

**MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS**

Update on the Negotiations on the Sectoral Tariff Component

*Communication from Singapore*

Addendum

The following communication, dated 30 January 2006, is being circulated at the request of the delegation of Singapore.

**Introduction**

1. Paragraph 7 of Annex B of the Decision adopted by the General Council on 1 August 2004 recognises the importance of the sectoral tariff component as another key element to achieving the objectives of paragraph 16 of the Doha Ministerial Declaration, with regard to the reduction or elimination of tariffs, in particular on products of export interest to developing countries. To that end, good progress has been made in this important component, on the basis of an informal Member-driven process. As noted in the Chair's Report to the TNC (Annex B of WT/MIN(05)/DEC), work has been ongoing in a number of sectors based on a critical mass approach. These sectors include bicycles, chemicals, electronics/electrical equipment, fish, footwear, forest products, gems and jewellery, pharmaceuticals and medical equipment, raw materials and sporting goods, apparel, auto/auto parts and textiles.

2. At Hong Kong, Ministers instructed the Negotiating Group on Market Access (NGMA), under paragraph 16 of the Hong Kong Ministerial Declaration (WT/MIN(05)/DEC), to "review proposals with a view to identifying those which could garner sufficient participation to be realized", based on participation on a non-mandatory basis. In view of the agreed timeline of 30 April 2006 to establish NAMA modalities, Members would now need to intensify work in this area and finalise the details of this modality as soon as possible.

3. This submission provides an overview of the sectoral tariff initiatives taking place in the NGMA and updates the NGMA on the progress of these initiatives.

**Overview of Sectoral Tariff Initiatives**

4. The sectoral tariff component of the NAMA negotiations is largely an informal process, with interested members forming groups in particular sectors to work on the modalities. These groups meet<sup>1</sup> at the fringes of NAMA weeks and continue their work intersessionally via electronic means. Industry representatives in various sectors would sometimes host or participate in such meetings.

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<sup>1</sup> The hosts of the informal groups would usually announce their intention to hold meetings at the opening plenary session of each NAMA cluster and provide oral or written reports of the meetings at the end of each NAMA cluster.

5. Many of these informal meetings have led to papers submitted to the NGMA. These papers provide overviews of the sectors and the modalities for the sectoral negotiations like product coverage and special and differential treatment. To date, eight papers have been tabled<sup>2</sup>. A summary of the papers tabled is attached at Annex A.

### **Elements of Modality**

6. While progress in each of the sectorals is varied, the discussions across all the sectoral groups have focused on the modality for the sectoral negotiations. Some of the elements of the modality include:

- **Product coverage:** List of products to be included in the sectoral.
- **Critical Mass:** The level of critical mass and whether share of world trade and/or global production figures should be used.
- **Final target rates:** Whether tariffs in the sector should be eliminated or harmonized.
- **Options for S&D:** Longer implementation periods, different implementation patterns, harmonization instead of elimination for certain products, limited product exclusion etc.

7. Details of the modality are still under negotiations. As this is an informal process, delegations are free to brainstorm ideas and articulate concerns during the meetings. Participation does not prejudice Members' positions on sectoral negotiations and does not commit Members to joining the sectorals. Members are in fact strongly encouraged to participate in the meetings.

### **Way Forward**

8. Work has to be intensified before we can conclude the DDA negotiations by the target deadline of 2006. The sectoral tariff component is no exception. The paper tabled by Canada and US on "How to Create a Critical Mass Sectoral Initiative" (TN/MA/W/55) highlights the process involved in the critical mass approach and serves as a useful reference for Members. The key challenges facing this component of the NAMA negotiations are finalizing the details of the modality and garnering sufficient participation across a wide range of sectors.

9. While the informal process has generated good progress, some Members have articulated concerns like the lack of information and conflicts in meeting schedules, especially for smaller delegations. The following process-related suggestions could be considered in taking the work forward:

- **Schedule of Meetings:** Meetings, if possible, should be notified to the membership in advance. Hosts of some sectoral groups currently do make announcements of their meetings at opening plenarys but some delegations may have already scheduled bilateral or regional group meetings by then. Hosts of sectoral meetings could consider submitting their meeting schedule to the WTO Secretariat in advance, so that the schedule could be faxed or sent by email to all Members.

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<sup>2</sup> The eight sectors are: gems & jewellery, forest products, fish and fish products, bicycle and related parts, sports equipment, electronics/electrical, chemicals and raw materials.

- **Submission of Papers:** The submission of sector-specific papers to the NGMA is not an indication of the level of progress in the sectoral discussions. However, such informative papers help to increase awareness, enhance transparency and facilitate Members in consulting their stakeholders. Sectoral proponents that have yet to table papers are encouraged to do so.
- **“Priority Matrixes”:** Hosts of a few sectoral groups have circulated “priority matrixes” for participants to respond. Participants are encouraged to fill in details like priority products, desired level of critical mass, and preferred options for special and differential treatment. The hosts would consolidate the responses and circulate to the informal group for discussion. This is a useful exercise for the sectoral groups to proceed with substantive negotiations. Sectoral groups who have not done so may wish to consider this option as a way to advance the negotiations.

**Annex A: Summary of Papers Tabled on Sectoral Tariff Initiatives**

<b>Sector</b>	<b>Document</b>	<b>Co-Sponsors</b>	<b>Product Coverage</b>	<b>S&amp;D Treatment</b>
<b>Bicycle and Related Parts</b>	JOB(05)/202	Japan; Singapore; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; and Thailand	HS 401150, HS 401320, Ex 731511 (roller chain of a kind used on bicycles) Ex 732020 (stainless steel spring for bicycle valve inside core use) Ex 848180 (valves, inner-tube, for bicycles) HS 851210, HS 871200, HS 871491, HS 871492, HS 871493, HS 871494, HS 871495, HS 871496, Ex 871499 (other parts and accessories of bicycles and other cycles, not motorized)	Possible options might include <ul style="list-style-type: none"> <li>- Longer implementation period</li> <li>- Harmonization levels for certain products</li> <li>- Limited product coverage exemption</li> <li>- Others?</li> </ul>
<b>Chemicals</b>	TN/MA/W/58	Canada; Japan; Norway; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; Singapore; Switzerland; and the United States	HS Chapters 28 - 39	Possible options might include the following: <ul style="list-style-type: none"> <li>- Longer implementation periods for all chemical products</li> <li>- Different implementation periods in certain products/sub-sectors</li> <li>- Zero for “x”</li> <li>- Participation in certain sub-sectors</li> </ul>
<b>Electronics/ Electrical</b>	TN/MA/59 TN/MA/59/Add.1	Japan; Korea; Singapore; Thailand and the United States	Product coverage should be wide-ranging and simple for Members to implement. Broad product coverage that would include a significant range of products, potentially including information technology, electrical equipment and machinery, semiconductors, audio visual products and consumer electronics	Options could include, but not limited to, the following: <ul style="list-style-type: none"> <li>- Longer implementation periods</li> <li>- Different implementation patterns for different product groups or sectors</li> <li>- “Zero for X”</li> <li>- Participation in a smaller number of products</li> </ul>

Sector	Document	Co-Sponsors	Product Coverage	S&D Treatment
<b>Fish and fish products</b>	TN/MA/W/63	Canada; Iceland; New Zealand; Norway; Singapore and Thailand	HS 0509, HS 0511.91, HS 03, HS 1504.10, HS 1504.20, Ex HS 1603 (juices and extracts of meat and fish), HS 1604, HS 1605, HS 2301.20	S&D might include: <ul style="list-style-type: none"> <li>- Zero for zero</li> <li>- Zero for X harmonization</li> <li>- Tariff harmonization</li> <li>- Credits for participation if this is agreed as part of the modalities for the formula</li> </ul> Longer implementation periods and/or different implementation patterns
<b>Forest Products</b>	TN/MA/W/64	Canada; Hong Kong, China; New Zealand; Thailand and the United States	HS Chapters 44, 47, 48, and 49, and additional products in Chapter 94 (e.g. some furniture items and pre-fabricated buildings)	Possible options might include, but not limited to, the following: <ul style="list-style-type: none"> <li>- Varied implementation period periods to accommodate different needs</li> <li>- Zero for X (some Members eliminate tariffs while others reduce and harmonise them)</li> <li>- Limited product exemption</li> </ul> Participation credits (if this is agreed as part of the modalities for the formula)
<b>Gems and Jewellery</b>	TN/MA/W/61 TN/MA/W/61/Add.1	Hong Kong, China; Japan; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; Singapore; Switzerland; Thailand and the United States	Articles under Chapter 71 of the HS, which includes pearls, diamonds, precious stones, synthetic stones, silver, gold, platinum, jewellery, imitation jewellery, and coin.	Options may, <i>inter alia</i> , include: <ul style="list-style-type: none"> <li>- Longer implementation period</li> <li>- Limited products exclusion</li> <li>- Zero for X</li> </ul>
<b>Raw Materials</b>	TN/MA/W/37/Add.2	United Arab Emirates	HS2515, 2516, 2519, 2523, 2601.1, 2601.11, 2602.00- 2611.00, 2707, 2708, 2710, 2711, 2715.00, 2818, 2820, 7101, 7401.10, 7401.20, 7403.11, 7403.12, 7403.13, 7403.19, 7403.21, 7403.22, 7403.23, 7403.29, 7404.00, 7404.00, 7406.10, 7406.20, 7602.00, 7603.10, 7603.20, 8104.11, 8401.19, 8401.20, 8401.30, 8111.00	Not specified

Sector	Document	Co-Sponsors	Product Coverage	S&D Treatment
<b>Sports Equipment</b>	JOB(05)/201	Japan; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; and Singapore	HS 950611, HS 950612, HS 950619, HS 950621, HS 950629, HS 950631, HS 950632, HS 950639, HS 950640, HS 950651, HS 950659, HS 950661, HS 950670, HS 950691, HS 950699, HS 950710, HS 950720, HS 950730, HS 950790, HS 950800	Possible options might include - Longer implementation period - Harmonization levels for certain products - Limited product coverage exemption - Others?