

---

# The Bound Tariffs Database

CEPII Working Paper 2005-18

<http://www.cepii.fr/anglaisgraph/workpap/summaries/2005/wp05-18.htm>

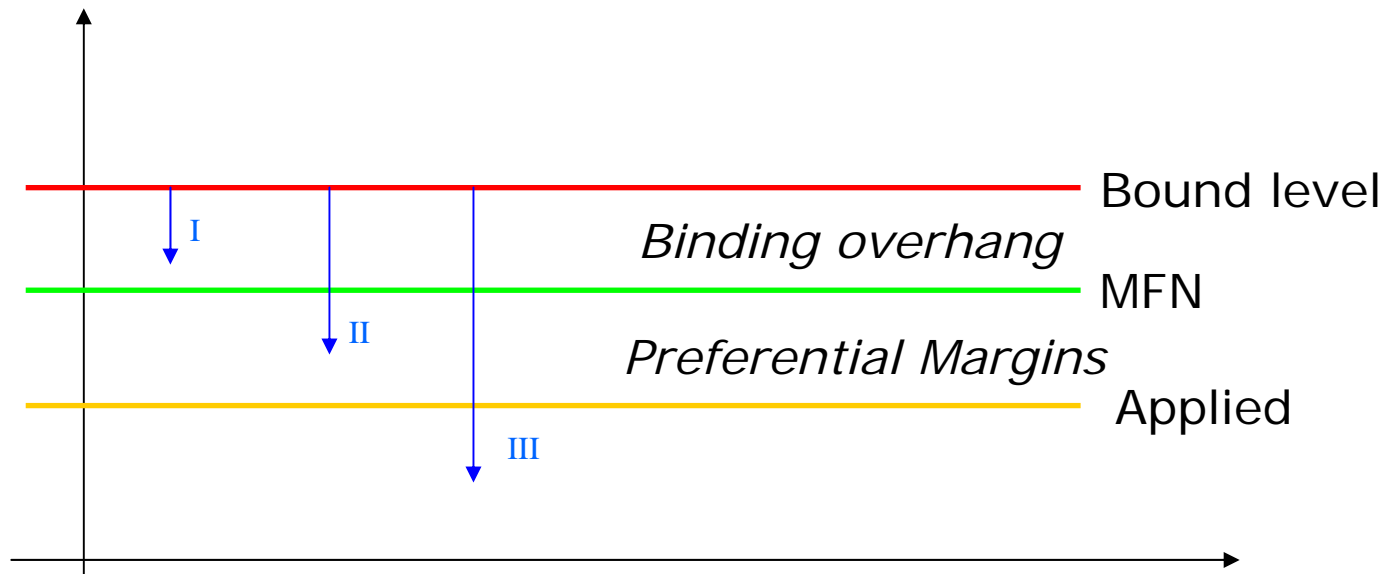
## **Binding overhang and tariff-cutting formulas**

Mohamed Hedi BCHIR, Sébastien JEAN and David LABORDE  
(CEPII)



# MOTIVATIONS

- To analyse the **real impact of tariff reduction**.
  - Bound  $\geq$  MFN (applied)  $\geq$  applied (preferential)
  - New Applied rate = Min [New Bound rate, Current protection]



# SCOPE

- Build a database of AVE bound duties at the HS6 product level, for all WTO members and all products
- Fully comparable with the Applied AVE database MAcMap (consistent methodology, conversion) => allow cross-checking
- Sources: WTO's Consolidated Tariff Schedules + National sources



# Previous Works

- Bacchetta-Bora (2001,2003): detailed and complete database but only industrial products are covered and without AVE.
- ERS-USDA database: MFN and Bound tariffs post UR, 120 countries but only agricultural products and preferences only for US and EU, simple average.
- ITAS (Australian Productivity Commission): Harmonised information for applied and bound but for non agricultural products and 19 countries.



# Calculating AVE bound tariffs (1)

- Definition of consolidation at the HS6 level when notification at a more detailed level
  - Agricultural products: considered as bound (except for well identified exceptions)
  - Check on the HS nomenclature used for notification and applying protection.
    - Difference => HS6 product is bound
    - Same nomenclature but difference between the number of tariff lines registered: HS6 product unbound (but keeping the information on the ratio tariff lines unbound/bound) if “average” bound tariff < “MFN” bound tariffs at the HS6 level.



## Calculating AVE bound tariffs (2)

- For the sake of homogeneity, same methodology that in MAcMap ( Bouët and ali. 2004)
- Treatment of Mixed tariffs: Priority to *ad-valorem* term.
- AVE computation: world unit value
- Cleaning phase: Comparison between AVE MFN from MAcMap and AVE Bound for 2001. If MFN > Bound: special treatment.

=> Harmonised database in HS6 Rev1 with AVE Bound tariffs for 147 countries and 5113 products

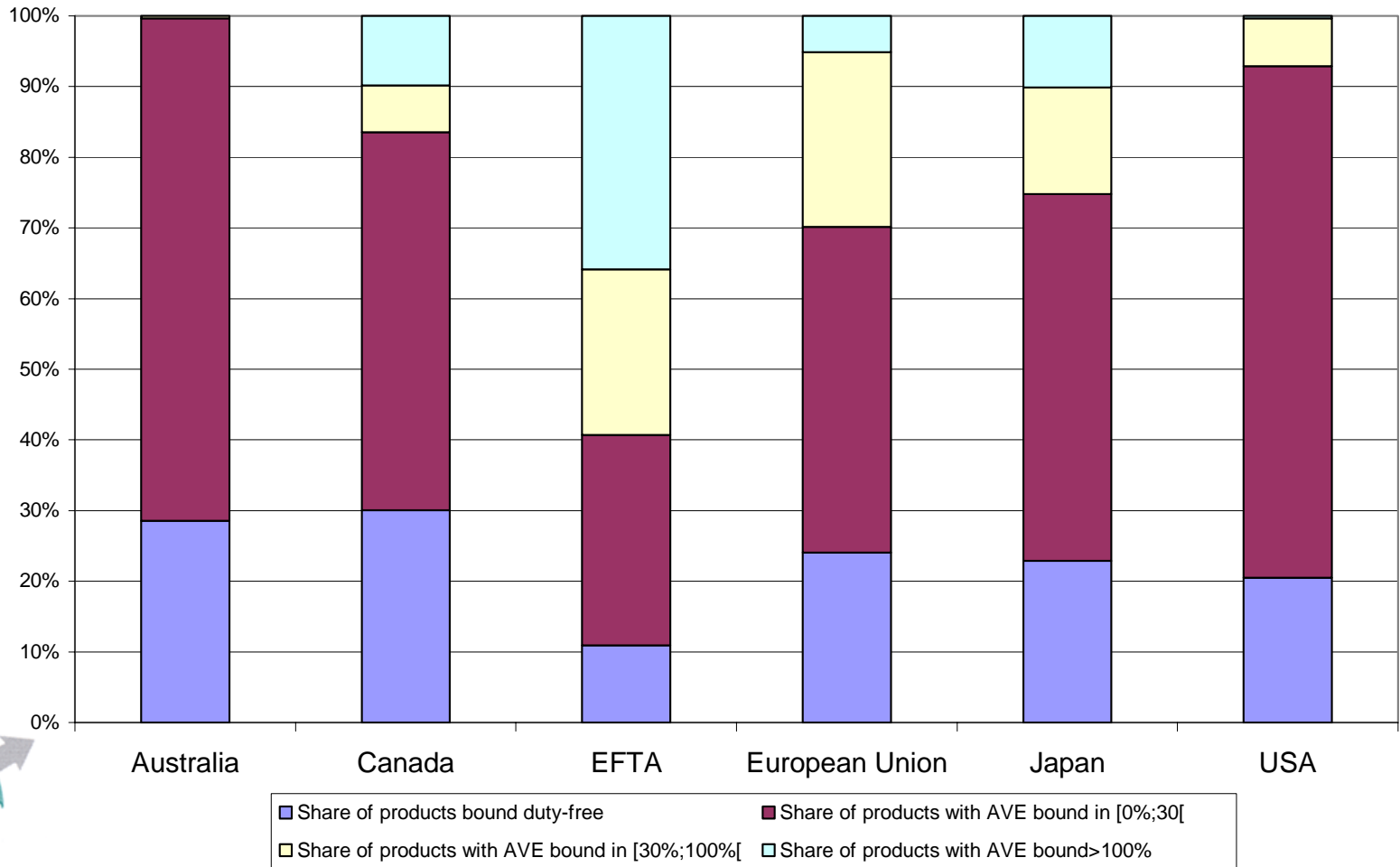


---

# Illustrations

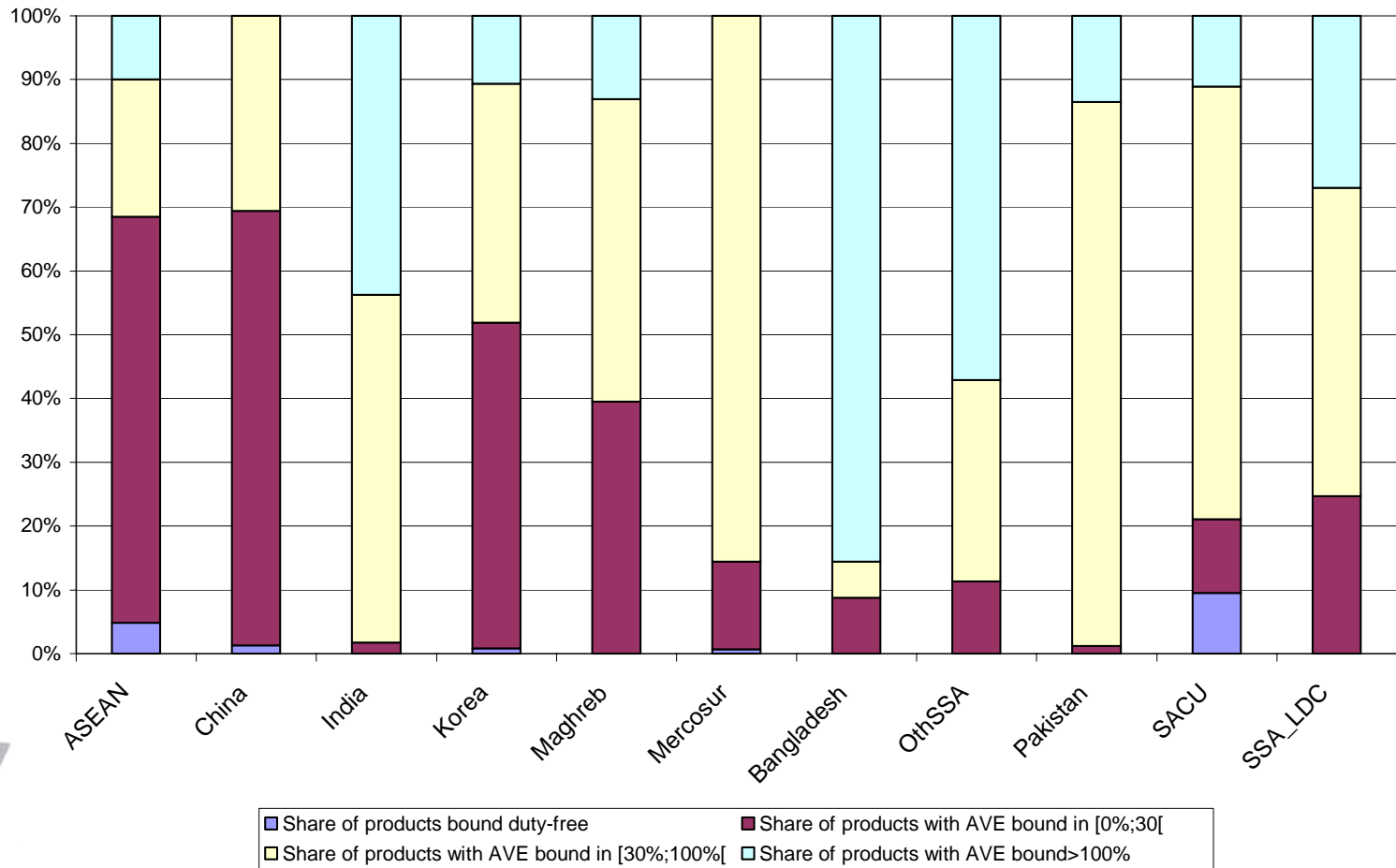


# Distribution of AVE Bound Tariffs Agricultural products – Dvyped Co.

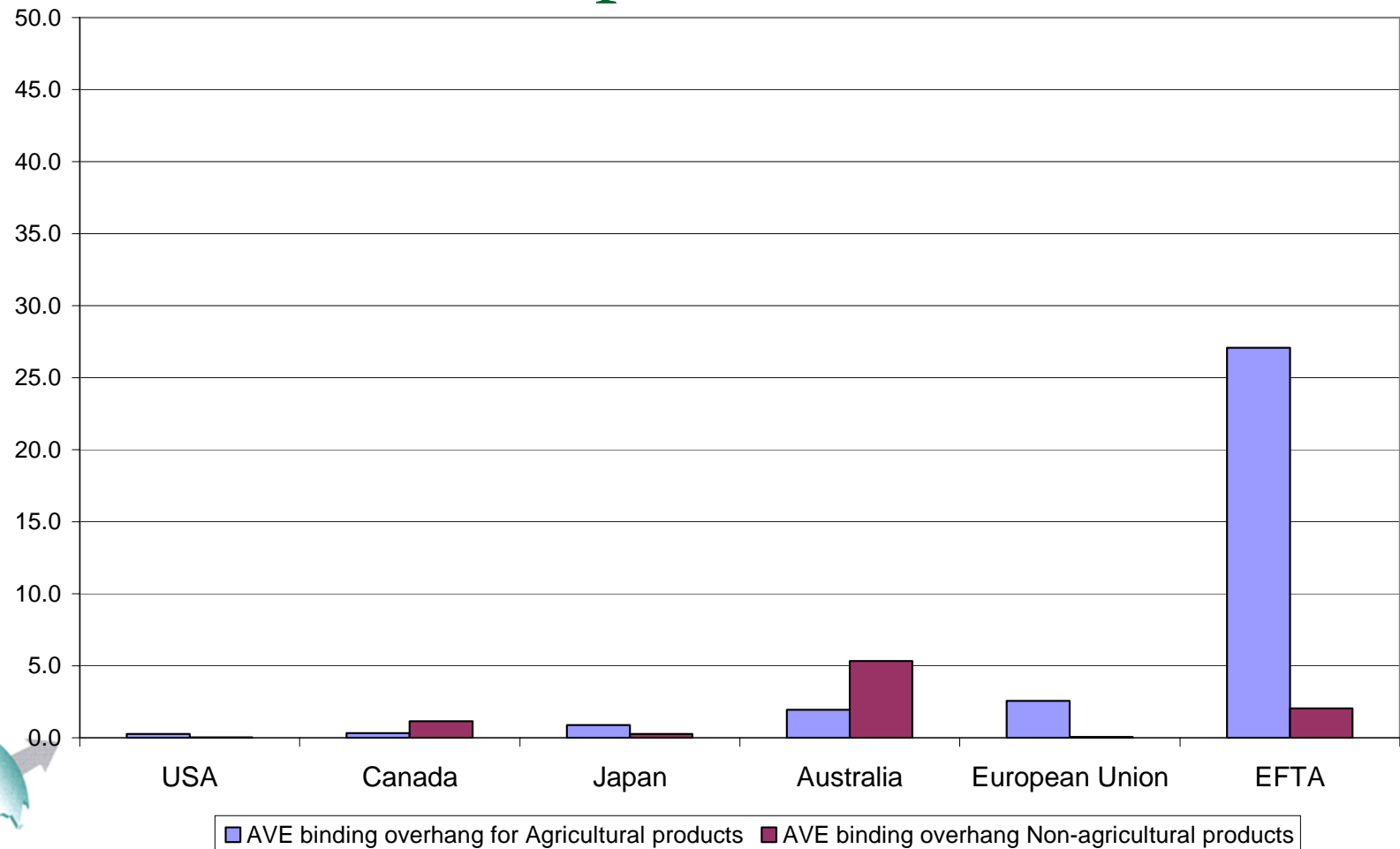




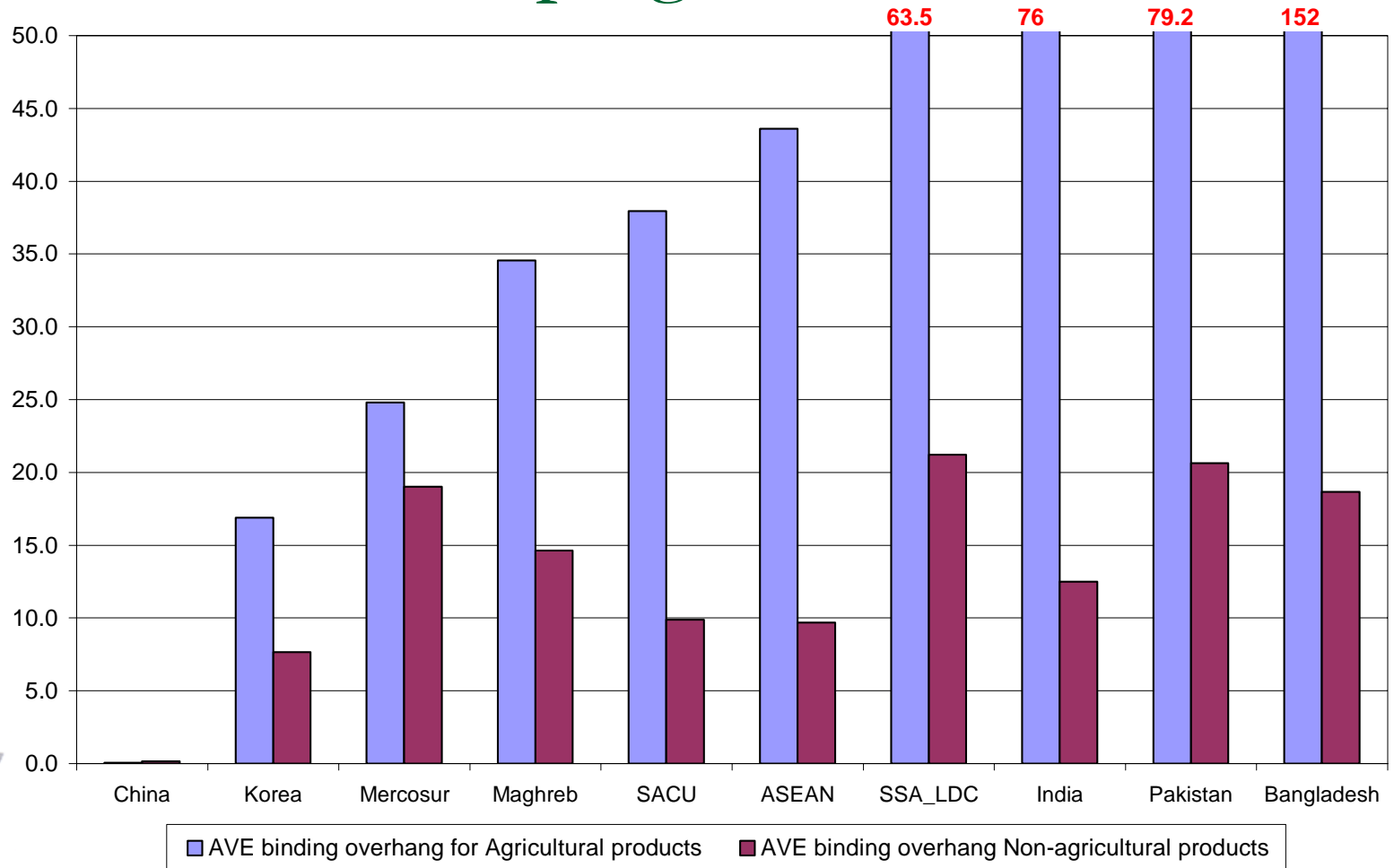
# Distribution of AVE Bound Tariffs Agricultural products – Dvyping Co.



# Binding Overhang in Developed Countries



# Binding Overhang in Developing Countries

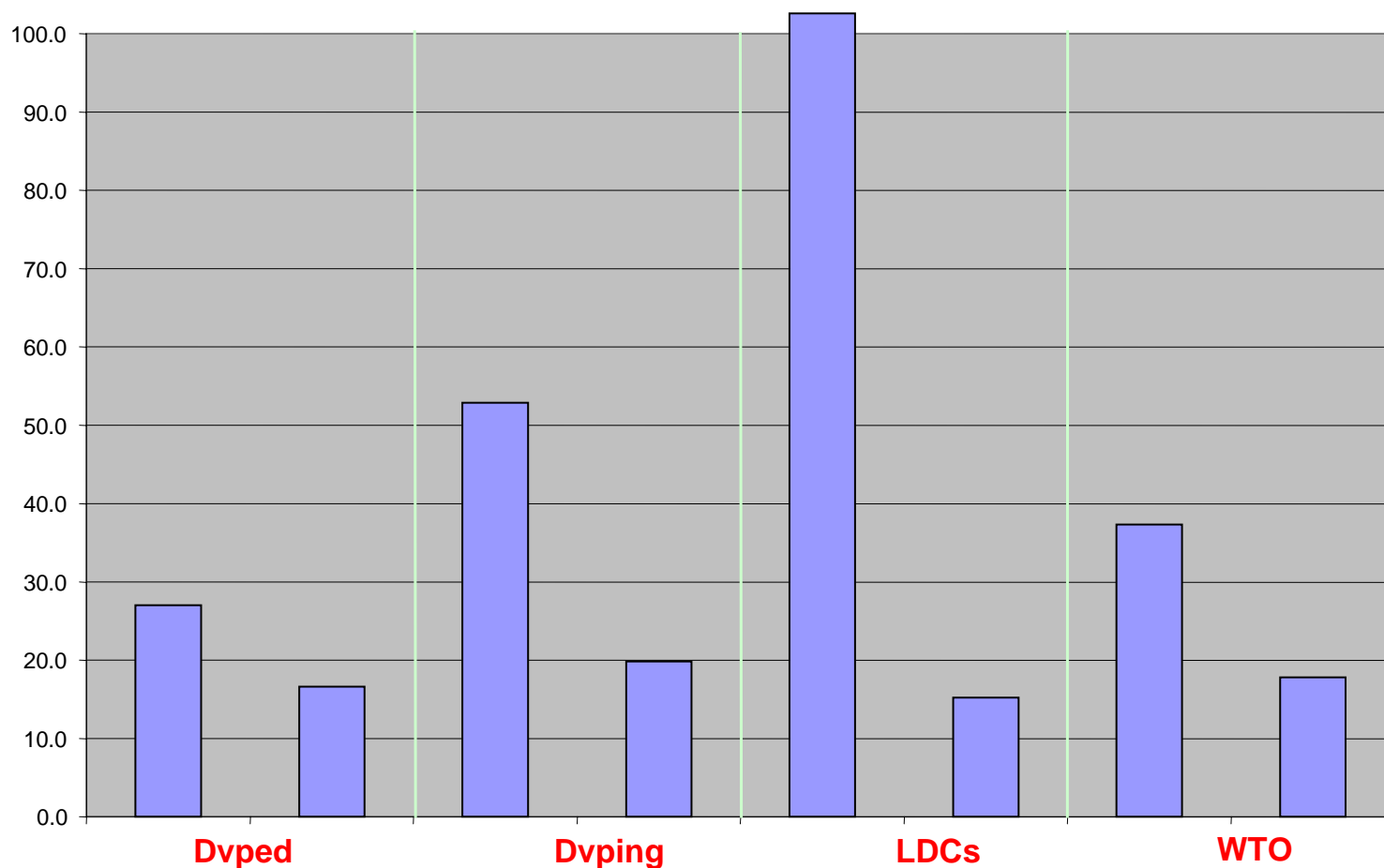


---

# Application



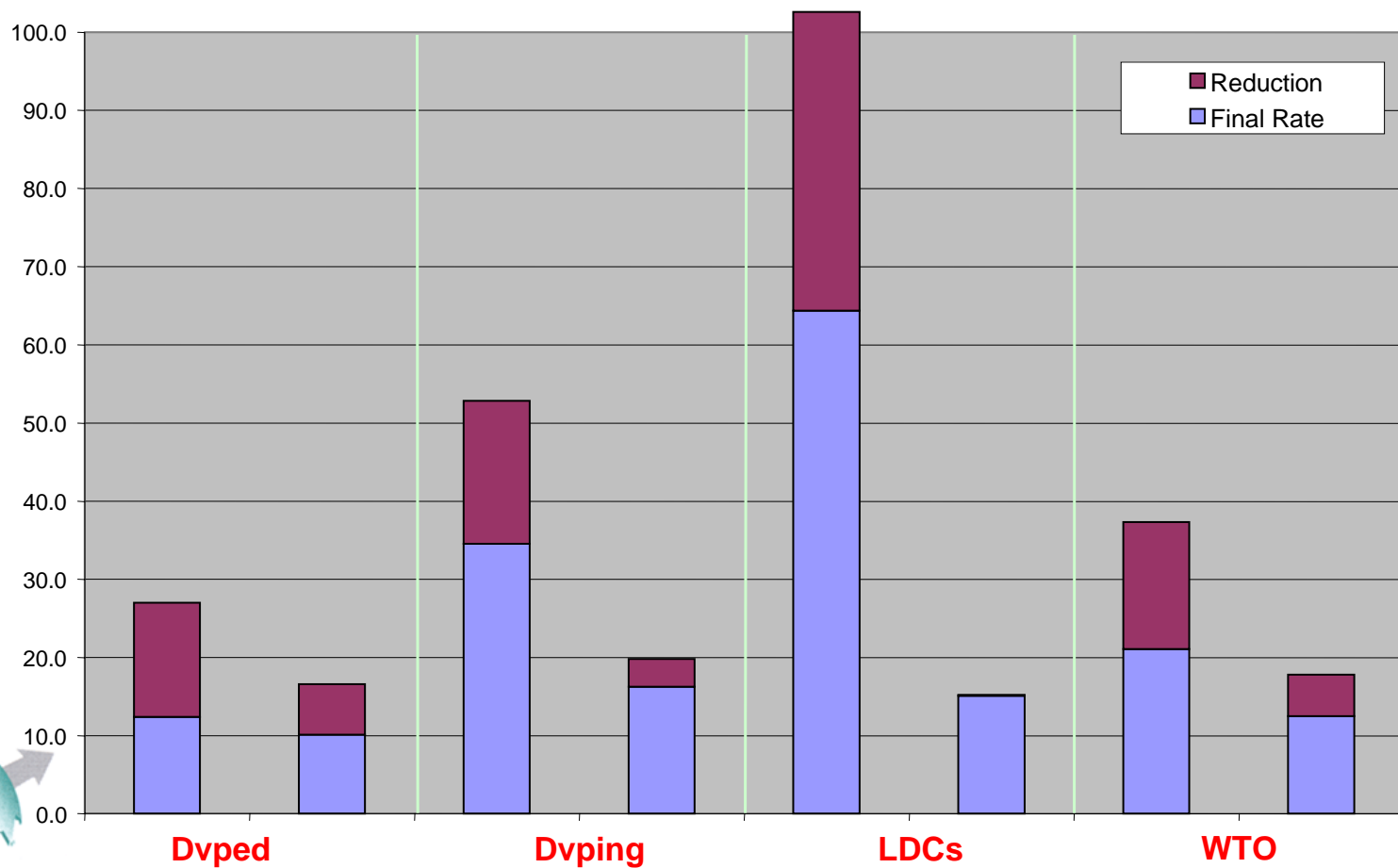
# Initial Base Rate and Applied Rate



*For every zone, the first bar gives the initial base rate and the second one the applied rate.*



# Impact of the Harbinson proposal



# Common Mistakes

