- south-to-south payments are the largest, accounting for 42 percent of the world total; and
- 71 percent of the developing country tariff payments go to other developing countries.
- The effective duty rate paid by small developing countries is often far higher than that paid by industrial countries.[9]

Finally, as regards the revenue implications of tariff reductions, it was noted that only a handful of countries have a tariff share of public revenue which exceeds 15 percent, suggesting this is not a major constraint on progress on liberalization. It was pointed out that there are recent IMF studies on how to deal with a revenue drop-off following liberalization which have recently formally been transmitted to the WTO for consideration by its Members.

Services

The services discussions, it was generally thought, are progressing reasonably well, with a significant number of countries having made services requests, across all four modes and covering a wide array of issue areas. There is a hope that perhaps as many as fifteen countries will table offers by the deadline of end-May. Some developing countries are linking their services participation to other areas (notably Brazil) but others are not.

---

[9] As examples, duties paid by Mongolia and Bangladesh on exports to the US were cited as implying effective duty rates of 16 percent and 14 percent respectively; by comparison, developed countries which paid comparable amounts of duty (e.g., Norway and France respectively) did so on far larger volumes of exports, thus attracting far lower effective rates of duty, on the order of 1 percent or less. These observations are supported by analysis set out in Edward Gresser, "America's Hidden Tax on the Poor: The Case for Reforming U.S. Tariff Policy", *Policy Report*, Progressive Policy Institute, Washington D.C., March 2002.