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# IMF Working Paper

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## Fiscal Implications of Multilateral Tariff Cuts

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## IMF Working Paper

Policy Development and Review Department

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#### Abstract

**This Working Paper should not be reported as representing the views of the IMF.**

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The paper contributes to the discussion about the revenue implications of trade reform by assessing the approximate fiscal revenue impact of different liberalization formulae under consideration in multilateral trade negotiations for a group of low- and middle-income countries. The study applies a linear optimization framework to data for bound tariffs, applied tariffs, and imports at the HS-6 digit level for 58 developing countries, and simulates results for different sets of import demand elasticities and developing country “flexibilities.” While only a small number of countries face a significant impact, results point toward the need for complementary fiscal measures in the countries most affected by revenue loss.

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