

MACMap-HS6 2007, AN EXHAUSTIVE AND CONSISTENT MEASURE OF APPLIED PROTECTION IN 2007

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ABSTRACT. The third version of the MACMap-HS6 database, built as a result of a joint effort of CEPII (Centre d'Études Prospectives et d'Informations Internationales, Paris) and ITC (International Trade Centre, Geneva), based on ITC's MACMap raw data, proposes an exhaustive and consistent measure of applied, preferential tariff protection in 2007. The methodology, similar to the one used for previous versions, relies on reference groups of countries to limit the endogeneity bias faced when computing ad valorem equivalents of tariff protection, and when computing averages at aggregate levels. The world average applied protection level in 2007 is estimated to be 4.4%. Compared to 2004, this is a decline by nearly 0.7 percentage point, mainly due to unilateral liberalizations and to new preferential trade agreements. The decline in the ad valorem equivalent of specific tariffs of some agricultural products, linked to the surge in world prices, lowers the average protection. In the opposite way, the increasing share of developing countries, where protection is higher, tends to raise the world average.

JEL Classification: F02; F13; F15; F18.

Keywords: Protectionism; Tariffs; Trade policies; Databases.

RÉSUMÉ. La base de données MACMap-HS6 résulte d'un travail mené conjointement par le CEPII (Centre d'Études Prospectives et d'Informations Internationales, Paris) et le CCI (Centre de Commerce International, Genève) sur les données source de MACMap du CCI. Elle propose une mesure exhaustive et cohérente de la protection tarifaire appliquée en 2007. La méthodologie, proche de celles utilisées dans les versions précédentes, s'appuie sur des groupes de pays de référence pour limiter le biais d'endogénéité, tant lors du calcul de l'équivalent ad-valorem des droits de douane que lors de leur agrégation sectorielle et/ou géographique. En 2007, le droit de douane moyen appliqué par l'ensemble des pays du monde est estimé à 4,4%, en baisse de 0,7 point de pourcentage par rapport à 2004. Les libéralisations unilatérales et l'entrée en vigueur de nouveaux accords commerciaux préférentiels sont à l'origine de ce mouvement d'ouverture. S'y ajoute la baisse des équivalents ad-valorem des droits de douanes spécifiques sur certains produits agricoles, consécutive à la hausse des prix mondiaux. À l'inverse, la part croissante des pays en développement – dont la protection aux frontières est plus élevée que celle des pays développés – augmente le niveau de protection mondiale.

Classification *JEL* : F02 ; F13 ; F15 ; F18.

Mots-Clefs : Protectionnisme ; droits de douane ; politiques commerciales ; bases de données.

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1. INTRODUCTION

When analyzing trade policies at a global level, the first challenge met is merely to put together consistent and reliable information about border protection. Non-tariff barriers are widely recognized as important and a large body of literature has been devoted to their assessment. Our focus here is on tariff duties which, although directly quantifiable, are not easily assessed at the world level. The source information is public, and notification commitments even provide World Trade Organization (WTO) members a formal institutional framework to collect it, at least for protection applied on a Most Favored Nation (MFN) basis. However, with an ever increasing number of preferential trade agreements (PTAs), MFN protection is only a tiny part of the whole information needed, even too little to be called "the emerged part of the iceberg". This increasing variability of each country's protection across trading partners multiplies the complexity of protection patterns: in addition to being defined country by country at tariff line level (i.e., for thousands of products), protection may also vary across partners. Another difficulty is the variety of instruments: even though ad valorem duties are by far the main border measure, several other types of duties are used, besides tariff rate quotas (TRQs). A consistent and comparable measure across products and countries can only be obtained as a result of ad valorem equivalent (AVE) calculations.

Since 2000, CEPII and ITC have engaged a joint effort to treat this information, so as to build an exhaustive and consistent database measuring ad valorem equivalent protection at the six-digit product level, applied by each country to each trading partner. Based on ITC's data collected country by country about tariff-line level protection, a robust and consistent methodology is applied to build a database of AVEs suitable for analytical purposes, *MAcMap-HS6*. The first two versions of this database, describing applied protection in 2001 (Bouët et al., 2001, 2008) and 2004 (Boumellassa-Guimbard et al., 2009), have been used in a number of studies and served as the source of protection data in GTAP, the database now used by most global computable general equilibrium (CGE) models (Dimaranan, 2006; Narayanan and Walmsley, 2008).

As a result of the continuation of this joint effort of CEPII and ITC, this article presents the third version of *MAcMap-HS6* (hereafter referred to as *MAcMap-HS6 2007*), measuring AVE protection worldwide at the six-digit product level for 2007. Contingent protection is not considered. To the extent possible, this new version follows the methodology already used in the previous ones, so as to make comparisons across time as easy and meaningful as possible. As before, reference groups of countries are used to minimize endogeneity while computing unit values and aggregating protection. A three-year span centered on the year studied (i.e., year 2006 to 2008, in the present case) is still the reference for trade figures, and more generally the methodology still gives priority to consistency and robustness. Marginal changes were introduced where they undoubtedly brought significant improvement, for instance in the treatment of TRQs.

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