

High-income economy trade with low- and middle-income economies

6.4

GLOBAL LINKS

Exports to low-income economies

	High-income economies		European Union		Japan		United States	
	1997	2007	1997	2007	1997	2007	1997	2007
Total (\$ billions)	47.8	121.4	21.1	47.2	4.9	12.2	5.2	12.6
% of total exports								
Food	11.7	8.7	13.8	9.4	0.9	0.7	23.8	20.5
Cereals	4.2	2.6	3.7	1.7	0.4	0.1	17.7	13.6
Agricultural raw materials	2.1	2.1	1.5	1.4	1.2	1.6	5.1	6.6
Ores and nonferrous metals	1.2	2.3	0.9	1.2	0.5	1.8	0.7	1.9
Fuels	4.4	13.0	2.7	11.8	1.1	1.1	1.4	3.4
Crude petroleum	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum products	3.6	11.9	2.4	11.4	1.0	1.0	1.1	3.0
Manufactured goods	78.4	69.1	78.5	72.5	94.0	92.3	65.6	63.3
Chemical products	12.0	11.7	14.6	12.0	5.3	5.8	9.2	7.2
Iron and steel	3.6	3.5	3.5	2.7	7.8	9.6	1.5	1.3
Machinery and transport equipment	43.5	40.0	43.0	44.5	64.9	64.0	44.2	46.0
Furniture	0.3	0.2	0.5	0.4	0.1	0.2	0.2	0.2
Textiles	6.5	4.1	2.3	1.7	6.1	3.7	3.1	1.0
Footwear	0.5	0.2	0.4	0.2	0.0	0.0	0.4	0.4
Other	12.1	9.4	14.2	11.0	9.9	9.0	7.0	7.3
Miscellaneous goods	1.7	4.2	1.5	3.1	2.3	2.6	3.5	4.2

Imports from low-income economies

	55.5	154.4	26.3	58.2	5.2	10.2	12.8	61.3
Total (\$ billions)								
% of total imports								
Food	20.6	12.2	28.0	19.5	26.5	15.4	8.8	4.2
Cereals	0.3	0.4	0.1	0.2	0.0	0.4	0.2	0.1
Agricultural raw materials	7.2	2.5	8.7	4.4	10.9	3.1	0.9	0.5
Ores and nonferrous metals	4.5	5.4	5.1	8.1	9.0	10.9	1.9	0.4
Fuels	29.8	40.1	17.6	22.9	20.6	25.6	54.3	60.8
Crude petroleum	28.4	35.2	17.3	16.6	17.8	17.0	51.3	57.3
Petroleum products	1.1	1.5	0.2	0.6	1.1	3.0	2.9	1.9
Manufactured goods	36.4	37.9	39.5	44.4	32.3	42.7	33.7	33.6
Chemical products	0.6	1.0	0.5	1.4	0.3	1.2	0.7	0.4
Iron and steel	0.5	0.2	0.5	0.3	1.2	0.4	0.3	0.1
Machinery and transport equipment	2.5	3.3	1.8	2.3	2.2	16.9	0.2	1.2
Furniture	0.5	2.2	0.4	1.9	1.6	2.8	0.1	2.6
Textiles	22.1	22.5	21.2	25.7	21.1	10.8	27.6	24.9
Footwear	2.8	3.9	4.5	6.7	1.8	3.7	0.8	1.8
Other	7.3	4.8	10.5	6.1	4.2	6.8	4.1	2.6
Miscellaneous goods	1.5	1.7	1.0	0.6	0.7	2.4	0.4	0.4

Simple applied tariff rates on imports from low-income economies (%)^a

Food	7.6	6.9	6.9	4.4	10.2	4.0	3.2	2.9
Cereals	12.9	11	41.5	20.7	4.2	7.9	1.5	2.2
Agricultural raw materials	2.5	3.7	0.2	0.1	1.8	0.2	0.4	0.5
Ores and nonferrous metals	1.5	0.9	0.3	0.4	0.7	0.1	0.2	0.6
Fuels	3.1	0.8	0.0	0.0	1.6	0.2	0.5	0.8
Crude petroleum	1.7	0.5	0.0	0.0	0.9	0.0	0.3	0.0
Petroleum products	5.0	1.1	0.0	0.1	5.6	0.6	1.1	1.4
Manufactured goods	4.9	3.6	1.2	1.0	2.4	1.8	5.9	4.0
Chemical products	3.6	2.6	1.3	1.0	3.0	0.3	1.0	0.8
Iron and steel	5.1	1.8	0.6	0.1	0.1	0.1	1.7	0.5
Machinery and transport equipment	2.3	1.5	0.3	0.2	0.1	0.0	0.5	0.4
Furniture	4.0	3.2	0.1	0.0	0.0	0.0	1.2	1.1
Textiles	8.1	5.9	3.1	2.9	4.5	3.4	11.4	7.5
Footwear	7.9	6.4	3.0	2.5	8.4	9.1	14.2	8.3
Other	3.0	2.14	0.6	0.2	1.4	0.7	3.2	1.1
Miscellaneous goods	0.8	0.3	0.0	0.0	0.0	0.0	0.3	0.1
Average	5.1	4.0	1.9	1.4	3.6	3.2	5.1	3.7



6.4 High-income economy trade with low- and middle-income economies

Exports to middle-income economies

	High-income economies		European Union		Japan		United States	
	1997	2007	1997	2007	1997	2007	1997	2007
Total (\$ billions)	737.3	2,001.2	287.0	837.3	100.4	235.5	189.2	357.5
% of total exports								
Food	7.4	5.1	8.7	5.0	0.4	0.3	9.1	10.1
Cereals	1.6	1.0	1.3	0.6	0.0	0.0	2.5	3.3
Agricultural raw materials	2.0	1.9	1.3	1.4	1.1	0.9	2.7	3.7
Ores and nonferrous metals	1.9	4.0	1.6	2.6	1.3	3.6	1.6	4.3
Fuels	3.1	5.6	1.6	2.6	0.9	1.2	2.6	5.3
Crude petroleum	0.6	0.8	0.1	0.1	0.0	0.0	0.1	0.0
Petroleum products	1.8	3.7	1.3	2.1	0.7	1.0	1.6	4.0
Manufactured goods	83.2	79.2	84.2	84.2	94.6	89.1	80.7	72.7
Chemical products	11.1	13.2	12.7	13.4	6.9	9.8	10.8	13.1
Iron and steel	2.8	3.5	2.7	3.6	6.3	6.6	1.0	1.3
Machinery and transport equipment	49.1	45.8	45.9	47.0	68.1	60.9	49.7	43.3
Furniture	0.6	0.4	0.9	0.7	0.1	0.2	0.6	0.3
Textiles	5.7	2.9	5.4	3.7	2.9	1.6	4.9	2.4
Footwear	0.4	0.2	0.7	0.5	0.0	0.0	0.2	0.1
Other	13.7	13.2	16.1	15.2	10.2	10.1	13.5	12.2
Miscellaneous goods	2.1	3.4	1.9	2.9	1.7	4.8	3.4	3.9

Imports from middle-income economies

	1997	2007	1997	2007	1997	2007	1997	2007
Total (\$ billions)	916.3	3,053.0	273.8	1,123.6	109.0	264.9	291.3	895.4
% of total imports								
Food	10.6	6.3	14.1	7.9	15.5	7.8	7.7	4.8
Cereals	0.4	0.4	0.3	0.5	0.3	0.3	0.2	0.2
Agricultural raw materials	2.9	1.4	3.8	1.9	5.5	2.4	1.5	0.9
Ores and nonferrous metals	5.6	5.6	7.3	6.1	10.0	12.3	2.7	2.8
Fuels	13.7	18.5	18.7	22.5	15.8	17.8	12.4	18.4
Crude petroleum	8.6	12.2	11.9	15.1	7.4	8.8	9.6	14.6
Petroleum products	2.2	3.5	2.9	3.9	1.2	2.2	2.5	3.2
Manufactured goods	65.2	65.7	53.7	58.6	51.8	58.1	73.4	70.9
Chemical products	3.2	3.5	4.3	3.6	2.7	4.2	2.2	2.7
Iron and steel	2.5	3.2	2.2	4.0	1.7	1.6	2.1	2.0
Machinery and transport equipment	25.9	32.3	15.8	25.4	18.0	26.9	34.2	36.5
Furniture	1.4	2.0	1.5	2.0	1.4	1.5	1.8	3.0
Textiles	13.8	8.6	14.9	9.3	13.5	9.6	13.0	8.5
Footwear	3.1	1.5	2.1	1.5	1.9	1.2	4.0	1.9
Other	15.2	14.5	12.9	12.9	12.6	13.2	16.2	16.3
Miscellaneous goods	1.9	1.7	2.2	1.3	1.4	1.6	2.3	2.2

Simple applied tariff rates on imports from middle-income economies (%)^a

Food	9.9	9.1	16.4	8.9	12.4	7.7	3.7	3.8
Cereals	13.8	13.9	47.6	25.2	16.8	12.0	1.5	1.4
Agricultural raw materials	2.6	2.6	1.0	0.3	1.3	0.6	0.5	0.6
Ores and nonferrous metals	1.8	1.3	0.9	0.5	0.1	0.1	0.4	0.4
Fuels	3.3	1.4	0.0	0.0	1.3	0.3	0.4	1.3
Crude petroleum	7.1	0.6	0.0	0.0	0.9	0.0	0.4	0.0
Petroleum products	6.2	2.1	0.1	0.1	5.6	1.2	1.3	3.4
Manufactured goods	4.9	3.6	2.0	0.9	1.5	2.4	3.8	2.6
Chemical products	3.4	2.4	1.4	1.0	0.6	0.4	1.4	0.8
Iron and steel	3.5	1.8	1.1	0.1	0.1	0.2	2.9	0.2
Machinery and transport equipment	3.3	2.3	0.7	0.2	0.0	0.0	0.5	0.2
Furniture	5.4	4.3	0.3	0.0	0.0	0.1	0.4	0.3
Textiles	8.7	6.7	5.6	2.9	4.4	6.6	11.0	7.4
Footwear	9.1	8.1	4.6	2.7	13.2	19.3	12.9	7.8
Other	3.2	2.8	1.1	0.3	0.5	0.7	1.0	0.7
Miscellaneous goods	0.7	1.5	0.0	0.0	0.0	0.0	0.4	0.0
Average	5.3	4.1	3.3	1.7	2.7	2.8	3.6	2.6

a. Includes ad valorem equivalents of specific rates.

About the data

Developing economies are becoming increasingly important in the global trading system. Since the early 1990s trade between high-income economies and low- and middle-income economies has grown faster than trade among high-income economies. The increased trade benefits consumers and producers. But as was apparent at the World Trade Organization's (WTO) Ministerial Conferences in Doha, Qatar, in October 2001; Cancun, Mexico, in September 2003; and Hong Kong, China, in December 2005, achieving a more pro-development outcome from trade remains a challenge. Doing so will require strengthening international consultation. After the Doha meetings negotiations were launched on services, agriculture, manufactures, WTO rules, the environment, dispute settlement, intellectual property rights protection, and disciplines on regional integration. At the most recent negotiations in Hong Kong, China, trade ministers agreed to eliminate subsidies of agricultural exports by 2013; to abolish cotton export subsidies and grant unlimited export access to selected cotton-growing countries in Sub-Saharan Africa; to cut more domestic farm supports in the European Union, Japan, and the United States; and to offer more aid to developing countries to help them compete in global trade.

Trade flows between high-income and low- and middle-income economies reflect the changing mix of exports to and imports from developing economies. While food and primary commodities have continued to fall as a share of high-income economies' imports,

manufactures as a share of goods imports from both low- and middle-income economies have grown. And trade between developing economies has grown substantially over the past decade, a result of their increasing share of world output and liberalization of trade, among other influences.

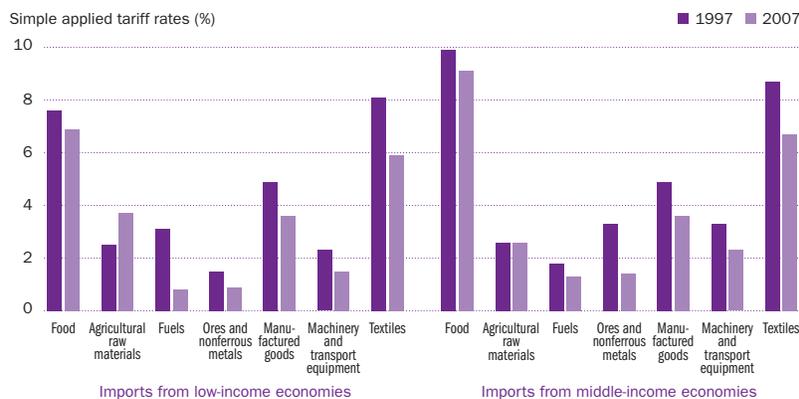
Yet trade barriers remain high. The table includes information about tariff rates by selected product groups. Applied tariff rates are the tariffs in effect for partners in preferential trade agreements such as the North American Free Trade Agreement. When these rates are unavailable, most favored nation rates are used. The difference between most favored nation and applied rates can be substantial. Simple averages of applied rates are shown because they are generally a better indicator of tariff protection than weighted average rates are.

The data are from the United Nations Conference on Trade and Development (UNCTAD). Partner country reports by high-income economies were used for both exports and imports. Because of differences in sources of data, timing, and treatment of missing data, the numbers in the table may not be fully comparable with those used to calculate the direction of trade statistics in table 6.3 or the aggregate flows in tables 4.4, 4.5, and 6.2. Tariff line data were matched to Standard International Trade Classification (SITC) revision 3 codes to define commodity groups. For further discussion of merchandise trade statistics, see *About the data* for tables 4.4, 4.5, 6.2, 6.3, and 6.5, and for information about tariff barriers, see table 6.8.

Definitions

The product groups in the table are defined in accordance with SITC revision 3: **food** (0, 1, 22, and 4) and **cereals** (04); **agricultural raw materials** (2 excluding 22, 27, and 28); **ores and nonferrous metals** (27, 28, and 68); **fuels** (3), **crude petroleum** (crude petroleum oils and oils obtained from bituminous minerals; 333), and **petroleum products** (noncrude petroleum and preparations; 334); **manufactured goods** (5–8 excluding 68), **chemical products** (5), **iron and steel** (67), **machinery and transport equipment** (7), **furniture** (82), **textiles** (65 and 84), **footwear** (85), and **other manufactured goods** (6 and 8 excluding 65, 67, 68, 82, 84, and 85); and **miscellaneous goods** (9). • **Exports** are all merchandise exports by high-income economies to low-income and middle-income economies as recorded in the United Nations Statistics Division's Comtrade database. Exports are recorded free on board (f.o.b.). • **Imports** are all merchandise imports by high-income economies from low-income and middle-income economies as recorded in the United Nations Statistics Division's Commodity Trade (Comtrade) database. Imports include insurance and freight charges (c.i.f.). • **High-, middle-, and low-income economies** are those classified as such by the World Bank (see inside front cover). • **European Union** is defined as all high-income EU members: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovenia, Spain, Sweden, and the United Kingdom.

High-income economies' tariffs on imports from low- and middle-income economies fell between 1997 and 2007 but remain high for some products

6.4a


Food and textile products are subject to higher tariff rates than other products are. And tariff rates on agricultural raw material imports from low-income countries have increased significantly.

Source: United Nations Statistics Division's Comtrade database and the United Nations Conference on Trade and Development's Trade Analysis and Information System database.

Data sources

Data on trade values are from United Nations Statistics Division's Comtrade database. Data on tariffs are from UNCTAD's Trade Analysis and Information System database and are calculated by World Bank staff using the World Integrated Trade Solution system.