).

**TABLE 7: EFFECTS OF TRADE LIBERALIZATION IN EEC, JAPAN & USA  
TRADE CHANGE FOR HICs RESULTING FROM MFN LIBERALIZATION  
30 3-DIGIT SITCS ITEMS TO GAIN MOST IN TERMS  
OF TRADE VALUES**

(Data ranked in order of declining size of value increment associated with the simultaneous liberalization of tariffs and NTBs)

SITC	PRODUCT DESCRIPTION	IMPORTS	INCREASE IN IMPORTS RESULTING FROM FULL LIBERALIZATION OF			TARIFFS & NTBS		
		1983 \$ 000	TARIFFS \$ 000	%	NTBS \$ 000	%	\$ 000	%
<b>ALL</b>	<b>TOTAL TRADE</b>	<b>71,703,646</b>	<b>2,666,691</b>	<b>3.7</b>	<b>3,830,232</b>	<b>5.3</b>	<b>6,491,479</b>	<b>9.1</b>
841	CLOTHING NOT OF FUR	1,274,377	503,276	39.5	876,677	68.8	1,377,146	108.1
081	ANIMAL FEEDING STUFF	5,978,148	82,139	1.4	705,440	11.8	787,588	13.2
851	FOOTWEAR	808,884	265,516	32.8	289,347	35.8	554,699	68.6
032	FISH ETC. TINNED, PREPARED	1,000,959	20,188	2.0	353,735	35.3	374,040	37.4
422	FIXED VEG OIL NONSOFT	525,495	17,639	3.4	149,089	28.4	166,173	31.6
053	FRUIT PRESERVED, PREPARED	556,017	119,031	21.4	46,993	8.5	166,159	29.9
013	MEAT TINNED NES OR PREPD	411,540	39,425	9.6	111,015	27.0	150,381	36.5
031	FISH FRESH, SIMPLY PRESVD	494,556	21,893	4.4	121,593	24.6	143,502	29.0
821	FURNITURE	319,370	52,792	16.5	88,249	27.6	140,912	44.1
724	TELECOMMUNICATIONS EQUIP	1,033,454	138,915	13.4	4	0.0	138,919	13.4
332	PETROLEUM PRODUCTS	19,402,676	135,359	0.7	0	0.0	135,359	0.7
651	TEXTILE YARN AND THREAD	265,644	12,641	4.8	96,658	6.4	108,779	40.9
671	IRON, STL UNIV, PLATE, SHEET	382,516	25,731	6.7	67,149	17.6	92,624	24.2
011	MEAT FRESH, CHILLED, FROZEN	272,435	13,588	5.0	76,575	28.1	90,308	33.1
052	DRIED FRUIT	1,214,190	88,480	7.3	176	0.0	88,657	7.3
682	COPPER	1,527,921	10,107	0.7	77,750	5.1	87,974	5.8
891	SOUND RECORDERS, PRODUCRS	224,716	21,296	9.5	64,612	28.8	85,882	38.2
674	IRON, STL UNIV, PLATE, SHEET	231,992	23,455	10.1	54,066	23.3	77,514	33.4
652	COTTON FABRICS, WOVEN	172,111	10,261	6.0	67,097	39.0	76,755	44.6
732	ROAD MOTOR VEHICLES	599,689	71,531	11.9	0	0.0	71,531	11.9
099	FOOD PREPARATIONS NES	331,705	22,013	6.6	46,102	13.9	67,946	20.5
729	ELECTRICAL MACHINERY NES	572,141	61,739	10.8	0	0.0	61,739	10.8
711	POWER MACHINERY NON-ELEC	831,684	60,034	7.2	59	0.0	60,104	7.2
061	SUGAR AND HONEY	537,973	55,402	10.3	3,960	0.7	59,381	11.0
684	ALUMINUM	636,963	41,742	6.6	15,919	2.5	57,849	9.1
331	CRUDE PETROLEUM, ETC	11,629,240	53,087	0.5	0	0.0	53,087	0.5
678	IRON, STL PIPES, TUBES	159,406	9,407	5.9	41,806	26.2	51,155	32.1
655	SPECIAL TEXTILE ETC. PROD	88,002	1,894	2.2	49,229	55.9	50,999	58.0
054	VEG ETC. FRSH, SIMPLY PRSVD	596,177	16,614	2.8	31,365	5.3	47,847	8.0

**Source:** Estimates by the authors. The tariff liberalization is based on reducing 1983 applied rates to zero for tariff items from all sources. The ad valorem equivalents of the NTBs were culled from a literature search by Laird and Yeats (*op. cit.*). The studies surveyed were carried out in the late 1970s and early 1980s. For this reason they do not fully reflect the increases in protection that occurred under domestic price support schemes when commodity prices fell in the 1980s.

items are the group with the largest gains -- some \$2.6 billion or 43.0 percent of the total, followed by agricultural products (excluding fish and fish products) accounting for \$1.5 billion or 23.5 percent of the total increment.

While the removal of NTBs leads to a greater increase in export earnings than the tariff reductions (\$3.8 billion, compared with \$2.7 billion), it is none the less obvious that tariff cuts would also be of major importance. However, some of the expected gains from tariff liberalization would not be attained unless there were sufficient relaxation of NTBs to allow the trade expansion to take place.

We consider these to be conservative estimates since the study uses ad valorem equivalents of the NTBs mainly from studies which identify the price disadvantages in the industrial countries vis-a-vis average world prices. To the extent that developing countries' export prices are lower than these average world prices, they would gain more than shown. Moreover, our estimates of the ad valorem equivalents of some NTBs are averages over several years rather than estimates at peak differentials between domestic and international prices. Finally, our estimates omit some recent important protectionist measures having negative consequences on the export of the HICs. Among others, these policies include MFA IV and other VERs, unfair trade cases, antidumping and countervailing investigations, subsidies to agricultural exports.

It is difficult to compare our results with those of other studies of the effects of trade liberalization because of differences in the coverage of products, countries and policy instruments being studied, as well as differences in the scope of the scenarios being modelled. For example, our study has focused on changes in imports from the HICs by the EC, Japan and the US as a consequence of the liberalization of their barriers against imports. By contrast, a number of recent studies <sup>1/</sup> in the agricultural sector look at the global impact of cessation of trade intervention, including the

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<sup>1/</sup> See the World Development Report 1986 for references. Many of the studies were commissioned as background papers for that report.

elimination of export subsidies, by all industrial countries (in some cases even the liberalization of barriers by developing countries). This difference in the coverage of these studies is particularly important where other developing countries or their socialist countries constitute the major markets for the HICs exports, e.g., as in the case of grains.

The results of one of these studies can be compared in some detail with our own results. It utilizes very detailed information on elasticities in a similar type of model, but the authors (Zietz and Valdés, 1986) explicitly allowed for price effects through the interplay of demand and noninfinite supply elasticities. They get substantially higher increased export revenues under trade liberalization for the four products which their study covers. Zietz and Valdés studied the global effects of trade liberalization in the industrialized countries' markets for sugar, beef, wheat and maize, i.e., the extent to which developing countries exports would increase in all markets if the industrialized countries eliminated trade interventions. This contrasts with our study which looks only at the change in imports in the EEC, Japan and the US associated with changes in their import regimes. The Zietz/Valdés results for 13 of the 17 HICs are summarized in Table 8. Their estimates are greater than ours for all products. Zietz and Valdés' information on elasticities for these products is more precise than those used in our more general study and their NTB information reflects some recent increases in the restrictiveness of certain measures as world prices have fallen (for example, NTB estimates on sugar in our data base predate the imposition of US sugar quotas following the decline in world prices and our estimates on EC variable levies for a number of products levied by the CAP are based on averages over several years). Most importantly, they looked at the expansion of world markets -- while our focus was what would happen in the main OECD markets. As mentioned, these are much less important for export of grains from the HICs than other developing country markets.

Our estimates for the increased EC, Japanese and US imports of sugar and meat items from the HICs are some \$300 million and we get no significant gains for wheat and maize (although animal feeding stuff shows the second largest expansion in value terms). By contrast, Zietz and Valdés show an

**Table 8: INCREASED EXPORT REVENUES ESTIMATED TO RESULT FROM TRADE LIBERALIZATION IN THE INDUSTRIALIZED COUNTRIES FOR 4 MAJOR COMMODITIES - RESULTS FOR 13 HIGHLY INDEBTED COUNTRIES**

Exporter	Commodity				Total
	Sugar	Beef	Wheat \$ million	Maize	
Argentina	42.1	310.7	98.1	97.1	548.0
Bolivia	5.7	0.0	0.0	0.5	6.3
Brazil	177.0	96.6	0.0	-8.8	264.8
Chile	0.0	7.1	0.0	0.0	7.1
Colombia	21.0	37.1	0.0	0.0	58.1
Cote d'Ivoire	1.8	0.0	0.0	-0.1	1.7
Ecuador	5.5	0.0	0.0	0.0	5.5
Morocco	0.0	1.6	0.0	0.0	1.6
Mexico	-0.9	18.4	0.0	0.0	17.5
Nigeria	0.0	-2.6	0.0	0.0	-2.6
Peru	5.2	1.2	0.0	0.0	6.4
Philippines	82.8	0.5	0.0	-0.7	82.6
Venezuela	0.0	17.1	0.0	0.0	17.1
<b>Total</b>	<b>340.2</b>	<b>487.7</b>	<b>98.1</b>	<b>88.0</b>	<b>1,014.1</b>

Notes: The estimates are changes in the basic date which were average 1979-81 data for production, consumption, exports and imports. The results for sugar are based on estimates of production under average 1979-81 prices. Costa Rica, Jamaica and Yugoslavia are not reported by Zietz and Valdés.

Source: Extracted from Zietz and Valdés (1986).

increase in HICs exports to the world just over \$1 billion as a consequence of the cessation of trade intervention by the industrialized countries. Taking these results together, we would increase our overall estimated gains to the HICs from industrialized countries' trade liberalization by the difference of \$700 million between the results of the two studies, i.e., increasing the estimated overall gains to the HICs from \$6.5 billion to \$7.2 billion.

While Zietz and Valdés results permit the extraction of information on the gains to most of the HICs, this is more difficult with other studies of the agricultural sector carried out for the WDR 1987. Tyers and Anderson (1986) do show separate results for some HICs' exports to the world from trade liberalization in all developed market economies in the following sectors: wheat, coarse grains, rice, meat, dairy products and sugar. The foreign exchange gains in 1985 (expressed in constant 1980 US dollars) are: Argentina - \$1.8 billion, Brazil - \$2.0 billion, Mexico - \$.0.9 billion, and Philippines - \$0.2 billion. The comparable results from our study for the expansion of imports from these HICs by the EC, Japan and the USA are: Argentina - \$0.3 billion, Brazil - \$0.9 billion, Mexico - \$7 million and Philippines - \$56 million (all expressed as increments over 1983 trade). The lack of any consistent pattern of divergence between our results and those of Tyers and Anderson demonstrates clearly the difficulty of making comparisons where different trade patterns and markets are involved. The relative closeness of the two sets of results in the case of Brazil merely reflects the greater proportion of Brazilian trade in these products going to the EC, Japan and the US than is the case for the other HICs common to both studies.

One important point made in the specialized agricultural studies is that trade liberalization could lead to increased world food prices. To the extent that some of the HICs are not food importers, the effects of trade liberalization by the industrial countries could have some negative impact as their current account balances.

None of the studies, including our own takes adequate account of the effects on levels of protection of variable levies and other domestic price support mechanisms as commodity prices fell in the 1980s. Zietz and Valdés do make a separate estimate of the additional revenue gains for developing

countries' exports of sugar, based on 1983 prices. According to their study, the export gains for the HICs would be \$448.4 million - some \$108.6 million more than the average 1979-81 prices.

Clearly, the effects of the price declines in the 1980s for some major commodities such as sugar have been policy-related, and have had a significant impact on the HICs export revenues during the debt crisis. For example, we estimate that if 1980 prices had prevailed through 1986, the export earnings of the HICs from their sugar exports would have been \$1.5 billion greater than they were (or \$0.9 billion on the basis of the average 1979-81 prices). As an illustration of the impact, it is estimated that Caribbean exports declined by \$258-305 million in consequence (See "Caribbean Exports: Preferential Markets and Performance" Report No. 7207 - CRG, May 27, 1982, The World Bank, p. 11). The increases from grains (especially animal feedstock) would have been \$1.2 billion higher (or \$1.0 on the basis of the average 1979-81 prices). For some products such as beef, prices have increased, while for other products, such as nonferrous metals, the price declines are not specifically related to the trade regimes of the industrialized countries. <sup>1/</sup>

OECD (1986) in a study of financing and external debt notes that the problem of declining commodity prices is clearly not one which can be resolved by further attempts to "manage" commodity markets, "although improved cooperation in the commodities area, such as increasing market access and reducing market distortions (to be pursued in the Uruguay Round), better market transparency, and new efforts to provide carefully considered assistance for structural measures in commodity dependent countries, should be a priority for the international community." With respect to the latter point, the developing countries themselves will need to play a major role.

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<sup>1/</sup> We estimate that had 1980 commodity prices prevailed for all major commodities, the HICs export revenues in 1986 would have been some \$10.5 billion higher (or \$4.7 billion on the basis of the average 1979-81 prices). Full details of our calculation will be made available on request.

As to the effects of the increase in antidumping actions and duties, some new evidence has become available on the "chilling" effect of such measures. A study by Patrick Messerlin (1988) of the effect of EEC antidumping laws on developing countries notes that the first year after the initiation of an investigation imported quantities decreased by 18 percent on average. However, he states that "three or four years after the initiation, quantities still imported represent only two thirds of the imports of the initiation year. Five years after, they are reduced to one half of the initial imports." He then shows that a decision to impose antidumping duties leads to a further reduction in imported quantities. If the situation has been so in the EEC -- where average dumping duties have been 14 percent, the situation has been worse in the US -- where the average dumping margins against the HICs have been 37 percent. Thus, if Messerlin's estimates also hold estimates for the United States, then HICs exports have suffered a severe blow as they have tried to increase exports to meet their debt-repayment obligations.

#### V. Commodity Concentration and Trade Performance of the HICs

The reasons for concern over the plight of the HICs becomes evident from even a cursory examination of the basic data on GNP, trade, foreign reserves and selected debt indicators (see The World Debt Tables, 1987). For the HICs as a group, since 1980 there has been a decline in dollar values of GNP, exports and imports, and foreign reserves. Total external debt, total debt service and interest payments have increased.

As was mentioned earlier, the HICs exports of manufactures to the developed countries almost doubled between 1980 and 1986. However, looking at the developed country imports from the HICs (see Table 9), we can see that the total value of merchandise trade declined by \$7.5 billion or 7.7 percent in the same period. Nonfuel primaries stagnated (down 1.3 percent), while fuels imports from the HICs by value were cut in half. In 1980 total imports of primaries from the HICs accounted for 84.3 percent of the composition of all developed country imports from the HICs, but by 1986 this share had dropped to 66.3 percent. One of the most remarkable performances is that of Mexico whose



**Table 9: INDUSTRIAL COUNTRIES' IMPORTS FROM HICS, 1980, 1986**  
(\$ million)

Exporters	Nonfuel Primaries		Fuels		Manufactured <sup>1/</sup>		Total	
	1980	1986	1980	1986	1980	1986	1980	1986
Argentina	2,961	2,911	246	165	842	810	4,050	3,887
Bolivia	429	153	12	3	25	82	467	239
Brazil	9,621	9,981	73	465	3,493	7,418	13,189	17,865
Chile	3,212	2,907	3	2	149	256	3,364	3,166
Colombia	3,085	3,662	207	662	357	514	3,650	4,840
Costa Rica	754	984	-	6	82	244	836	1,234
Cote d'Ivoire	2,438	2,487	15	36	94	137	2,549	2,661
Ecuador	845	1,376	686	621	43	39	1,575	2,037
Jamaica	859	479	-	16	26	155	886	650
Morocco	1,613	1,336	77	15	409	820	2,101	2,171
Mexico	3,626	4,394	8,804	6,561	4,466	11,322	16,898	22,278
Nigeria	624	294	23,007	7,333	89	73	23,721	,7,701
Perú	2,012	1,493	617	220	218	264	2,848	1,978
Philippines	3,474	2,260	20	29	1,859	2,472	5,355	4,762
Uruguay	189	247	7	-	290	599	487	847
Venezuela	647	837	10,733	6,348	249	484	11,629	7,670
Yugoslavia	1,012	1,131	283	235	2,588	4,612	3,883	5,979
Highly Indebted	37,408	36,939	44,797	22,725	15,288	30,309	97,495	89,974

<sup>1/</sup> Includes SITC categories 5 through 9 minus 68.

Source: UN COMTRADE Data Base.

overall export performance improved, despite the decline in oil prices, mainly because manufactured exports expanded by 2.5 times. The effects of declining nonfuel-commodity prices is most evident in the overall results for Bolivia, Chile and Jamaica. In the manufactures sector, declines occurred only for Argentina, Ecuador and Nigeria.

As has been noted by Keesing (1981), referring to Latin American countries, in general, "slow increases in exports have been caused partly by the dictates of the region's resources, leading to a heavy concentration in primary exports which we held back as a result of slow growth of world demand, as in coffee, and by a limited ability to increase output in each country because of natural-resource supply constraints." This is typical of the HICs. While their manufactured exports have grown substantially, the abundant supply of natural resources has operated on wages and exchange rates, making it difficult to compete in world markets for manufacturers. However, the declining commodity prices and depreciating real exchange rates in the 1980s in the HICs have contributed to the growth of manufactured exports. For example, we find a correlation coefficient of 0.37 (significant at the 99 percent level) between year-to-year movements in the individual HICs real effective exchange rates and their respective changes in manufactured exports. Helmers (1988) highlights this relationship between real exchange rate movements and the balance of trade, although sometimes with a lagged reaction in the trade balance to exchange rate movements. There seems little doubt that this relationship provides a partial explanation for the growing manufactured exports from the HICs to the developed countries, despite recent increases in protection in the latter group of countries.

The pattern of protection in the industrial countries also contributes to the difficulties of the HICs in breaking out of the existing concentration of production and exports. The tightening of industrial countries' NTBs and antidumping actions have also inhibited the exploitation of changes in the HICs comparative advantage. Thus, these measures -- applied abroad against their exports -- impose allocative inefficiencies on the HICs.

The high degree of concentration in the HICs exports is evident from the data provided - Annex Table 5. Crude petroleum and petroleum products

accounted for almost two fifths of their exports in 1983; 7 of the 17 countries were net petroleum exporters. There is also a relatively high proportion of other commodity exports -- coffee, cocoa, sugar, beef, grains, metals, and oil seeds. As may be observed the countries with relatively diversified export structures, including important proportions of manufactured goods are Brazil, Mexico, the Philippines and Yugoslavia. 1/

This concentration in production and export of items which have in the 1980s been subject to remarkable price declines has contributed to the recent factors in the longer term or chronic situation. However, high product concentration is not bad in itself nor can we say absolutely that diversification is necessary because of a long-term decline in the terms of trade of the HICs. On the one hand, it is possible to formulate market-oriented policies to cope with price fluctuations. On the other, new evidence suggests that too much has been made of the perceived long-term decline in the terms of trade of the developing countries. Revisiting the Prebisch-Singer argument with new long-term price data, Grilli and Yang (1988) in a recent article confirm the trend identified in the work of Prebisch but not the magnitude of the decline, and even the more limited secular decline that they identify may be magnified by an incomplete account of quality improvements in manufactures. They note that the decline in the net barter terms of trade of developing countries since the mid-1940s seems to have been more than compensated by the steady improvement in their terms of trade.

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1/ We have also examined changes in concentration across time using the Hirschmann index of concentration. (Detailed results are available on request). From 1970 to 1983, some reductions in concentration were achieved by Brazil, Chile, Colombia, Cote d'Ivoire, Perú, the Philippines and Uruguay. Only Mexico and Nigeria experienced major increases in the concentration of their exports -- no doubt due to the growth in the importance of petroleum exports.

## VI. Final Remarks

Improvements in resource allocation of both the creditor and debtor countries play a crucial role in alleviating the debt problem. This paper has focused attention on one of the policy areas that determines the allocation of resources, namely, trade policies.

We emphasize two findings. In the first place, despite continuing balance of payments problems, the general trend among the HICs is towards the reform of their economic structure in an attempt to make their economies more efficient. In this regard, we show evidence that in recent years they have introduced significant trade liberalization measures. We believe that the high growth of their manufactured exports which some of the HICs have achieved owes much to the reduction of the anti-export bias in their trade regimes, coupled with the adoption of realistic real exchange rates.

Unfortunately, we also show evidence of increasing trade restrictions introduced by the creditor countries of the HICs, especially in the EC and the United States. For example, during the 80s, we show evidence of increasing use of hard-core NTBs. Creditor countries have also been increasing the number of unfair trade cases, including countervailing and antidumping investigations against the HICs. While this has not halted the growth of manufactured exports from the HICs, it has certainly reduced the trade opportunities and has added to the allocative inefficiencies forced on the HICs from the outside.

From an economic point of view, the trade-policy behavior of the creditor countries cannot be rationalized. These policies are worsening the allocation of resources of these economies, and in addition, tend to worsen the already poor prospects of the debt problem and therefore of these countries' financial sectors. There is a need for greater coherence between their policies in the trade and financial fields.

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**Annex Table 1: APPLIED 1983 TARIFF RATES IN EEC, JAPAN AND USA AGAINST HICs AND OTHER INDUSTRIALIZED COUNTRIES AGAINST KEY EXPORTS OF HICs AND WHERE RATE AGAINST HICs EXCEED 5 PERCENT IN ONE OF THE MARKETS**

SITC3 Product description	EEC		Japan		USA	
	HICs	Ind.	HICs	Ind.	HICs	Ind.
<b>All products</b>	<b>2.5</b>	<b>3.2</b>	<b>4.0</b>	<b>4.4</b>	<b>2.3</b>	<b>3.5</b>
112 Alcoholic beverages	22.2	7.3	50.5	46.0	3.5	5.2
684 Aluminum	5.2	1.3	6.1	7.1	0.3	1.7
642 Articles of paper etc.	5.7	5.7	1.8	3.9	5.3	4.4
893 Articles of plastic NES	7.1	4.5	3.7	9.1	1.7	5.9
662 Clay,refractory bldg prd	7.7	4.6	2.4	4.6	7.6	9.7
841 Clothing not of fur	4.9	2.1	7.4	14.4	22.0	18.4
071 Coffee	9.3	18.0	18.6	8.1	0.0	0.0
652 Cotton fabrics,woven	9.3	2.5	5.7	6.0	8.8	14.4
292 Crude veg materials NES	6.8	6.9	0.2	0.9	0.6	1.8
052 Dried fruit	11.3	9.3	30.5	4.1	0.1	4.4
729 Electrical machinery NES	6.7	7.3	1.7	4.5	6.0	5.5
723 Electr distributing mach	5.5	4.2	3.1	7.1	5.0	6.0
032 Fish etc tinned,prepared	17.0	9.8	10.0	11.3	0.3	1.0
031 Fish fresh, simply presvd	7.6	5.4	5.0	6.1	0.6	1.0
422 Fixed veg oil nonsoft	6.7	9.9	8.2	8.1	1.6	4.5
421 Fixed veg oils,soft	2.0	3.0	15.6	15.6	6.5	3.9
657 Floor covr,tapestry etc.	10.6	3.3	8.2	11.9	6.7	8.4
099 Food preparations NES	14.6	10.9	13.7	19.5	1.3	7.3
851 Footwear	6.2	0.7	8.8	22.8	10.3	9.4
053 Fruit preserved,prepared	17.3	18.3	27.1	19.8	29.7	3.7
051 Fruit frsh nuts frsh dry	8.7	5.5	23.8	15.1	7.5	0.2
842 Fur etc. clothes,prod	4.7	2.1	12.7	20.0	3.0	6.6
861 Instruments,apparatus	4.4	6.7	1.1	4.6	5.2	5.5
674 Iron,sti univ,plate,sheet	3.9	1.6	2.0	3.1	6.5	6.1
678 Iron,sti pipes, tubes etc.	5.9	1.9	2.1	5.5	3.3	5.6
672 Iron,sti primary forms	3.3	1.1	2.0	3.8	5.7	6.1
675 Iron,steel hoop,strip	4.4	0.8	2.0	4.9	6.9	6.8
611 Leather	3.8	1.8	5.5	14.1	2.6	5.0
612 Leather etc. manufactures	3.5	0.6	24.7	8.3	1.6	4.3
001 Live animals	5.6	0.6	0.0	4.1	1.4	0.8
044 Maize unmilled	0.0	0.0	5.6	5.2	0.1	0.5
013 Meat tinned NES or prepd	20.7	20.4	15.0	23.0	2.0	2.3
011 Meat fresh,child,frozen	8.5	12.9	0.5	18.0	0.2	1.7
012 Meat dried,salted,smoked	21.5	23.9	NA	17.0	4.0	2.2
541 Medicinal etc. products	5.1	2.5	2.4	4.5	1.3	6.1
512 Organic chemicals	3.9	4.2	14.7	6.8	2.4	7.6
641 Paper and Paperboard	6.2	2.2	2.6	5.8	1.8	0.4
581 Plastic materials etc.	8.5	5.6	4.1	6.8	0.1	6.5
812 Plumbg,heating,lightng equ	4.8	0.9	2.0	5.3	9.9	9.0
732 Road motor vehicles	6.7	6.1	0.1	0.2	2.7	2.6
655 Special textile etc. prod	7.3	3.8	2.7	5.0	1.1	12.9
061 Sugar and honey	25.7	27.0	93.7	16.8	10.8	11.9

SITC3 product description	EEC		Japan		USA	
	HICs	Ind.	HICs	Ind.	HICs	Ind.
266 Synthetic,regenrtd fibre	5.2	2.0	0.2	8.2	3.6	4.3
724 Telecommunications equip	5.8	6.5	1.6	4.1	5.5	6.0
651 Textile yarn and thread	4.4	2.3	4.3	7.7	10.3	10.5
656 Textile etc products NES	10.1	1.2	5.1	9.1	11.8	12.9
122 Tobacco mfrs	42.4	66.1	9.3	83.5	10.8	12.5
894 Toys,sporting goods,etc	6.5	4.8	2.5	5.3	3.6	6.3
831 Travel goods,handbags	4.7	3.3	7.2	12.3	9.2	8.9
054 Veg etc frsh,smply prsvd	8.1	6.6	5.8	8.4	7.8	5.2
055 Vegtbls etc prsvd,prepd	15.0	12.1	17.2	19.7	8.4	9.6
631 Veneers,plywood,etc	5.9	3.6	8.4	0.4	2.4	3.5
864 Watches and clocks	4.4	2.4	2.6	0.5	13.1	11.3
653 Woven Textiles noncotton	8.4	5.4	8.9	10.6	20.6	19.1

**Note:** NA implies no trade, which may be related to the presence of trade barriers.

The data use scheduled tariff rates, which, in the case of many agricultural products (e.g., sugar), are often subject to additional measures, such as variable levies, that are collected as duties. These are not taken into account in the table.

**Source:** Computation by the authors.



**Annex Table 2: HARD-CORE NTBs IN EEC, JAPAN & USA AGAINST KEY EXPORTS OF HICs, 1986**

All 3-digit SITC items where imports by EEC, Japan and USA combined from all HICs exceeds \$10 million and where the percentage of trade affected by NTBs in any one market exceeds 5%

SITC PRODUCT DESCRIPTION	Percentage of Trade Affected by NTBs					
	Against HICs & EEC		Against Industrial Japan		Against Industrial USA	
	HICs	Ind.	HICs	Ind.	HICs	Ind.
<b>All Products</b>	<b>18.1</b>	<b>11.5</b>	<b>9.6</b>	<b>28.9</b>	<b>4.2</b>	<b>13.2</b>
All except petroleum	16.1	12.6	12.9	27.0	8.2	15.3
734 Aircraft	6.2	1.5	100.0	71.6	0.0	0.0
112 Alcoholic beverages	33.4	19.6	14.6	75.0	0.0	0.0
081 Animal feeding stuff	3.2	42.7	10.4	19.2	0.0	2.8
411 Animal oils and fats	0.0	10.7	93.8	6.6	0.0	0.0
045 Cereals NES unmilled	100.0	100.0	0.0	0.0	0.0	0.0
048 Cereal ETC. preparations	97.3	8.7	0.0	0.1	0.0	0.0
024 Cheese and curd	100.0	100.0	100.0	64.1	98.8	88.9
599 Chemicals NES	1.5	4.5	17.0	7.9	0.0	0.0
073 Chocolate and products	0.0	0.0	0.0	0.0	29.8	23.9
662 Clay, Refractory Bldg prd	3.2	10.1	99.9	95.2	0.0	0.0
841 Clothing not of fur	84.7	9.7	0.0	0.0	14.8	2.6
321 Coal, coke, briquettes	30.0	20.1	0.0	99.8	0.0	0.0
072 Cocoa	28.2	29.8	0.0	0.0	0.0	0.0
652 Cotton fabrics, woven	84.5	0.8	100.0	66.0	99.6	61.1
331 Crude petroleum, etc.	23.9	10.8	0.0	0.0	0.0	0.0
292 Crude veg materials NES	19.4	50.0	77.3	17.6	0.0	0.0
291 Crude animal matter NES	11.0	7.9	65.7	85.4	0.2	34.1
052 Dried fruit	23.8	52.3	0.0	0.0	0.0	0.0
729 Electrical machinery NES	22.9	6.7	0.0	0.3	0.0	0.0
723 Electr distributing mach	8.4	4.1	0.0	0.0	0.1	0.1
561 Fertilizers manufactured	0.5	1.8	100.0	100.0	0.0	0.0
032 Fish etc. tinned, prepared	35.9	0.2	100.0	100.0	0.0	0.0
031 Fish fresh, simply presvd	0.0	0.2	100.0	100.0	0.0	0.0
421 Fixed veg oils, soft	97.6	100.0	0.0	NA	0.0	0.0
657 Floor cover, tapestry etc.	4.6	5.8	0.0	0.0	87.7	16.6
099 Food preparations NES	4.7	3.5	10.9	22.7	0.0	2.1
851 Footwear	5.8	5.1	12.0	19.3	0.0	0.0
053 Fruit preserved, prepared	7.9	33.9	70.2	32.9	0.1	0.0
051 Fruit frsh nuts frsh dry	20.8	19.3	0.0	21.3	0.0	0.0
842 Fur etc. clothes, prod	0.0	0.0	100.0	99.8	0.7	0.3
613 Fur skins tanned, dressed	0.0	0.0	100.0	100.0	0.0	0.0
678 Iron, stl pipes, tubes etc.	33.6	9.2	0.0	0.0	98.5	81.6
674 Iron, stl univ, plate, sheet	62.8	79.8	0.0	0.0	90.7	66.8
677 Iron, stl wire excl w rod	87.1	14.2	0.0	0.0	97.4	71.7
675 Iron, steel hoop, strip	1.8	26.1	0.0	0.0	99.0	86.0
672 Iron, stl primary forms	30.6	86.6	0.0	0.0	100.0	83.2
673 Iron and steel shapes	39.1	67.5	0.0	0.0	89.9	79.9
611 Leather	20.0	18.8	50.7	74.5	0.0	0.0

SITC Product Description	Percentage of Trade Affected by NTBS					
	Against HICS		Against Industrial		USA	
	EEC		Japan			
	HICs	Ind.	HICs	Ind.	HICs	Ind.
001 Live animals	60.4	43.2	NA	3.5	0.0	0.0
718 Machs for spcl industries	15.0	5.4	0.0	0.0.	0.0	0.0
044 Maize unmilled	100.0	100.0	0.0	0.0	0.0	0.0
011 Meat fresh,child,frozen	81.2	84.0	18.3	70.3	0.0	0.0
013 Meat tinned,NES or prepd	91.2	92.7	84.1	97.4	0.0	0.0
012 Meat dried,salted,smoked	100.0	100.0	NA	100.0	0.0	0.0
541 Medicinal etc. products	0.0	0.0	56.1	45.0	0.0	0.0
714 Office machines	14.9	0.2	0.0	0.0	0.0	0.0
221 Oil seeds, nuts, kernels	28.8	26.6	15.3	1.6	0.0	0.0
512 Organic chemicals	0.0	0.6	24.3	32.8	0.0	0.0
276 Other crude minerals	0.0	0.0	74.8	27.2	0.0	0.0
641 Paper and paperboard	29.9	7.5	0.0	0.0	0.0	0.0
671 Pig iron etc.	35.6	17.8	0.0	0.0	0.0	0.0
581 Plastic materials etc.	22.7	7.1	0.0	0.0	0.0	0.0
666 Pottery	36.9	17.5	0.0	0.0	0.0	0.0
711 Fower machinery non-elec	49.1	2.4	0.6	38.2	0.0	0.0
042 Rice	100.0	100.0	NA	100.0	0.0	0.0
629 Rubber articles NES	29.7	7.3	0.0	14.5	0.0	0.0
735 Ships and boats	29.4	8.7	0.0	0.0	0.0	0.0
261 Silk	63.8	1.1	76.9	2.7	0.0	0.0
655 Special textile etc. prod	24.8	0.0	24.8	64.5	1.3	33.4
694 Stl, copper nails,nuts,etc	0.0	0.1	0.0	0.0	55.9	7.9
061 Sugar and honey	53.8	76.7	0.0	92.6	91.3	64.9
062 Sugar preps non-chocolate	97.1	17.3	98.3	86.5	0.0	0.0
266 Synthetic, regenrtd fibre	20.7	0.0	0.0	0.0	0.0	0.0
651 Textile yarn and thread	84.1	3.0	13.5	8.3	73.3	12.3
656 Textile etc. products NES	96.2	11.9	0.0	0.0	86.8	16.2
121 Tobacco unmfed	0.0	0.0	100.0	100.0	0.0	0.0
286 Uranium, thorium ore, conc	0.0	0.0	12.6	24.4	0.0	0.0
055 Vegtbls etc. prsvd, prepd	24.4	43.6	0.0	0.0	0.0	0.0
864 Watches and clocks	3.6	29.5	0.0	0.0	0.0	0.0
693 Wire products NON electr	0.0	0.0	0.0	0.0	60.7	55.9
632 Wood manufactures NES	7.5	0.5	0.0	0.0	0.0	0.0
262 Wool and animal hair	37.6	0.0	0.0	0.0	0.8	0.1
653 Woven Textiles noncotton	73.8	1.4	73.7	86.3	30.2	4.3
686 Zinc	8.0	16.5	0.0	0.0	0.0	0.0

Note: NA shows the absence of trade, because of the presence of a very restrictive NTB.

Only quantitative restrictions, VERs, MFA and variable levies are included.

Source: UNCTAD data base on trade measures.

**Annex Table 3: US COUNTERVAILING DUTY INVESTIGATIONS INITIATED AGAINST HIGHLY INDEBTED COUNTRIES, 1980-1986 1/**

Country	1980	1981	1982	1983	1984	1985	1986	TOTAL
Argentina	0	0	2	1	2	0	0	5
Brazil	0	1	12	5	4	2	3	27
Burkina Faso	0	0	0	0	0	0	1	1
Colombia	1	0	1	0	1	0	1	4
Costa Rica	0	0	0	0	1	0	1	2
Ecuador	0	0	0	0	0	0	1	1
Mexico	1	1	9	6	6	4	0	27
Peru	0	0	2	0	2	2	1	7
Philippines	0	0	0	0	1	0	0	1
Uruguay	1	0	0	0	0	0	0	1
Venezuela	0	0	0	0	4	4	0	8
Yugoslavia	0	0	0	0	0	1	0	1
<b>Total HICs</b>	<b><u>3</u></b>	<b><u>2</u></b>	<b><u>26</u></b>	<b><u>12</u></b>	<b><u>21</u></b>	<b><u>13</u></b>	<b><u>8</u></b>	<b><u>85</u></b>
<b>Total LDCs</b>	<b>6</b>	<b>4</b>	<b>39</b>	<b>16</b>	<b>34</b>	<b>27</b>	<b>20</b>	<b>146</b>
<b>Total CVD Initiations</b>	<b>8</b>	<b>10</b>	<b>124</b>	<b>21</b>	<b>50</b>	<b>40</b>	<b>28</b>	<b>281</b>
<b>ICs as a percent of</b>								
LDCs	50	50	67	75	62	33	29	58
Total CVDs	38	20	21	57	42	33	29	30

1/ Bolivia, Cote d'Ivoire, Jamaica, Morocco and Nigeria have not been affected by US CVDs.

Source: Trade Action Monitoring System (several issues). See also Finger and Nogués, 1987.

Annex Table 4: ANTIDUMPING CASES AGAINST HIGHLY INDEBTED COUNTRIES, 1980-1986 1/

HIC	US	EEC	AUSTRALIA	CANADA	TOTAL
Argentina	5	2	0	2	9
Brazil	22	11	8	8	49
Chile	2	0	0	1	3
Colombia	4	0	0	0	4
Costa Rica	1	0	0	0	1
Ecuador	1	0	0	0	1
Mexico	6	1	2	2	11
Peru	1	0	0	0	1
Philippines	1	0	4	0	5
Venezuela	11	3	0	0	14
Yugoslavia	4	21	3	1	29
<u>Total HICs</u>	<u>58</u>	<u>38</u>	<u>17</u>	<u>14</u>	<u>127</u>
Total LDCs <u>2/</u>	141	84	133	54	412
Total AD Initiation	346	280	416	230	1,272
HICs as a percent of					
LDCs	41	45	13	26	31
Total ADs	17	14	4	6	10

1/ Bolivia, Cote d'Ivoire, Jamaica, Morocco, Nigeria and Uruguay have not been affected by AD duties.

2/ Includes: Yugoslavia, Greece, Turkey and Portugal

Source: GATT Files.

**Annex Table 5: EXPORTS OF INDIVIDUAL HICs TO WORLD, 1983**  
**10 KEY 3-DIGIT EXPORT ITEMS TO WORLD**

SITC Product Group	Exports to World (\$000)	Share (%) in Total	SITC Product Group	Exports to World (\$000)	Share (%) in Total
<b>Argentina</b>			<b>Costa Rica</b>		
WHEAT ETC UNMILLED	1474040	18.8**	FRUIT FRSH NUTS FRSH DRY	372415	34.861
MAIZE UNMILLED	803525	10.254	COFFEE	214062	20.038
ANIMAL FEEDING STUFF	644337	8.223	CLOTHING NOT OF FUR	73253	6.857
CEREALS NES UNMILLED	587809	7.501	MEAT FRESH, CHILLD, FROZEN	40453	3.787
MEAT FRESH, CHILLD, FROZEN	430083	5.489	SUGAR AND HONEY	28348	2.654
FIXED VEG OILS, SOFT	429437	5.480	MEDICINAL ETC PRODUCTS	24912	2.332
OIL SEEDS, NUTS, KERNELS	360885	4.605	ELEC PWR MACH, SWITCHGEAR	21279	1.992
PETROLEUM PRODUCTS	325808	4.158	CRUDE VEG MATERIALS NES	18830	1.763
LEATHER	256300	3.271	FOOD PREPARATIONS NES	14777	1.383
SUGAR AND HONEY	204750	2.613	FISH FRESH, SIMPLY PRESVD	13855	1.297
<b>Bolivia</b>			<b>Cote d'Ivoire</b>		
GAS NATURAL AND MANUFCTD	385881	47.197	COCOA	524759	25.379
TIN	177813	21.748	COFFEE	452368	21.878
NONFER BASE MTL ORE, CONC	103204	12.623	WOOD ROUGH	196180	9.488
SILVER AND PLATINUM ORES	58380	7.140	PETROLEUM PRODUCTS	195672	9.463
CRUDE PETROLEUM, ETC	29304	3.584	COTTON	82938	4.011
COFFEE	13066	1.598	WOOD SHAPED	68995	3.337
SUGAR AND HONEY	12427	1.520	FISH ETC TINNED, PREPARED	51958	2.513
NON-FER BASE METALS NES	6290	0.769	FRUIT FRSH NUTS FRSH DRY	49039	2.372
WOOD SHAPED	5742	0.702	FIXED VEG OIL NONSOFT	47053	2.276
PETROLEUM PRODUCTS	4888	0.598	CRUDE PETROLEUM, ETC	38087	1.842
<b>Brazil</b>			<b>Ecuador</b>		
COFFEE	2347396	10.720	CRUDE PETROLEUM, ETC	1551535	69.712
ANIMAL FEEDING STUFF	1971902	9.005	COFFEE	170902	7.679
IRON ORE, CONCENTRATES	1513010	6.909	FISH FRESH, SIMPLY PRESVD	154242	6.930
PETROLEUM PRODUCTS	1130219	5.161	FRUIT FRSH NUTS FRSH DRY	145898	6.555
ROAD MOTOR VEHICLES	939159	4.289	PETROLEUM PRODUCTS	92961	4.177
IRN, STL UNIV, PLATE, SHEET	714948	3.265	COCOA	19315	0.868
FOOTWEAR	681364	3.112	CHOCOLATE AND PRODUCTS	16259	0.731
FRUIT PRESERVED, PREPARED	646773	2.954	FISH ETC TINNED, PREPARED	14488	0.651
ORGANIC CHEMICALS	563577	2.574	ANIMAL FEEDING STUFF	11579	0.520
COCOA	556587	2.542	VEG FIBRE, EXCL COTN JUTE	8481	0.381
<b>Chile</b>			<b>Jamaica</b>		
COPPER	1318395	36.424	NONFER BASE MTL ORE, CONC	484754	64.032
NON-FERROUS METAL SCRAP	330393	9.128	SUGAR AND HONEY	44589	5.890
IRON ORE, CONCENTRATES	321427	8.880	ALCOHOLIC BEVERAGES	39520	5.220
ANIMAL FEEDING STUFF	321403	8.879	PETROLEUM PRODUCTS	20329	2.685
FRUIT FRSH NUTS FRSH DRY	217231	6.001	CLOTHING NOT OF FUR	17974	2.374
PULP AND WASTE PAPER	160561	4.436	FRUIT FRSH NUTS FRSH DRY	15760	2.082
NONFER BASE MTL ORE, CONC	142469	3.936	TOBACCO MFRS	9850	1.301
SILVER, PLATINUM, ETC	115424	3.189	VEG ETC FRSH, SMPLY PRSVD	9291	1.227
FISH FRESH, SIMPLY PRESVD	71667	1.980	COFFEE	7174	0.948
WOOD SHAPED	63245	1.747	MACHINES NES NONELECTRIC	6045	0.798
<b>Colombia</b>			<b>Mexico</b>		
COFFEE	1541445	50.032	CRUDE PETROLEUM, ETC	14301093	54.570
PETROLEUM PRODUCTS	434968	14.118	TELECOMMUNICATIONS EQUIP	1120317	4.275
FRUIT FRSH NUTS FRSH DRY	150923	4.899	PETROLEUM PRODUCTS	675483	2.578
CRUDE VEG MATERIALS NES	122315	3.970	POWER MACHINERY NON-ELEC	609699	2.326
SUGAR AND HONEY	75978	2.466	ELEC PWR MACH, SWITCHGEAR	548526	2.093
CLOTHING NOT OF FUR	62074	2.015	SILVER, PLATINUM, ETC	542437	2.070
PIG IRON ETC	47651	1.547	GAS NATURAL AND MANUFCTD	535804	2.045
PEARL, PREC, SEMI-P STONE	35196	1.142	VEG ETC FRSH, SMPLY PRSVD	519814	1.984
PRINTED MATTER	33592	1.090	ROAD MOTOR VEHICLES	471225	1.798
CHEMICALS NES	32712	1.062	FISH FRESH, SIMPLY PRESVD	459727	1.754

( Product Group	EXPORTS to World (\$000)	SHARE (%) in Total
<b>Morocco</b>		
FERTILIZERS, CRUDE	466555	22.626
INORG ELEMNTS, OXIDES, ETC	298027	14.453
FRUIT FRSH NUTS FRSH DRY	158247	7.674
CLOTHING NOT OF FUR	147280	7.142
FERTILIZERS MANUFACTURED	128905	6.251
FISH FRESH, SIMPLY PRESVD	122623	5.947
VEG ETC FRSH, SMPLY PRSVD	78778	3.820
PETROLEUM PRODUCTS	75314	3.652
FISH ETC TINNED, PREPARED	69798	3.385
NONFER BASE MTL ORE, CONC	59282	2.875
<b>Nigeria</b>		
CRUDE PETROLEUM, ETC	11725212	94.697
COCOA	271275	2.191
PETROLEUM PRODUCTS	132415	1.069
OIL SEEDS, NUTS, KERNELS	24973	0.202
RUBBER CRJDE, SYNTHETIC	21565	0.174
HIDES, SKINS, UNDRRESSED	17590	0.142
TIN	15421	0.125
LEATHER	14627	0.118
FIXED VEG OIL NONSOFT	14089	0.114
ANIMAL FEEDING STUFF	13686	0.111
<b>Peru</b>		
NONFER BASE MTL ORE, CONC	416766	20.740
PETROLEUM PRODUCTS	266968	13.285
SILVER, PLATINUM, ETC	256540	12.767
CRUDE PETROLEUM, ETC	196992	9.803
ZINC	113814	5.664
COFFEE	111954	5.571
COPPER	101949	5.073
FISH FRESH, SIMPLY PRESVD	58188	2.896
TEXTILE YARN AND THREAD	51180	2.547
COTTON FABRICS, WOVEN	34462	1.715
<b>Philippines</b>		
FIXED VEG OIL NONSOFT	515932	10.388
CLOTHING NOT OF FUR	317734	6.397
SUGAR AND HONEY	316136	6.365
NONFER BASE MTL ORE, CONC	282038	5.679
FRUIT FRSH NUTS FRSH DRY	218664	4.403
ELECTRICAL MACHINERY NES	173013	3.483
SILVER AND PLATINUM ORES	153594	3.092
WOOD SHAPED	149087	3.002
VENEERS, PLYWOOD, ETC	110628	2.227
PETROLEUM PRODUCTS	108314	2.181

SITC Product Group	Exports to World (\$000)	Share (%) in Total
<b>Uruguay</b>		
MEAT FRESH, CHILLD, FROZEN	241336	23.932
WOOL AND ANIMAL HAIR	171158	16.973
RICE	73480	7.287
CLOTHING NOT OF FUR	65774	6.522
LEATHER	62538	6.202
FISH FRESH, SIMPLY PRESVD	39406	3.908
LIVE ANIMALS	30551	3.030
BUTTER	22317	2.213
FUR ETC CLOTHES, PROD	21446	2.127
WOVEN TEXTILES NONCOTTON	20504	2.033
<b>Venezuela</b>		
CRUDE PETROLEUM, ETC	8455824	58.313
PETROLEUM PRODUCTS	5383003	37.122
ALUMINIUM	330482	2.279
IRON, STL UNIV, PLATE, SHEET	30469	0.210
FERTILIZERS MANUFACTURED	28761	0.198
PIG IRON ETC	28302	0.195
FISH FRESH, SIMPLY PRESVD	23626	0.163
FRUIT FRSH NUTS FRSH DRY	22090	0.152
IRON AND STEEL SHAPES	20899	0.144
INORG ELEMNTS, OXIDES, ETC	18796	0.130
<b>Yugoslavia</b>		
MACHINES NES NONELECTRIC	570633	5.756
FOOTWEAR	523299	5.279
CLOTHING NOT OF FUR	477859	4.820
ROAD MOTOR VEHICLES	424112	4.278
SHIPS AND BOATS	339027	3.420
ALUMINIUM	334207	3.371
FURNITURE	317511	3.203
ELECTRICAL MACHINERY NES	274547	2.769
ELEC PWR MACH, SWITCHGEAR	266277	2.686
MAIZE UNMILLED	209049	2.109

COMBINED KEY EXPORT ITEMS OF HICS

SITC Product Group	Exports (\$'000)	%
TOTAL TRADE	116420262	100.000
CRUDE PETROLEUM, ETC	36298047	31.178
PETROLEUM PRODUCTS	8846342	7.599
COFFEE	4858367	4.173
ANIMAL FEEDING STUFF	2962907	2.545
ROAD MOTOR VEHICLES	1834496	1.576
IRON ORE, CONCENTRATES	1834437	1.576
NONFER BASE MTL ORE, CONC	1488513	1.279
WHEAT ETC UNMILLED	1474040	1.266
COPPER	1420344	1.220
COCOA	1371936	1.178
FRUIT FRSH NUTS FRSH DRY	1350267	1.160
FOOTWEAR	1204663	1.035
CLOTHING NOT OF FUR	1161948	0.998
TELECOMMUNICATIONS EQUIP	1120317	0.962
MAIZE UNMILLED	1012574	0.870
FISH FRESH, SIMPLY PRESVD	943334	0.810
GAS NATURAL AND MANUFCTD	921685	0.792
SILVER, PLATINUM, ETC	914401	0.785
ELEC PWR MACH, SWITCHGEAR	836082	0.718
IRON, STL UNIV, PLATE, SHEET	745417	0.640
MEAT FRESH, CHILLD, FROZEN	711872	0.611
SUGAR AND HONEY	682228	0.586
ALUMINIUM	664689	0.571
FRUIT PRESERVED, PREPARED	646773	0.556
POWER MACHINERY NON-ELEC	609699	0.524
VEG ETC FRSH, SMPLY PRSVD	607883	0.522
CEREALS NES UNMILLED	587809	0.505
FIXED VEG OIL NONSOFT	577074	0.496
MACHINES NES NONELECTRIC	576678	0.495
ORGANIC CHEMICALS	563577	0.484
FERTILIZERS, CRUDE	466555	0.401
ELECTRICAL MACHINERY NES	447560	0.384
FIXED VEG OILS, SOFT	429437	0.369
OIL SEEDS, NUTS, KERNELS	385853	0.331
SHIPS AND BOATS	339027	0.291
LEATHER	333465	0.286
NON-FERROUS METAL SCRAP	330393	0.284
FURNITURE	317511	0.273
INORG ELEMNTS, OXIDES, ETC	316823	0.272
WOOD SHAPED	287069	0.247
SILVER AND PLATINUM ORES	211974	0.182
WOOD ROUGH	196180	0.169
TIN	193234	0.166
WOOL AND ANIMAL HAIR	171158	0.147
PULP AND WASTE PAPER	160561	0.138
FERTILIZERS MANUFACTURED	157666	0.135
CRUDE VEG MATERIALS NES	141145	0.121
FISH ETC TINNED, PREPARED	136244	0.117
ZINC	113814	0.098
VENEERS, PLYWOOD, ETC	110628	0.095
COTTON	82938	0.071
PIG IRON ETC	75953	0.065

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