

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Negotiating Proposal on
Tariff Liberalisation in the Forest Products Sector¹

*Communication from Canada; Hong Kong, China; New Zealand;
Singapore; Thailand and the United States*

The following communication, dated 28 April 2006, is being distributed at the request of the delegations from Canada; Hong Kong, China; New Zealand; Singapore; Thailand and the United States.

I. INTRODUCTION

1. As explained in the previous communication of 18 October 2005, (TN/MA/W/64), full tariff liberalisation in the forest products sector would make an important contribution to the economies of a wide range of importers and exporters in both developed and developing countries.

2. Taking into consideration:

- the Doha Declaration's mandate for the "reduction or elimination of tariff peaks, high tariffs, and tariff escalation...in particular on products of export interest to developing countries";
- the direction from Ministers at Hong Kong to "review proposals with a view to identifying those which could garner sufficient participation to be realized"; and
- the input received from a range of Members in the previous months as outlined in JOB document (06)/30 of 24 February 2006,

the following proposal is made for the consideration of all Members.

II. MODALITIES

3. Product coverage: In the Uruguay Round, a group of WTO Members² agreed to eliminate tariffs in the pulp, paper and paper products sector. It is proposed that both participation and product coverage in that agreement be expanded. In order to maximize interest among participants, this initiative should be as comprehensive as possible. It is proposed that product coverage include Harmonized System Chapters 44, 47, 48 and 49, and additional products in Chapter 94:

Ch. 44 Wood and articles of wood; wood charcoal

Ch. 47 Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard

¹ This document was circulated earlier as a JOB(06)/128.

² Group of WTO Members included Canada; the European Union; Hong Kong, China; Japan; Korea; New Zealand; Singapore and the United States.

- Ch. 48 Paper and paperboard; articles of paper pulp, of paper or of paperboard
- Ch. 49 Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans
- Ch. 94 Products made of wood such as certain furniture items and pre-fabricated buildings. To date, some Members have proposed HS 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.80 and 9406.00.

The ultimate decision on product coverage rests with the participants in the agreement and will be made by 31 July 2006 or as otherwise agreed by Members.

4. Participation: The Members who participated in the Uruguay Round Agreement on pulp and paper products are strongly encouraged to broaden their commitments to include the full range of products to be agreed to by the participants. In addition, the participation of all significant importers and exporters of the products within this initiative will be key to the successful conclusion of an agreement. Least Developed Countries will not be asked to participate, but are welcome to do. To date, interested Members have defined "critical mass" as participation by Members representing 90 percent of world trade. This benchmark is subject to agreement by Members participating in this agreement no later than 31 July 2006 or as otherwise agreed by Members.

5. Implementation: It is proposed that developed and developing countries implement their commitments as soon as possible and no later than the dates specified in the modalities for implementing formula reductions. The ultimate decision on implementation dates will rest with the participants in the agreement and will be made by 31 July 2006 or as otherwise agreed by Members.

6. Special and Differential Treatment for developing countries: All elements of Special and Differential Treatment will be decided by the participants in the agreement by 31 July 2006 or as otherwise agreed by Members. Following are options to be considered:

- (a) Longer Implementation Periods: For a specific number of tariff lines up to a maximum level of trade, developing countries would be permitted to implement their commitments over a period of time that is longer than the implementation schedule to be applied to this agreement.
- (b) Zero for X: Participants will decide whether it is appropriate for developing-country Members to reduce and harmonize their tariffs rather than eliminating them. Participants will decide whether this provision could apply to the full product coverage or to specified lines.
- (c) Limited Product Exemptions: To date, participants have urged as comprehensive a product coverage as possible, and therefore they generally support modalities such as longer implementation periods or "zero for x" rather than product exemptions. Nevertheless, it will be up to all participants in the agreement to decide whether this provision could be used.
- (d) Other: Other proposals for Special and Differential Treatment provisions will be considered if put forward by participants.

III. NEXT STEPS

Participants will reach agreement on the details of the modalities as outlined above by 31 July 2006 or as otherwise agreed by Members.

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