

## Identification of special products: possible selection criteria

### SUMMARY

- ▶ *Draft proposals on differential treatment for special products provide developing countries with flexibility in meeting their development needs.*
- ▶ *Indicators may help developing countries choose the appropriate set of special products.*
- ▶ *Providing more information and analysis will lead to better choices; assistance may be required.*

The Chairman of the WTO Negotiations on Agriculture has proposed that developing countries be able to designate certain products which concern food security, rural development or livelihood security as “special”.

For chosen special products, developing countries would apply lower tariff reduction schedules over a longer implementation period, and be exempt from minimum access quota provisions. These provisions will help them sustain and develop rural production of these critical products and rural incomes. If development is successful, higher supplies and lower prices may eventually also benefit urban populations as import costs are reduced. The choice of special products will be important to the future development of their agricultural sectors, and to food security goals.

An important question is how to determine the special products. Several indicators are presented which illustrate the implications of a number of possible selection criteria associated with their rationale. These include:

1. Share of production of the product in total agricultural production (rural development);
2. Share of consumption of the product in total apparent agricultural consumption (food security);
3. Share of domestic consumption by domestic production of the product (food security);
4. Share of employment of the product in the total agricultural labour force, or in total agriculture employment (livelihood security).

The first two indicators show the relative importance of individual products in total national agricultural production and consumption. They indicate the degree to which the product is important to the agricultural base, and to the consumption profile of the country. Indicator 3, the self-sufficiency ratio, indicates the extent to which domestic production

exceeds or falls short of domestic consumption; as this ratio exceeds unity, the less will the product be affected by market access provisions.

Indicator 4, for which readily available data is limited, shows the share of the agricultural labour force engaged in growing certain products. The latest data available for the countries reported are from the FAO Farm Data Handbooks, 1994, 1995 and 1996. The computation was performed by dividing the national average farmer-days per hectare for individual crops by 225 (available working days per year). This provided an indication of employment (in person years) generated per hectare for that crop. Thus, for each crop, this ratio multiplied by the total area, divided by the total population active in agriculture, generated the share of employment of that product in total agriculture. Table 1 provides details of some selected cases.

Special products could indicate the most important in production, consumption and employment according to the above criteria. However, there are two caveats in the use of these indicators.

- ▶ First, although not traded, a locally produced crop or product such as cassava or yam could be displaced by an imported substitute product not produced in that country, such as cheap wheat flour. There may be a need for a tariff on the imported substitute (wheat flour) rather than the special product, in this case cassava or yam.
- ▶ Second, the indicators are national aggregates, thus may not fully reflect the regional importance of products within a country. For example, in Ethiopia, wheat production constitutes 9 percent of total agricultural production and 2.5 percent of total agricultural labour; however, in certain parts of the country it accounts for more than 60 percent of agricultural labour .

**Table 1: Indicators of “special product” for selected countries and commodities**

		HS CODE	Percentage share of product in total agriculture production	Percentage share of product in total agricultural consumption	Ratio of domestic production and consumption	Percentage share in total employment in agriculture
<b>ETHIOPIA</b>	Maize	1005	20	20	0.9	4.5
	Sorghum	1007	9	11	0.8	2.7
	Wheat	1001	9	13	0.6	2.5
	Barley	1003	7	7	0.9	1.5
	Potatoes	0701	3	3	1.0	0.1
	Millet	1008.2	2	2	1.0	0.6
<b>NIGER</b>	Millet	1008.20	52.9	47.9	1.0	37.2
	Sorghum	1007	11.2	10.2	1.0	24.3
	Onions	0703.10	6.7	4.9	1.2	0.1
	Rice	1006	1.5	4.5	0.3	0.3
	Cassava	0714.10	3.5	4.3	0.7	0.1
	Groundnuts	1202.1	2.7	2.4	1.0	2.5
	Tomatoes	0702	2.4	2.2	1.0	0.1
<b>NIGERIA</b>	Cassava	0714.10	26.5	25.6	1.0	17.4
	Yams	0714.90	20.9	20.2	1.0	16.8
	Sorghum	1007	6.2	6.0	1.0	16.2
	Millet	1008.20	4.9	4.7	1.0	17.9
	Maize	1005	4.0	3.9	1.0	11.4
	Rice	1006	2.7	3.5	0.7	8.8
	Groundnuts	1202.1	2.3	2.2	1.0	7.6
	Sweet Potatoes	0714.20	1.8	1.7	1.0	0.6
<b>CAMEROON</b>	Plantains	0803	1.5	1.5	1.0	7.8
	Plantains & Bananas	0803	22.5	20.0	1.1	2.7
	Cassava	0714.10	22.3	21.8	1.0	3.9
	Maize	1005	9.0	8.2	1.1	4.4
	Sorghum	1007	4.6	4.5	1.0	0.2
<b>ZAMBIA</b>	Tomatoes	0702	3.0	3.0	1.0	0.2
	Cassava	0714.10	29.8	24.2	1.0	1.5
	Maize	1005	26.8	39.6	0.5	7.6
	Wheat	1001	2.4	3.7	0.5	0.2
	Millet	1008.20	2.0	1.7	1.0	2.3
<b>BANGLADESH</b>	Groundnuts	1202.1	1.8	1.5	1.0	2.8
	Rice	1006	78.1	72.7	1.0	19
	Potatoes	0701	5.5	5.2	1.0	0.5
	Wheat	1001	4.2	6.3	0.6	1.1
<b>CÔTE D'IVOIRE</b>	Sugar, raw equivalent	1701	2.3	2.4	0.9	0.5
	Yams	0714.90	22.9	24.5	1.0	5.8
	Cassava	0714.10	13.1	14.1	1.0	5
	Plantains	0803	13.1	12.1	1.2	8.1
	Rice	1006	9.4	15.4	0.7	5.1
<b>INDIA</b>	Maize	1005	5.2	5.5	1.0	9.7
	Rice	1006	26.5	25.1	1.1	11.4
	Wheat	1001	14.3	13.5	1.1	2.2

## KEY CHALLENGES

- ▶ To identify the set of special products for each developing country that best meets its development needs;
- ▶ To provide indicators that allow developing countries to facilitate choices of special products;
- ▶ To provide analysis of the implications of alternative choices.