

**MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS**

Negotiating Proposal on  
Tariff Elimination in the Gems and Jewellery Sector

*Communication from Hong Kong, China; Japan; the Separate Customs Territory of  
Taiwan, Penghu, Kinmen and Matsu; Singapore; Switzerland; Thailand  
and the United States*

Addendum

The following communication, dated 20 July 2006, is being circulated at the request of the Delegations from Hong Kong, China; Japan; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Singapore; Switzerland; Thailand and the United States.

**I. INTRODUCTION**

1. As proposed in the previous communication of 21 September 2005 (ref. TN/MA/W/61) and 7 November 2005 (ref. TN/MA/W/61/Add.1), tariff elimination in the gems and jewellery sector is another key element to achieving the objectives of the Doha Development Agenda. The participation of Members who are significant producers and traders is necessary for a successful trade liberalization, which in turn promotes economic growth and development. Since the nature of the gems and jewellery industry is composed of several stages where many countries, both developed and developing, involve in, this initiative will benefit each one by increasing trade at every stage of the supply chain.

2. Taking into consideration the Ministerial Declaration adopted on 18 December 2005 (ref. WT/MIN(05)DEC), which instructed the Negotiating Group to review proposals with a view to identifying those which could garner sufficient participation, the following proposal is made for consideration of all Members.

**II. MODALITIES**

**A. PARTICIPATION**

3. As agreed in paragraph 16 of the Hong Kong Ministerial Declaration, participation should be on a non-mandatory basis. A gems and jewellery sectoral initiative in the Doha Development Round should include WTO Members that are key traders as well as producers that have the potential to impact international markets through trade. Critical mass will be attained when sufficient Members agree to participate in this initiative such that their combined total trade reaches a threshold to be determined by Members. To date, interested Members have proposed a critical mass of countries representing [90] percent of total WTO's Members' trade in the agreed product coverage.

**B PRODUCT COVERAGE**

4. A gems and jewellery sectoral initiative should be as comprehensive as possible and simple for participating Members to implement. Therefore, the product coverage should be broad and cover a range of products within the supply chain of the gems and jewellery sector, while taking into account the diverse nature of these products.

5. It is proposed that the product coverage of this sector should cover articles under Chapter 71 of the Harmonized System, which includes pearls, diamonds, precious stones, synthetic stones, silver, gold, platinum, jewellery, and other articles of the products aforementioned, imitation jewellery, and coin. A tentative suggestion for product coverage on the gems and jewellery sector is shown in Annex 1. Additional products of interest to participating Members may be added to the list for consideration. The ultimate decision on product coverage rests with the participants in the agreement.

**C TARGET RATE AND IMPLEMENTATION**

6. This sectoral initiative aims at immediate elimination of tariffs on gems and jewellery products. Such tariff elimination would commence when the agreed critical mass is attained and in accordance with the special and differential treatment outlined below.

**D SPECIAL AND DIFFERENTIAL TREATMENT**

7. Flexibility in implementation of the process could be employed to account for the needs of developing countries. For certain highly sensitive products, up to [X]% of [total value of a Member's import] in the agreed product coverage, Developing Members may elect to implement this agreement based on the following three-step staging.

- First, each Member has to reduce its bound tariffs of those specific tariff lines to [Y] % or the post-formula values, whichever is the lower, over [Z<sub>1</sub>] years in equal installments.
- Second, Members may maintain the tariff rate(s) achieved in the first step, without any reduction, for [Z<sub>2</sub>] years.
- Finally, after the first two steps are attained, Members has to eliminate bound tariffs without further staging.

8. Additional proposals for special and differential treatment are welcomed. Specific conditions and limits for flexibility option will be further discussed while all elements of special and differential treatment will be ultimately decided by the participants in the agreement.

**E MISCELLANEOUS ELEMENT**

9. Nothing in this sectoral initiative shall prevent participating Members to exercise control over movement of gold or silver as necessary in accordance with Article XX and Article XXI of the GATT 1994.

**III. NEXT STEPS**

10. The results of this negotiation will be incorporated into each participating Member's schedule of commitments.

**Annex 1**

**Product Coverage for the Gems and Jewelry Sectoral Initiative**

<b>HS 2002</b>	<b>Description</b>
710110	Natural Pearls, Not Mounted Or Set
710121	Cultured Pearls, Unworked
710122	Cultured Pearls, Worked, Not Set
710210	Diamonds, Unsorted
710221	Diamonds, Industrial, Unworked Or Simply Sawn, Cleaved Or Bruted
710229	Diamonds, Industrial, Worked
710231	Diamonds, Non-industrial, Unworked Or Simply Sawn, Cleaved Or Bruted
710239	Diamonds, Non-industrial, Worked, Including Polished Or Drilled
710310	Precious Stones (Other Than Diamonds) And Semiprecious Stones, Unworked Or Simply Sawn Or Roughly Shaped
710391	Rubies, Sapphires And Emeralds, Otherwise Worked
710399	Semiprecious Stones, Otherwise Worked
710410	Piezo-Electric Quartz, Not Mounted Or Set
710420	Synthetic Or Reconstructed Gemstones, Unworked Or Simply Sawn Or Roughly Shaped
710490	Synthetic Or Reconstructed Precious Or Semiprecious Stones Nesoi, Otherwise Worked
710510	Diamond Dust And Powder, Natural And Synthetic
710590	Dust And Powder Of Natural Or Synthetic Precious (Except Diamond) Or Semiprecious Stones
710610	Silver Powder
710691	Silver, Unwrought Nesoi (Other Than Powder)
710692	Silver, Semi-manufactured
710700	Base Metals Clad With Silver, Not Further Worked Than Semi-manufactured
710811	Gold, Nonmonetary, Powder
710812	Gold, Nonmonetary, Unwrought Nesoi (Other Than Powder)
710813	Gold, Nonmonetary, Semi-manufactured Forms Nesoi (Other Than Powder)
710820	Monetary Gold
710900	Base Metals Or Silver, Clad With Gold, Not Further Worked Than Semi-manufactured
711011	Platinum, Unwrought Or In Powder Form
711019	Platinum Metal, Semi-manufactured
711021	Palladium, Unwrought Or In Powder Form
711029	Palladium, Semi-manufactured
711031	Rhodium, Unwrought Or In Powder Form
711039	Rhodium, Semi-manufactured
711041	Iridium, Osmium And Ruthenium, Unwrought Or In Powder Form
711049	Iridium, Osmium And Ruthenium, Semi-manufactured
711100	Base Metals, Silver Or Gold, Clad With Platinum, Not Further Worked Than Semi-manufactured
711230	Ash Containing Precious Metals Or Precious Metal Compounds
711291	Waste And Scrap Of Gold, Including Metal Clad With Gold But Excluding Sweepings Containing Other Precious Metals
711292	Waste And Scrap Of Platinum, Including Metal Clad With Platinum But Excluding Sweepings Containing Other Precious Metals
711299	Waste And Scrap Of Precious Metal, Nesoi
711311	Jewelry And Parts Thereof, Of Silver
711319	Jewelry And Parts Thereof, Of Precious Metal Other Than Silver
711320	Jewelry And Parts Thereof, Of Base Metal Clad With Precious Metal

<b>HS 2002</b>	<b>Description</b>
711411	Articles Of Silver (Other Than Jewelry), Whether Or Not Plated Or Clad With Other Precious Metal
711419	Articles Of Gold Or Platinum (Other Than Jewelry), Whether Or Not Plated Or Clad With Other Precious Metal
711420	Articles Of Goldsmiths' Or Silversmiths' Wares (Other Than Jewelry) And Parts Thereof, Of Base Metal Clad With Precious Metal
711510	Catalysts, Platinum, In The Form Of Wire Cloth Or Grill
711590	Articles Nesoi, Of Precious Metal Or Of Metal Clad With Precious Metal
711610	Articles Of Natural Or Cultured Pearls
711620	Articles Of Precious Or Semiprecious Stones (Natural, Synthetic Or Reconstructed)
711711	Cuff Links And Studs Of Base Metal, Whether Or Not Plated With Precious Metal
711719	Imitation Jewelry Nesoi, Of Base Metal, Whether Or Not Plated With Precious Metal
711790	Imitation Jewelry Nesoi (Not Of Base Metal)
711810	Coin (Other Than Gold Coin), Not Being Legal Tender
711890	Coin, Nesoi