United States and European Union Are Important Markets for Preference Recipients

One of the main goals of preferential programs is to increase the value of exports of developing countries. Developed countries' markets are particularly attractive for developing countries because of their size and wealth. During 2000-02, developed countries accounted for two-thirds of global imports even though they make up only 15 percent of the global population. As shown in table 1, developed-country markets were the destination for about 57 percent of total merchandise exports from developing countries in 2001. The United States was the most important market destination for developing-country exports, mainly due to the large share of manufactured goods the U.S. imports from those countries. Food items and agricultural raw materials accounted for about 9 percent of all developing-country exports in 2002. The EU was the most important destination for food items and agricultural raw materials exported from developing countries, accounting for over 22 percent of the total.

The next section focuses on the amount of developing-country trade that takes place under nonreciprocal preference programs. While detailed data of imports under different preferential programs are available for the U.S., EU data is not entirely accessible, especially for trade flows under specific preference schemes. As a result, we rely heavily on several recent research reports, especially the Organization for Economic Cooperation and Development (OECD) report of 2005.

Table 1
Export destination of developing countries' products, 2002

Commodity groups	U.S.	EU	Other developed countries	Developing countries	All other countries[1]	World[2]
			$U.S. millions			
All products	507,471	343,505	250,993	836,467	19,568	2,012,111
			Percent			
Share by destination:						
All products	25.2	17.1	12.5	41.6	1.0	100.0
All food items	15.5	22.9	13.8	43.6	3.4	100.0
Agricultural raw materials	15.1	22.3	12.8	48.9	.5	100.0
Ores and metals	10.8	21.5	15.8	48.7	1.2	100.0
Fuels	20.6	14.7	16.2	35.0	.1	100.0
Manufacturing goods	28.4	16.8	11.1	42.5	.9	100.0
Share by major commodity groups:						
All products	98.8	98.0	97.3	97.8	99.7	98.1
All food items	4.5	9.9	8.1	7.7	25.8	7.4
Agricultural raw materials	.9	1.9	1.7	1.7	.8	1.5
Ores and metals	1.1	3.3	3.4	3.0	3.1	2.6
Fuels	14.0	14.7	22.3	14.4	2.3	17.1
Manufacturing goods	78.3	68.2	61.8	71.0	67.7	69.5

[1]Includes Southeast Europe and the Commonwealth of Independent States (all countries of the former Soviet Union except the Baltic states).
[2]Includes special category exports, ships' stores and bunkers and other exports of minor importance whose destination could not be determined.

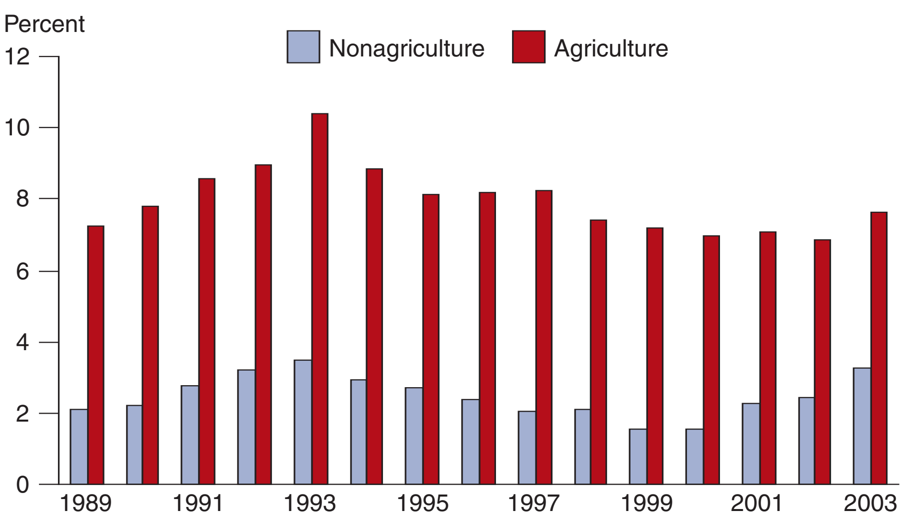
Source: United Nations Center for Trade and Development, *Hand Book of Statistics, 2003*.

Our analysis is based on data for 2002, the only year for which both U.S. and EU data were available. It's important to point out, however, that 2002 was not a "representative" year for U.S. nonreciprocal preferential trade programs. Two U.S. programs—the GSP and ATPA—expired temporarily in 2001, and were not renewed until August 2002. This had a significant impact on 2002 U.S. imports under these programs. For example, imports from the four ATPA countries (Bolivia, Colombia, Ecuador, and Peru) under ATPA and GSP dropped from $654 million in 2001 to $507 million in 2002, then recovered to $900 million in 2003. There were similar impacts on imports from countries that only qualified for GSP (CBERA countries were not impacted but AGOA countries were, on those items eligible for preferences under GSP).

Trade Under U.S. Preference Programs

U.S preference programs are very important for some program recipients, but they are only a small part of total U.S. imports, accounting for only between 1.5 and 3.5 percent during the last 15 years (fig. 1). They were slightly more important for agricultural imports, accounting for about 8 percent of total U.S. agricultural imports during this period. Total U.S. imports under nonreciprocal programs have increased almost fourfold in recent years. Growth would have been faster during this period if not for Mexico becoming a member of NAFTA. Not only did imports under the GSP decline in 1995 when Mexico was removed from the program upon joining NAFTA, but since then Mexico has displaced exports from other program recipients. One reason is that Mexico is no longer subject to CNLs for the products it used to export under the GSP. In addition, under NAFTA, it is eligible to ship a wider range of products duty-free and this has resulted in increased competition for the products of GSP/LDC, CBERA, and ATPA beneficiaries. In the agricultural sector, there is some evidence that Mexico's expansion in exports has had a negative impact on meat and sugar exports from CBERA countries (Loper et al., 2003).

Figure 1
U.S. program import share



Source: Economic Research Service, USDA.

While the nonreciprocal preferential trade programs account for only a limited share of total U.S. imports, they are important for some individual program recipients. During 2002, more than 50 percent of the total agricultural exports to the U.S. from 21 countries came in duty-free under nonreciprocal preferences. For small countries such as Cape Verde, Mozambique and Swaziland, more than 85 percent of their agricultural exports to the U.S. benefited from these programs. The programs are even more important when only dutiable trade is taken into account. Half of all dutiable agricultural imports from recipient countries came in duty-free under nonreciprocal preferences. Had MFN tariff rates been applied on the $3.1 billion of preferential trade that took place under these programs in 2002, duty collections by the United States would have been an estimated $197 million higher.[5] Total tariff revenue not collected because of the preferences ranged from $7.1 million under the AGOA program to $111.4 million under CBERA. While this is not an accurate indicator of the net financial benefit to program recipients from tariff preferences, it is a rough approximation of the overall "price premium" received by them from being able to export at zero duty.

Table 2 provides a breakdown of preferential program trade in agricultural products for the top 20 exporters to the U.S. in 2002. In this table, U.S. agricultural trade includes all products from chapters 1-24 of the Harmonized System (HS).[6] Using this definition of agricultural trade, agricultural products made up about 8.6 percent of total U.S. nonreciprocal preferential imports.[7] Of the 151 countries eligible to ship under these programs in 2002, 102 made use of preferences to export agricultural goods to the U.S. Less than 10 percent of beneficiaries account for about two-thirds of all agricultural imports under nonreciprocal programs, with Costa Rica (13.9 percent), Dominican Republic (11.7 percent), Colombia (8.1 percent), Guatemala (7.6 percent), and Thailand (6.0 percent) the main beneficiaries. For only four of the top 20 beneficiaries (Dominican Republic, Jamaica, South Africa, and Peru) did these programs account for over 50 percent of their agricultural exports to the U.S. In the case of three countries (India, Indonesia, and Chile) the programs were of little overall importance, accounting for less than 10 percent of their total exports to the U.S.[8]

Concentration levels are also high when this trade is analyzed by commodity grouping (table 3). Fresh and processed fruits and nuts, sugars and confectionery products, tobacco and tobacco products, fresh and processed vegetables, and roots and tubers accounted for 65 percent of all imports under these programs. The importance of these programs within each commodity grouping also varies widely, with more than 80 percent of U.S. imports of meats, sugars and confectionery products, and fresh vegetables from recipients brought in under preferences. For other products preferences play only a small role. Fish and shellfish, the category with the highest value of exports from recipients, is almost entirely imported at MFN rates, almost all of which are bound at zero. In all, more than three-quarters of beneficiaries' MFN exports to the U.S. entered duty-free. When preferential trade is factored in, over 80 percent of program beneficiaries' agricultural exports to the U.S. entered duty-free.

Figure 2 helps to put the value of these preferences into the wider context of available forms of tariff treatment for different countries exporting agricultural goods to the United States. The largest share of this trade (73 percent)

[5]Tariff revenue foregone is approximated by multiplying the MFN tariff rate (in *ad valorem* form) by the value of imports actually receiving preferences.

[6]The HS provides a nomenclature for classifying internationally traded goods. The definitions of HS commodity groupings up to the 6-digit level are established regularly by the World Customs Organization.

[7]As a general rule, USDA does not classify fish and fish products as agricultural items. They were included here in order to be able to compare U.S. trade under these programs with that of the EU, for which fish was included.

[8]Chile is no longer a GSP-eligible recipient by virtue of having signed a free trade agreement with the United States in 2003.

Table 2

Agricultural imports by U.S. and EU from top 20 program beneficiaries[1]

Country	Trade under preferential programs					Share of preferential	MFN		Total trade	Preferential as share of:		MFN duty free as share of total
	AGOA	ATPA	CBERA	GSP	Total		Duty free	Dutiable		Total	Dutiable	
	$ millions[2]					Percent	$ millions[2]			Percent		
U.S. imports from program beneficiaries:												
Costa Rica	—	—	430.3	3.6	433.9	13.9	461.6	1.9	897.5	48	100	51
Dominican Rep	—	—	364.2	1.1	365.4	11.7	88.4	1.8	455.5	80	100	19
Colombia	—	174.9	—	79.4	254.3	8.1	597.2	150.6	1,002.0	25	63	60
Guatemala	—	—	225.6	11.6	237.2	7.6	464.7	2.8	704.7	34	99	66
Thailand	—	—	—	188.4	188.4	6.0	1,254.9	457.8	1,901.1	10	29	66
Peru	—	79.7	—	65.7	145.3	4.6	104.3	26.8	276.4	53	84	38
Brazil	—	—	—	130.2	130.2	4.2	741.3	448.4	1,319.9	10	22	56
Honduras	—	—	110.2	16.7	126.9	4.1	295.0	0.6	422.5	30	100	70
South Africa	75.0	—	—	30.4	105.4	3.4	49.1	16.8	171.4	62	86	29
Ecuador	—	63.2	—	40.5	103.7	3.3	657.6	182.1	943.4	11	36	70
Chile	—	—	—	97.8	97.8	3.1	883.3	682.5	1,663.6	6	13	53
Jamaica	—	—	80.9	.8	81.7	2.6	25.6	2.4	109.7	74	97	23
Argentina	—	—	—	77.4	77.4	2.5	244.7	333.0	655.1	12	19	37
Nicaragua	—	—	77.1	—	77.1	2.5	124.5	.4	202.0	38	100	62
India	—	—	—	75.7	75.7	2.4	843.1	92.2	1,011.0	7	45	83
Poland	—	—	—	72.4	72.4	2.3	80.9	46.6	199.8	36	61	40
Philippines	—	—	—	54.5	54.5	1.7	300.7	242.8	598.0	9	18	50
Indonesia	—	—	—	49.8	49.8	1.6	775.4	102.8	928.1	5	33	84
El Salvador	—	—	35.5	5.6	41.1	1.3	48.0	.3	89.4	46	99	54
Turkey	—	—	—	35.8	35.8	1.1	206.0	67.1	308.9	12	35	67
Subtotal	75.0	317.8	1,323.9	1,037.5	2,754.2	88.1	8,246.3	2,859.7	13,860.1	20	49	59
Others	32.4	3.5	104.7	230.7	371.3	11.9	1,767.5	262.0	2,400.7	15	59	74
Total	107.4	321.3	1,428.7	1,268.2	3,125.5	100.0	10,013.8	3,121.6	16,260.9	19	50	62

See notes at end of table.

Continued—

Table 2

Agricultural imports by U.S. and EU from top 20 program beneficiaries[1]—Continued

Country	Trade under preferential programs: ACP-LDC	ACP-non-LDC	GSP	GSP-EBA	Total	Share of preferential	MFN: Duty free	MFN: Dutiable	Total trade	Preferential as share of: Total	Dutiable	MFN duty free as share of total
	€ millions[2]					Percent	€ millions[2]			Percent		
EU imports from program beneficiaries:												
Ivory Coast	—	774.2	17.8	—	792.0	6.7	21.6	985.7	1,799.4	44	45	1
Argentina	—	—	770.4	—	770.4	6.5	1,132.2	2,555.7	4,458.3	17	23	25
China	—	—	592.9	—	592.9	5.0	470.1	595.1	1,658.1	36	50	28
India	—	—	500.9	—	500.9	4.2	195.7	539.6	1,236.2	41	48	16
Kenya	—	467.6	19.9	—	487.5	4.1	31.5	232.8	751.8	65	68	4
Ecuador	—	—	399.6	—	399.6	3.4	526.4	59.4	985.3	41	87	53
South Africa	—	—	388.9	—	388.9	3.3	1,195.5	144.7	1,729.1	22	73	69
Mauritius	—	384.9	0	—	384.9	3.2	8.3	13.3	406.5	95	97	2
Bahamas	—	382.7	0	—	382.7	3.2	1.4	1.7	385.8	99	100	0
Costa Rica	—	—	380.4	—	380.4	3.2	486.0	83.0	949.4	40	82	51
Morocco	—	—	372.1	—	372.1	3.1	938.5	76.9	1,387.5	27	83	68
Zimbabwe	—	362.0	7.3	—	369.3	3.1	7.6	34.8	411.7	90	91	2
Senegal	293.7	—		2.3	296.0	2.5	9.4	27.3	332.8	89	92	3
Colombia	—	—	295.4	—	295.4	2.5	430.0	341.6	1,067.0	28	46	40
Namibia	—	279.1	6.7	—	285.8	2.4	7.7	7.1	300.6	95	98	3
Peru	—	—	274.6	—	274.6	2.3	15.5	338.7	628.8	44	45	2
Indonesia	—	—	256.3	—	256.3	2.2	690.1	436.0	1,382.4	19	37	50
Brazil	—	—	246.1	—	246.1	2.1	2,078.7	4,916.5	7,241.3	3	5	29
Madagascar	219.8	—	—	2.9	222.7	1.9	12.9	59.4	295.0	75	79	4
Iran	—	—	213.9	—	213.9	1.8	19.9	60.2	293.9	73	78	7
Subtotal	513.5	2,650.5	4,742.9	5.2	7,912.2	66.5	8,279.0	11,509.6	27,700.9	29	41	30
Others	800.2	1,535.9	1,357.1	288.3	3,981.4	33.5	6,617.3	3,580.0	14,178.7	28	53	47
Total	1,313.7	4,186.4	6,100.0	293.5	11,893.6	100.0	14,896.3	15,089.6	41,879.5	28	44	36

— = No trade.

[1]In order to compare U.S. and EU, agricultural imports consist of HS Chapters 1—24.

[2]U.S. imports are based on free-on-board (f.o.b.) prices.

[3]EU imports are based on cost, insurance, freight (c.i.f.) prices. In 2002, $1 = 1.0626 €.

Source: United States International Trade Commission Web Database and OECD (2005).

Table 3

Agricultural imports by U.S. and EU, from program beneficiaries, grouped by Harmonized System (HS) chapters[1]

		Trade under preferential programs					Commodity	Trade		Preferential
Chapter	Description	AGOA	ATPA	CBERA	GSP	Total	shares	MFN	Total	share of total
		$ millions					Percent	$ millions		Percent
U.S. imports from program beneficiaries:[2]										
08	Fruits and nuts	39.3	16.1	396.3	102.8	554.5	17.7	2,403.9	2,958.3	19
17	Sugars and sugar confectionery	—	10.5	211.7	308.4	530.6	17.0	106.4	637.0	83
24	Tobacco and tobacco substitutes	29.5	21.1	274.9	25.3	350.8	11.2	634.0	984.8	36
20	Preparations of vegetables, fruit, nuts	16.4	15.8	117.3	162.3	311.8	10.0	693.8	1,005.7	31
07	Vegetables, tubers, and roots	1.6	71.5	134.7	78.3	286.1	9.2	67.7	353.8	81
06	Trees, plants, bulbs, flowers, etc.	.7	172.9	56.0	50.0	279.6	8.9	197.0	476.6	59
22	Beverages, spirits, and vinegar	19.1	.4	92.1	54.1	165.7	5.3	407.1	572.7	29
21	Miscellaneous edible preparations	.6	1.4	43.8	91.7	137.4	4.4	99.7	237.2	58
16	Preparations of meat and seafood	—	4.5	6.4	113.9	124.8	4.0	1,421.1	1,545.9	8
18	Cocoa and cocoa preparations	—	2.0	1.3	74.1	77.4	2.5	630.4	707.8	11
02	Meat and edible meat offal	—	—	54.5	0	54.5	1.7	10.2	64.7	84
19	Preparations of cereals, flour, starch, or milk	—	1.1	9.1	38.5	48.7	1.6	97.7	146.4	33
09	Coffee, tea, maté, and spices	—	.7	1.2	44.4	46.3	1.5	1,550.7	1,597.0	3
12	Oilseeds, miscellaneous grains, etc.	—	0	11.2	23.9	35.1	1.1	161.6	196.7	18
15	Fats and oils	.2	.3	3.0	24.7	28.3	.9	245.1	273.4	10
03	Fish, crustaceans, molluscs, etc.	—	1.1	0	22.7	23.8	.8	3,615.0	3,638.8	1
13	Lac, gums, resins, etc.	—	0	7.1	14.7	21.9	.7	143.7	165.6	13
11	Malt, starch, inulin, wheat gluten, etc.	—	.4	.7	20.1	21.2	.7	8.5	29.7	71
04	Dairy produce, eggs, honey, etc.	0	.9	6.0	12.7	19.6	.6	158.5	178.1	11
05	Products of animal origin, etc.	—	0	1.3	1.4	2.7	.1	137.0	139.7	2
23	Residues and waste	—	—	0	2.3	2.3	.1	82.1	84.4	3
10	Cereals	—	.3	0	.9	1.2	0	244.4	245.7	0
14	Vegetable planting materials	0	—	—	.9	.9	0	12.2	13.1	7
01	Live animals	—	0	.1	.6	.6	0	27.0	27.6	2
	Total	107.4	321.3	1,428.7	1,268.6	3,125.9	100.0	13,154.9	16,280.9	19

See notes at end of table.

Continued—

Table 3

Agricultural imports by U.S. and EU, from program beneficiaries, grouped by Harmonized System (HS) chapters[1]—Continued

Chapter	Description	Trade under preferential programs					Commodity shares	Trade		Preferential share of total
		ACP-LDC	ATPA	CBERA	GSP	Total		MFN	Total	
		€ millions					*Percent*	€ millions		*Percent*
EU imports from program beneficiaries:[3]										
03	Fish, crustaceans, molluscs, etc.	783.63	446.16	2,041.60	214.04	3,485.4	29.3	2,102.5	5,588.0	62
08	Fruits and nuts	4.52	608.14	1,167.00	1.67	1,781.3	15.0	4,075.9	5,857.3	30
16	Preparations of meat and seafood	55.71	480.43	438.08	21.55	995.8	8.4	1,175.9	2,171.7	46
17	Sugars and sugar confectionery	24.77	666.06	43.80	31.79	766.4	6.4	346.5	1,112.9	69
06	Trees, plants, bulbs, flowers, etc.	54.58	266.08	412.78	3.13	736.6	6.2	143.1	879.7	84
24	Tobacco and tobacco substitutes	184.66	271.19	230.23	2.41	688.5	5.8	324.1	1,012.6	68
15	Fats and oils	76.20	157.14	433.19	.78	667.3	5.6	1,364.1	2,031.4	33
20	Preparations of vegetables, fruit, nuts	4.48	96.01	540.44	.23	641.2	5.4	1,020.4	1,661.6	39
07	Vegetables, tubers, and roots	44.64	186.61	314.57	12.21	558.0	4.7	1,004.3	1,562.3	36
18	Cocoa and cocoa preparations	1.05	448.60	83.48	—	533.1	4.5	1,877.0	2,410.1	22
22	Beverages, spirits, and vinegar	1.08	401.92	61.73	.13	464.9	3.9	1,141.4	1,606.2	29
21	Miscellaneous edible preparations	.49	37.59	120.71	.11	158.9	1.3	139.7	298.6	53
09	Coffee, tea, maté, and spices	70.49	4.81	53.67	3.41	132.4	1.1	3,301.7	3,434.1	4
02	Meat and edible meat offal	—	81.24	22.58	—	103.8	.9	1,432.8	1,536.6	7
19	Preparations of cereals, flour, starch, or milk	.41	4.48	79.68	.11	84.7	.7	50.7	135.3	63
10	Cereals	1.38	28.02	11.63	1.94	43.0	.4	1,610.0	1,653.0	3
23	Residues and waste	.01	.50	15.98	0	16.5	.1	4,479.5	4,496.0	0
12	Oilseeds, miscellaneous grains, etc.	.62	.78	12.65	—	14.0	.1	3,160.6	3,174.7	0
13	Lac, gums, resins, etc.	4.41	—	7.41	—	11.8	.1	239.2	251.0	5
11	Malt, starch, inulin, wheat gluten, etc.	.08	.62	4.57	.03	5.3	0	15.5	20.8	26
04	Dairy produce, eggs, honey, etc.	.49	.01	3.92	—	4.4	0	192.6	197.0	2
01	Live animals	—	—	.31	—	.3	0	220.4	220.8	0
05	Products of animal origin, etc.	—	—	0	—	0	0	490.1	490.1	0
14	Vegetable planting materials	—	—	—	—	0	0	77.8	77.8	0
	Total	1,313.7	4,186.4	6,100.0	293.5	11,893.6	100.0	29,985.9	41,879.5	28

[1]In order to compare U.S. and EU, agricultural imports consist of HS Chapters 1—24.

[2]U.S. imports are based on free-on-board (f.o.b.) prices.

[3]EU imports are based on cost, insurance, freight (c.i.f.) prices. In 2002, $1 = 1.0626 €.

Source: United States International Trade Commission Web Database and OECD (2005).

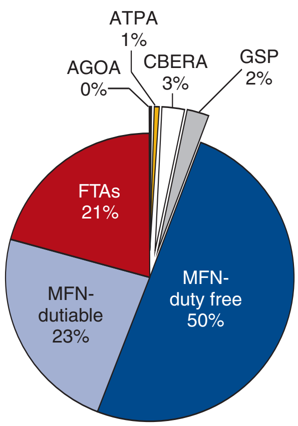
takes place at MFN rates. Over two-thirds of this MFN trade enters duty-free. Imports under free trade agreements (FTAs), of which the U.S. was partner to three in 2002 (NAFTA, the U.S.-Israel FTA, and the U.S.-Jordan FTA), accounted for 21 percent of total agricultural imports. Among different nonreciprocal preferential programs, CBERA accounted for 2.6 percent, GSP (including GSP/LDC) 2.3 percent, ATPA less than 1 percent, and only a small fraction was imported under AGOA in 2002.

Trade Under EU Preference Programs

As an EU trade and tariff database comparable to that found on the U.S. International Trade Commission website was not accessible, this analysis relies on information gathered from various sources and thus provides only a glimpse of trade in recent years under various trade programs. According to a recent study by the OECD, EU agricultural imports totaled almost 66.6 billion euros (≈ $62.6 billion) in 2002, 63 percent of which was imported from developing countries. Agricultural imports at MFN rates accounted for about 68.4 percent of the total, another 17.9 percent was imported under nonreciprocal preferential trade programs and the remaining 13.7 percent was imported under reciprocal preferential trade programs (fig. 3). About two-thirds of MFN imports came from developing countries and almost 48 percent of MFN imports entered duty-free.

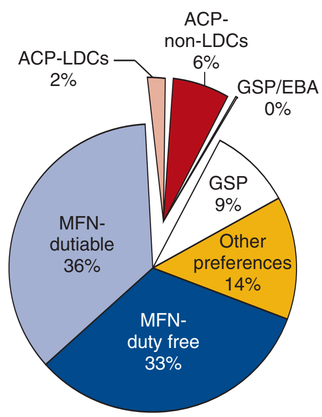
As figure 3 shows, within the nonreciprocal preferential imports considered here, the import share of the LDC group was the lowest at 2.4 percent. This included exports from LDCs under both the ACP regime and the GSP-EBA program. The remaining GSP countries accounted for 9.2 percent of EU agricultural imports and the ACP (non-LDC) countries 6.3 percent. Preferences tend to be most important to the low-income exporting countries if that importance is measured by the proportion of their trade that entered under these programs. Over 70 percent of all LDC exports to the EU were covered by preferences. About 63 percent of trade from the remaining ACP countries entered under preferences, under either ACP or GSP. By contrast,

Figure 2
U.S. agricultural imports by tariff regime, 2002



Note: See Glossary for acronym definitions.
Source: Economic Research Service, USDA.

Figure 3
EU agricultural imports by tariff regime, 2002



Note: See Glossary for acronym definitions.
Source: Economic Research Service, USDA.

most of the imports from the remaining GSP beneficiaries, those not eligible to export under the ACP program, came under MFN rates with only 18 percent covered by GSP preferences.

Of the 171 countries eligible to ship under these programs in 2002, 132 made use of preferences in exporting agricultural products to the EU. Agricultural imports from beneficiaries under nonreciprocal programs were valued at 11.9 billion euros, accounting for 28 percent of total EU agricultural imports from these countries (table 2). The main agricultural exporters under these programs in 2002 were the Ivory Coast (6.7 percent), Argentina (6.5 percent), China (5.0 percent), India (4.2 percent), and Kenya (4.1 percent).[9] The top 20 accounted for two-thirds of total nonreciprocal EU agricultural imports versus 90 percent in the U.S. Among the most important beneficiaries in both the EU and U.S. markets were some of the world's largest agricultural traders, including Brazil, Argentina, India, Indonesia, and Colombia. But there were some differences in the country composition of agricultural imports under nonreciprocal programs. China, the Ivory Coast, and Kenya accounted for significant shares in the EU market but were not important exporters to the U.S. In fact, China was not a designated beneficiary under U.S. programs, nor were Iran, Cuba, Malaysia, and Vietnam, other beneficiaries of EU nonreciprocal trade preference programs. By contrast, Thailand, Turkey, Chile, and Poland, other large exporters of agricultural products, accounted for high shares in the U.S. market while exporting only small, if any, amounts under EU programs.[10]

There were also some relatively small exporters that figured prominently in EU trade. Mauritius, the Bahamas, Senegal, and Madagascar were among the top 20 largest beneficiaries from EU programs. The latter two are LDCs and accounted for 2.5 percent and 1.9 percent of total nonreciprocal agricultural imports by the EU, respectively. The U.S., on the other hand, imported little from LDCs, with the top LDC agricultural exporter to the U.S. being Malawi, with about 1 percent of total U.S. preferential imports. As a group, the LDCs accounted for 13.5 percent (1.6 billion euros) of EU preferential imports versus only 1.7 percent ($53 million) of U.S. preferential imports.

In general, the top product categories imported by the EU under nonreciprocal programs were very similar to those imported by the U.S., reflecting the range of products produced in developing countries. The main exception was found in the fish and shellfish category, which accounted for almost 30 percent of EU nonreciprocal preferential imports versus almost zero in the case of the U.S. (table 3). Most U.S. imports of fish and shellfish take place at MFN tariffs that have been bound at zero. Other important EU product imports included fresh fruits and nuts (15 percent), processed meat and seafood products (8.4 percent), and sugars and confectionery products (6.4 percent). For both donors, imports under nonreciprocal programs would be higher except for the fact that they already have bound a large subset of their tariffs at zero. These bindings are often on tropical products, which are not widely produced in the U.S. or EU and thus do not directly compete with domestic production. For instance, in the U.S. tariff schedule, tropical products such as coffee; tea; cocoa beans, butter and paste; bananas and plantains; cashews; vanilla beans; and coconut oil all have tariffs that have been bound at zero.

[9] If nonagricultural trade is included, China accounted for 33.1 percent of the total value of EU imports under the GSP in 2002, followed by India at 11.5 percent, and Indonesia at 4.8 percent (EU Business, 2004). The main exporters under the Cotonou Initiative were Nigeria (16 percent of total EU ACP imports), Ivory Coast (9 percent), and Angola (7 percent).

[10] The EU had reciprocal trade arrangements with both Poland (now an EU member) and Turkey in 2002.