A Picture of Tariff Protection Across the World in 2004 MAcMap-HS6, Version 2

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Non-technical Summary

Trade negotiations increasingly rely on quantitative assessments. Accordingly there is a need for tariff information shedding light on applied protection at the detailed level. The purpose is not only to provide a measure of border protection, but also to pave the way for well-suited economic analysis of the consequences of trade liberalization, in particular through computable general equilibrium model analysis.

Based on a joint effort by ITC (UNCTAD-WTO, Geneva) and CEPII (Paris), a first version of a Market Access Maps data (MAcMapHS6-v1) was prepared (Bouët and ali, 2008),[1] mainly to furnish protection figures for the 6th release of the GTAP database (Bouët and ali, 2005). The first version of MAcMapHS6 represents an unprecedented effort to monitor border protection world-wide at the most detailed level, while accounting exhaustively for preferential trade agreements. It provides with a consistent, ad valorem equivalent measure of tariff duties and tariff rate quotas for 163 countries and 208 partners, at the six-digit level of the Harmonized System (HS) that includes 5,113 products.

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[1] MAcMapHS6-v1 has been initially presented in Bouët et al. (2004) and the MAcMap approach has been introduced in Bouët et al. (2002).

Using 2004 data, an updated version of this database, MAcMapHS6-v2, has been built. This paper provides a detailed description of the methodology used for building the new database, providing evidence on the world applied protection in 2004. Moreover, since the dataset is the source of protection data for the GTAP7 (Narayanan and Walmsey, 2008) and the TASTE software (Horridge and Laborde, 2008), this documentation is an important reference for numerous researchers.

The methodology used for the construction of MAcMapHS6-v2 is closed to the previous. However, several key improvements have been made. To the core dataset provided by ITC, additional sources have been used to complete it and enhance the quality of the database. A new algorithm is utilized to deal with harmonized products nomenclature and code oddities. The method applied to process tariff rate quota information has been deeply improved. Finally, the way to compute reference group weights has been tuned.

On the overall, the relative low protection rate, 5.1% on average for the whole world, hides a high level of heterogeneity among countries and sectors. It is interesting to notice that trade policies preserve, since more than two centuries the same characteristics. The average level of protection decreases with the level of development: in 2004 high income countries have an average duty of 3.3%, against 9.6% for middle income countries and 12.2% for least developed countries. The agriculture is more protected (18.9%) than the manufacturing (4.4%) or extractive and energy products (1.9%); reflecting the particular role of the agriculture for all the countries. Last but not least, final goods are more protected than intermediate goods. This aims to increase the effective protection of the locally produced value-added. In the same section we also investigate variations in tariffs occurred between 2001 and 2004. The decrease of 0.5 percentage points in the average world protection between 2001 and 2004 is mainly due to emerging economies.