

Negotiating Group on Market Access

MINUTES OF THE MEETING

Held in the Centre William Rappard on 31 January - 4 February 2005

Chairperson: Ambassador S.H. Jóhannesson (Iceland)

The Negotiating Group adopted the agenda for the meeting as contained in WTO/AIR/2483. The following subjects were addressed in informal mode:

1. Technical issues
 - (a) Product coverage
 - (b) Treatment of unbound tariff lines in relation to the formula
 - (c) *Ad valorem* equivalents
 - (d) Data availability
 - (e) Flexibility in paragraph 8
 - (f) Provisions of flexibility for developing country participants in sectorals
 - (g) Newly acceded Members shall have recourse to special provisions for tariff reductions
 - (h) Elimination of low duties
 - (i) Non-reciprocal preferences
 - (j) Environmental goods
2. Non-tariff barriers (NTBs)
 - (a) NTB notifications by Members - TN/MA/W/46/Add.9 (Cuba), TN/MA/W/46/Add.10 (Korea)
 - (b) Members' NTB submissions/proposals:
 - Non-tariff barriers – Building codes and the wood products sector – Some suggested negotiating opportunities (TN/MA/W/48) - New Zealand and the United States
 - US Proposal on negotiating NTBs related to the automobile sector (TN/MA/W/18/Add.6) - United States

(i) *Newly acceded Members shall have recourse to special provisions for tariff reductions*

(At the request of the representative of Croatia, the statement made by Croatia on behalf of Albania, Croatia, Georgia, Jordan, Moldova and Oman under this point has been reproduced below.)

1.1 The representative of Croatia speaking on behalf of six recently acceded countries (RAMs), namely Albania, Croatia, Georgia, Jordan, Moldova and Oman stated that this subject merited a thorough and careful examination after being part of the negotiating programme since Doha. He hoped that the order by which the Chairman had put the questions for discussion did not reflect the sequence of their importance on the Group's agenda. For the RAMs, all issues on the agenda were equally important, and no question was agreed until all the questions were agreed.

1.2 Regarding the Secretariat document TN/MA/S/13, he stated that even though this document provided necessary background information on the history of sectoral initiatives within WTO, the RAMs had been hoping to see more details as regarded the sectoral commitments that Members had undertaken. However, they understood that the lack of relevant data represented a significant problem to the Secretariat to produce a more informative document.

1.3 He recalled that this group of countries were the initiators of the text in paragraph 9 of the Doha Declaration. In this paragraph, the members of this group and their concerns were explicitly listed. Having inserted their concerns in the Doha Declaration, they had expected to make other Members aware of the somewhat special position of their countries within the membership and in these negotiations. In the process before the Cancún Ministerial they had made negotiating proposals, articulated their position and clarified their preferences with regard to the texts that were drafted at that time. During this period of time, the group had departed from its original position and displayed a remarkable deal of flexibility in order to help conclude the negotiations on modalities. Today, this group of countries was ready to engage in discussions and to start its efforts to help conclude the modalities package before the Hong Kong Ministerial. Hopefully, there would be a more positive ending than the previous time.

1.4 He wished to provide some answers to the questions posed often to these countries in the course of these negotiations. He hoped that these answers would help other Members understand better the position of this group of countries and remove the misconceptions that this group was sometimes faced with in this organisation.

1.5 The group was confronted sometimes with the qualification that they were solely interested in one particular fragment of negotiations, namely the question of RAMs. However, these voices failed to understand the nature of the group's position, and the fact that the interests and concerns of this group of countries covered all areas of these negotiations. To illustrate the variety of the group's concerns, he recalled that RAMs had bound almost 100% of their tariff lines and expressed them in *ad valorem* duties only. Simple averages for non-agricultural duties in their countries were within the tight margins of between 5 % and 6.6 %. The large portion of their tariff structure consisted of so-called "nuisance duties". Furthermore, their countries maintained fully liberal and WTO compatible regimes in respect of non-tariff measures. This group of countries had already significantly exposed their domestic industries, that were undergoing the difficult process of transformation and transition, to tough international competition. This has been done in an international competitive environment where tariff protection in other markets was generally at a much higher level. These basic facts provided strong evidence for the reasoning behind their concern in the negotiations on unbound duties, formula, sectoral initiative, low duties, flexibilities to RAMs, and so on.

1.6 They had also heard some claims that members of this group were not ready to participate in this Round and were not favouring trade liberalization. To respond to such claims, he wished to say that their countries were models for the trade liberalization process, especially keeping in mind that

these countries had undertaken far reaching liberalization measures in an extremely short period of time regardless of their stage of development and vulnerability. This group of countries was ready to contribute their share to the ongoing Round, but their concern was that the results of the Round could deepen existing inequalities in the tariff structure of Members by punishing those that had liberalized their markets.

1.7 This RAMs were aware of how difficult it would be to apply a one-size-fits-all approach to the membership when designing the formula for the reduction of tariffs. It would not seem justifiable to apply the same principle to countries that were not on the same level of development. The decision became even more difficult if one took into consideration the fact that the different levels of tariff protection among Members often did not correspond to their level of development. It was particularly for those reasons that this group of countries would support a mechanism that would ensure different levels of participation in the Round, taking into account Members' current position and level of commitments. Such a tailor made approach would differentiate among membership and bring Members to a more equitable result of the negotiations, which was certainly a goal that all Members should subscribe to.

1.8 The RAMs understood the importance that certain countries were attaching to the sectoral initiative. They understood also that the sectoral initiative did not imply necessarily the elimination of tariffs. Even though the RAMs would be prepared to examine alternative approaches to this initiative, he wished to recall that in this area, just like in tariffs, their countries were in a more advanced stage than the majority of other Members. Fortunately, data was available in the new document issued by the Secretariat which could serve as another witness of the far reaching commitments undertaken by their countries when acceding to the WTO.

1.9 Therefore this group of countries believed that sectoral elimination should be applied on a voluntary basis. A balanced result could be achieved, only if the sensitivities and particularities of Members were taken into consideration. This would be possible if Members were given the right to judge the impact of tariff elimination in certain sectors on their respective economies. One could not speak of a balanced result if their countries would have to give preferential treatment to countries that were at a higher level of development.

1.10 In the case of RAMs, the sectors mentioned so far in these negotiations were of vital importance to their fragile industries. Those industries were meant to be the engine of industrial growth. Moreover, the RAMs believed that present tariffs in those sectors did not pose a real obstacle to other Members to export to their markets.

1.11 The question of low duties was also a key question and of interest to this group of countries. The proposed abolishing of duties that were below a certain level could cause severe disruption to production and export performance in their countries. He recalled that the vast majority of tariffs in these Members were in the region of between 0%-5%. Giving up on those minimal levels of protection would imply that these countries were giving up on the majority of their tariffs. In addition, they did not think that this proposed abolition would affect equally Members. Such a proposal would be aimed against those that had liberalized more and had displayed flexibility and readiness to contribute to the global trade system.

1.12 Listening to the arguments he had made so far on behalf of the RAMs, one could perhaps say that their interests in the current negotiations were primarily defensive ones. But, he assured Members that the RAMs firmly believed in liberalisation and were encouraging other Members to follow the group's path and demonstrate the same level of courage and ambition that they had demonstrated in the process of accession.

1.13 Turning to the questions the Chairman had asked in order to stimulate the discussion, he wished to reiterate their position. A position which had been made repeatedly throughout the process of preparation for the Cancún Ministerial and in the period that had followed. These countries believed that the proposal made in TN/MA/W/35/Rev.1, namely that RAMs should have recourse to a different coefficient in the formula, with a certain grace period before starting the implementation of new commitments, and longer implementation period for the new commitments, was an appropriate one. Additionally, these countries were requesting exemption from the obligation to eliminate low duties, and that flexibilities would be given to RAMs when it came to sectoral initiatives.

1.14 These countries believed that in the course of negotiations, they had provided Members with enough arguments that would favour such treatment for their countries. He also believed that the most important argument of this group of countries was their level of commitments which could easily be compared to other countries' commitments and levels of development.

1.15 Once again he wished to remind Members of the positive spirit and engagement that the RAMs had displayed on numerous occasions in the course of these negotiations. This group of countries was ready to continue the work constructively and ambitiously with an open ear to the concerns of other Members, but they were expecting the same treatment in return.

1.16 The purpose of this statement was not to present Members with the RAMs' wish list of concessions and requests. On the contrary, it was intended to contribute to an equitable and balanced result at the end of the round.
