Facts on Global Reform

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Study Shows Greatest Benefits to Sub-Saharan Africa from Global Market Access Liberalization

Summary of "Africa in the Doha Round: Dealing with Preference Erosion and Beyond"
By Yongzheng Yang
International Monetary Fund Policy Discussion Paper, November 2005

A recent study by an IMF economist argues that the lowering of barriers by developing countries (including sub-Saharan Africa (SSA)) is essential to SSA's realization of substantial gains from the Doha Round.

- Without significant developing country market opening, SSA will derive only small gains from the Doha round (percentage increases in income would be much lower for SSA (0.1%) than for high income countries (0.25%)).

- Under complete barrier elimination, SSA's percentage income increase from Doha (1.1%) is nearly double that of high income countries (0.6%).

"And, rather than try to retain trade preferences, Africa can best pursue its development interests in the Doha Round by strengthening its commitment to liberalization while demanding generous reciprocity from its trade partners. African countries should use special and differential treatment primarily to maximize the benefits of reciprocal liberalization and to alleviate the adjustment costs arising from their own liberalization and from preference erosion."

The author argues that SSA should modify their current negotiating strategy to bring about additional benefits from Doha and overwhelm any losses associated with the erosion of tariff preferences.

- **First**, SSA should seek market access increases in developing countries where barriers are much higher than in industrialized countries and where SSA exports have been growing rapidly. 31% of SSA exports are currently to developing countries.

- **Second**, SSA, including least developed countries, should engage in reductions of their own bound and applied tariffs for gains in domestic efficiency and improvement in the internal investment climate to foreign investors, vital for their development prospects.

- **Third**, SSA willingness to reduce their own barriers should gain them even greater market access gains from their trading partners.

- **Fourth**, instead of using "special and differential" to avoid market liberalization, SSA should use it to gain concessions easing or reduce their adjustment costs to freer trade.