

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Negotiating Proposal on Non Tariff Barriers
in the Automotive sector

Communication from the European Communities

Addendum

The following communication, dated 20 April 2006, is being circulated at the request of the delegation of the European Communities.

I. BACKGROUND

In line with paragraph 16 of the Work Programme adopted at the WTO Ministerial Conference in Doha in November 2001, and paragraph 22 of the Ministerial Declaration adopted at the WTO Ministerial Conference in Hong Kong on 18 December 2005, the European Communities (hereafter “the EC”) hereby submit its specific negotiating proposal on Non-tariff barriers to Trade in the automotive sector.

The EC proposal, outlined in detail below, responds to the request by the Global Automotive Industry Dialogue (GAID) to the WTO Membership as a whole to seek solutions to NTBs of particular interest to the automotive sector. GAID consists of national automotive associations from seven WTO Members – EC, US Korea, Japan, India, Brazil and Canada. The GAID request and its proposals have also been subject to discussions among government representatives in the informal NTB group on automotives, hosted by the US.

II. MAIN AUTO BARRIERS FOR THE NTB NEGOTIATIONS IN NAMA

This specific negotiating proposal is made in the context of increasing global harmonization of technical motor vehicle regulation under the aegis of two United Nations agreements:

- the 1958 Agreement concerning the adoption of uniform technical prescriptions for wheeled vehicles, equipment and parts which can be fitted and/or be used on wheeled vehicles and the conditions for reciprocal recognition of approvals granted on the basis of these prescriptions (‘the 1958 Agreement’); and
- the 1998 Agreement concerning the establishment of global technical regulations for wheeled vehicles, equipment and parts which can be fitted and/or be used on wheeled vehicles (‘the 1998 Agreement’).

Both of these Agreements are administered by the relevant Committees set up by the Agreement within the Framework of the United Nations Economic Commission for Europe (UNECE).

The trend towards increasing harmonization, stimulated by the important work by WP29 and reflected in the two Agreements mentioned above, is widely acknowledged to benefit manufacturers and vehicle users by preventing needless duplicative testing or variations in design and manufacture where similar goals, particularly of vehicle and user safety, are at stake.

Nearly 50 countries have become signatories to the 1958 Agreement and over 20 have signed the 1998 Agreement. Other countries, despite not having become signatories to either Agreement at this stage, frequently find it useful to refer to the substance of the UN Regulations in drafting their own motor vehicle legislation and to base their own legislation in significant part on UN Regulations.

In some of these cases, however, this legislation is not identical in all respects to the UN Regulations; rather, unique testing requirements are added or other modifications to the UN Regulations are made. The practical effect of such 'partial' harmonization is still to require duplicative testing or variations in design and manufacture. Vehicles sold in those countries, therefore, do not benefit from the harmonization that might be hoped for and will therefore carry a cost penalty that could have been avoided. Clear and consistent technical harmonization, by contrast, would allow consumers to benefit from a more cost-efficient distribution of vehicles. In addition, it would allow administrations to better check compliance with safety and environmental standards.

III. PROPOSED DISCIPLINES ON AUTO STANDARDS AND TECHNICAL REGULATIONS

The EC proposes to reduce or as appropriate eliminate non tariff barriers for the automotive sector following the vertical approach recognized in paragraph 22 of the Hong Kong Ministerial Decision.

The proposed EU disciplines build on, but also further develop, add precision to and facilitate, the implementation of the WTO Agreement on Technical Barriers to Trade (TBT Agreement) for the automotive sector.

The specific disciplines under such a vertical NTB initiative for automotives are:

- Members shall recognize the Administrative Committee under the 1958 Agreement and the Executive Committee under the 1998 Agreement as the international standard setting bodies for automotives.
 - UN/ECE Regulations under the 1958 Agreement and Global Technical Regulations under the 1998 Agreement shall be considered relevant international standards for the purposes of Article 2.4 of the TBT Agreement.
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