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Overseas Development  
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# **South-South Trade in Special Products**

Christopher Stevens, Jane Kennan and Mareike Meyn, ODI

**ICTSD/IPC Roundtable, Glion, 22 January 2007**  
SESSION I: MARKET ACCESS FLEXIBILITIES

# Scope of the project

- ❑ The Report aims to identify
  - agricultural products that are important to both, Developing Countries (DCs) exports and imports
  - whether products potentially listed as Special Products (SPs) are relevant in South-South trade
  - which countries need to talk and concerning which products
  
- ❑ The project has:
  - built a trade database on South-South agricultural trade using UN's COMTRADE “mirror data” (2001-2005)
  - used the database for initial review of:
    - main products and trading states
    - overlap with potential SPs

## Scope of the project (2)

- ❑ Limits of the report:
  - 117 countries are covered
    - the focus is on big exporters/importers
    - trade that is less important in absolute terms but relatively important for some countries has not been covered
  - The project does not identify:
    - the goods on which SPs may be applied
    - the measures covered by SP provisions
    - the extent to which products identified as relevant in South-South trade might substitute domestic production of similar products (e.g. rice and millet)
- ❑ The report aims to flag the further analysis possible with the database

# The main products and traders

- ❑ The Report identifies agricultural products considered to be relevant in South-South trade:
  - all products  $\geq 0.5\%$  of DC agricultural exports to the World
    - covering 40 product groups that account for 56% of total DC exports of agricultural products
    - eight broad product groups: meat, fresh vegetables, fresh/processed fruits, beverages, cereals, vegetable oils, sugar, tobacco
  - all significant DCs exporters that direct  $\geq 33\%$  of each product to other DCs
  - the overlap between these products
  - to what extent these overlaps match with potential SP goods
- ❑ The objective is to identify greatest *absolute* DC interests since a consensus must be reached on these

# The results

- ❑ The number is limited because:
  - Only 6 products are:
    - important Southern exports ( $\geq 0.5\%$ ); and
    - important Southern imports ( $\geq 33\%$ ); and
    - listed by ICTSD as potential SPs.
  - only 14 DCs export significantly to 2 or more developing countries
  - only 15 DCs import seven or more country/product combinations
- ❑ But most cases are unique which makes generalisation difficult

# Overlap between potential SPs and major South-South traded goods

Product group	Major DC export	Major South–South export	Potential SP
Beef	Yes	Yes	Yes
Pigmeat	Yes	Yes	No
Chicken	Yes	Yes	Yes
Milk and dairy	No	–	Yes
Tomatoes	Yes	No	Yes
Onions	No	–	Yes
Potatoes	No	–	Yes
Bananas	Yes	Yes	No
Oranges	Yes	Yes	No
Apples	Yes	Yes	No
Vegetable oils	Yes (palm/soya)	Yes	Yes
Tea	Yes	Yes	No
Wheat	Yes	Yes	No
Maize	Yes	Yes	Yes
Rice	Yes	Yes	Yes
Soya beans	Yes	Yes	No
Sugar	Yes	Yes	Yes
Cocoa beans	Yes	Yes	No
Bread, cake etc.	Yes	Yes	No
Food preparations	Yes	Yes	No
Ethyl alcohol	Yes	Yes	No
Fish meal	Yes	Yes	No
Soya oilcake	Yes	Yes	No
Tobacco/cigarettes	Yes	Yes	No
Cotton	Yes	Yes	No

# Most frequent developing country exporters

## 5 or more products

China  
Brazil  
Argentina  
Thailand

## 2 - 4 products

India  
Indonesia  
Malaysia  
Chile  
Colombia  
Egypt  
Paraguay  
Philippines  
United Arab Emirates  
Zimbabwe

# Most frequent developing country importers

## 15 or more product/exporter combinations

China  
Indonesia  
Malaysia  
Hong Kong  
Singapore  
Thailand  
Pakistan

## 5-14 product/exporter combinations

South Korea  
Philippines  
Saudi Arabia  
Iran \*  
South Africa \*\*  
Turkey  
Chile

\* Not a member to WTO

\*\* self selected as developed country to WTO

# Summary: Overlap between potential SPs and major South-South traded goods

- ❑ Only 6 of the 10 products potentially identified as SPs are subject to substantial South-South trade
- ❑ These 6 products fall into four groups:
  1. 2 product groups (beef, some vegetable oils) for which almost all DC imports are sourced in other DCs. *Any SP would therefore mainly affect DC exporters.*
  2. 2 product groups (rice and other vegetable oils) which are also mainly sourced in DCs but for which the preponderance of DCs as a source of imports is not so marked as for the first group.
  3. 1 item (frozen chicken) which is highly country-specific (mainly sourced by Hong Kong and Mexico).
  4. 2 product groups that are widely sourced in both, developed and in developing countries and are subject to trade distorting subsidies: maize, sugar and sugar products.

## Summary: Overlap between potential SPs and major South-South traded goods (2)

- ❑ Only few (large) DCs are major markets for the products that are important in South-South trade.
- ❑ For some countries and some products potential problems of SPs might be solved by bilateral negotiations
  - The analysis shows that for half of the 40 major product lines three or fewer DCs account for 5% or more of a country's exports to other DC.
- ❑ However, there is no clear picture of the source of imports from major DC importers. Many products are widely dispersed with DCs being both, minor and major source of imports
  - This might complicate an agreement on SPs since some importers may wish to protect themselves against imports from developed countries whilst others have no such need
- ❑ Further research should focus on specific bilateral trade links



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