

Textiles are an important part of the picture. Developing countries will not accept a ratcheting up of the level of ambition in the NAMA aspect of the Round if there is any backsliding on implementation of the Uruguay Round commitment to phase out the ATC. At the same time, while the US and EU have put textiles on the table, there are conflicting interests on textiles amongst the developing countries given that the phase-out of the ATC is not uniformly positive for them—China is generally understood as likely to benefit the most.

One area where there appears to be a lack of clarity concerns the process of dealing with certain non-tariff issues such as environment. For example, environmental goods were described as being in somewhat of a limbo: is the Committee on Trade and the Environment (CTE) or the NAMA negotiating group to negotiate liberalization in this area?

With regard to the question of the potential impact on trade flows of liberalization in the NAMA area, it was observed that the structure of duties collected provides insight as the extent to which tariffs remain important.

Worldwide, duties collected amount currently to about US\$190 billion indicating that there is considerable scope to get some results from tariff cutting. That being said, tariff collections are much smaller for many countries than their stated tariff rates would imply given their level of imports. In Jordan, for example, the duty rate is 70 percent while tariff collections average about 15 percent of imports. Meanwhile, in China, duties collected were about 1 percent of trade at a time when the applied tariff was about 12 percent. It was questioned whether these kinds of gaps might reflect weak administration or perhaps corruption? In China's case, duty remittance for special export processing zones (SEZs) would be a factor that might explain this gap. If one takes into account that actual imports might even be larger than stated in many countries, the extent of *de facto* tariff collection is strikingly small.

Several other interesting observations emerge from duty collection data:

- south to north payments are four times greater than north to north payments;