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Negotiating Group on Market Access

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MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Negotiating proposal by Recently Acceded Members (RAMs)

Communication from Albania, Armenia, China, Croatia, Ecuador, Former Yugoslav Republic of Macedonia, Jordan, Kyrgyz Republic, Moldova, Mongolia, Oman, Panama, The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu and Viet Nam

The following communication, dated 23 February 2007, is being circulated at the request of the delegations of Albania, Armenia, China, Croatia, Ecuador, Former Yugoslav Republic of Macedonia, Jordan, Kyrgyz Republic, Moldova, Mongolia, Oman, Panama, The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu and Viet Nam.

INTRODUCTION

1. The question of the appropriate treatment for the RAMs has been on the agenda since the negotiations started back in 2001. Respectively, the specific provisions on the issue of RAMs are present not only in the Doha Declaration, but also in the Framework Agreement and finally in the Hong Kong Declaration. The provisions in those documents represent a clear mandate on RAMs and as such should be used as a stepping stone towards the full modalities in this area of negotiations.

2. Throughout the years the membership of the RAMs group has evolved and is still changing as negotiations proceed. Following the outcome of the consultation process within the GC last summer on the question of the membership in the RAMs, 14 members decided to pursue common goals by forming a coalition recently joined by Viet Nam aimed at streamlining individual efforts into a common voice which we hope could bring benefits to the negotiating process as a whole. Like many other negotiating groups, RAMs have their own particularities, but their goals and ideas are common and justified.

PROPOSAL

3. The position of the RAMs which calls for a differentiated treatment within these negotiations is legitimate due to the fact that in the process of accession the RAMs assumed extensive level of commitments in all WTO areas, distinguishing thereby the group from the rest of the membership. In this regard, RAMs consider that the aim of this development round should not be to deepen already existing discrepancies between developing members, or to disadvantage those that have done their share in contributing extensively to the world trading system. Instead, members should pursue an approach that takes into account different realities which exist among their schedules and envisages more balanced outcome.

4. While understanding the logic behind the current draft modalities as presented in TN/MA/W/80 and welcoming its informative nature, RAMs would nevertheless like to reiterate that the future modalities must meet the mandate as set out in the Framework agreement, namely that “Recently Acceded Members shall have recourse to special provisions for tariff reductions”.

5. RAMs group encompasses many different members that acceded to WTO at different stages under different conditions, while some of the accession processes ended very recently. To that end small low income countries in transition, such as Armenia, Moldova and Kyrgyz Republic have made the proposal to be exempted from further tariff reductions within the current round of negotiations. This proposal has received support by all members. Similarly, in view of their very recent accession processes and respective commitments that they just started to implement Saudi Arabia, Former Yugoslav Republic of Macedonia and Viet Nam requested that they too be exempted from undertaking any further commitments or concessions within the current round. The rest of RAMs considers that the appropriate level of flexibilities that should be awarded to them should be “developing plus”.

6. In this regard, a “developing plus” outcome would involve the following: An implementation period 5 years longer than the implementation period for developing countries, a grace period of 5 years¹ and a coefficient that would be 1.5 times higher than the one for the developing countries. All RAMs should have recourse to the para 8 flexibilities as amended in the following manner: RAMs should have recourse to apply less than formula cuts to up to 15 % of tariff lines provided that the cuts are no less than half the formula cuts, or RAMs may choose exemption from formula cuts for up to 10% of tariff lines. Additionally, low tariffs of RAMs would be exempted from any kind of reductions within this round. Furthermore, members of the group which meet the criteria for SVEs shall have recourse to such treatment.

REASONS

7. As a part of liberalization commitments and obligations RAMs have undertaken in the accession process tariff commitments were set at 100 per cent in binding coverage. The bound rates were close or equal to applied levels, and expressed mostly in *ad valorem* terms. Furthermore, the tariffs were bound at very low levels (bound average is 10.75%) that is 2,69 times lower than the average final bound tariffs of other developing country members (28,9%), as clearly displayed in the attached graph.

8. RAMs’ tariff structure reveals that in average 16.77% of tariffs are bound as duty free, while the bulk of them or 77,1% is set at under 15%. These figures clearly indicate that the magnitude of commitments RAMs undertook within the process of accession could be compared only to commitments assumed by other developed members.

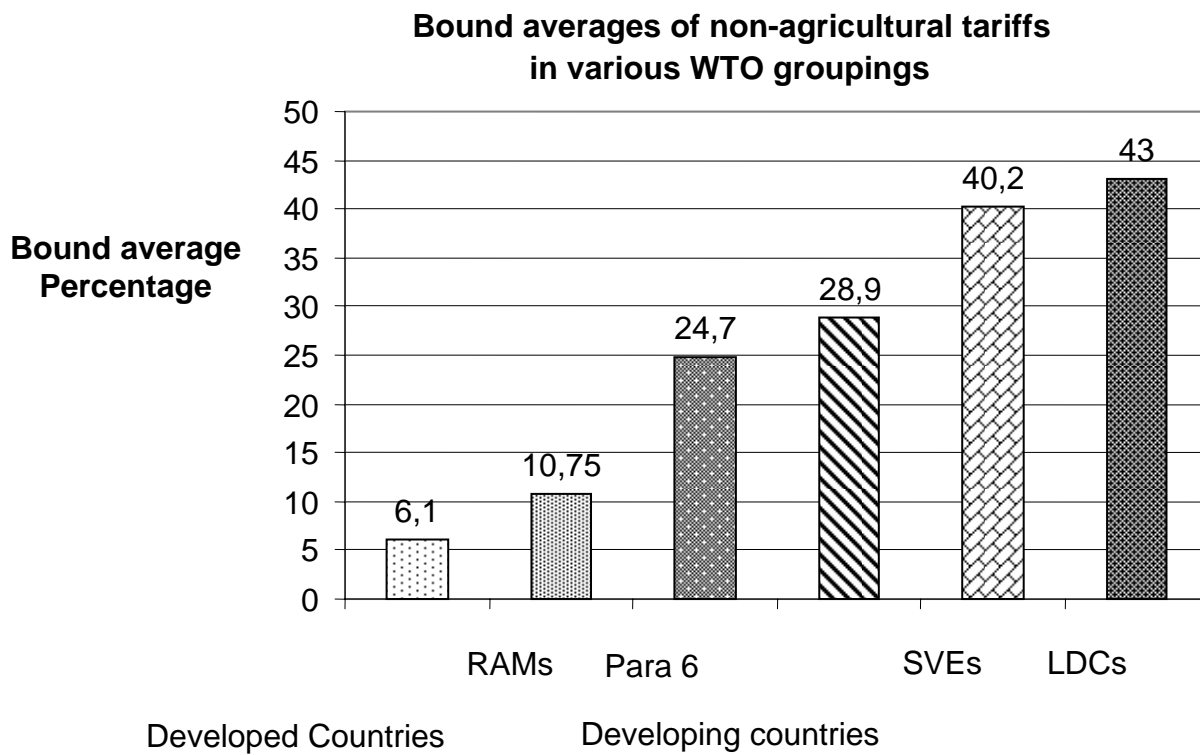
9. The present level of RAMs commitments could hardly be reached by other developing and many developed countries as the result of this round’s reductions, even if the round would produce more ambitious results. At the same time this advanced level for RAMs represents the starting point for the implementation of the DDA commitments.

¹ For those tariff lines where the accession commitments have been fully implemented before the beginning of the implementation of DDA commitments the grace period shall commence on the first day of the DDA implementation. To the extent that for certain tariffs the implementation period of accession commitments to the WTO overlaps with the DDA implementation period, the grace period shall start after the end of implementation of those accession commitments.

CONCLUSION

10. There is an urgent need to conclude the negotiations as soon as possible. In order to do so, RAMs are of the view that core issues in the negotiations should be tackled first, enabling us to derive from these modalities the flexibilities that should be awarded to RAMs. Such approach appears to be the most sensible way to address this issue to the satisfaction of all members involved.

11. On this path, RAMs stand ready to engage with other members to achieve a solution that will, among others, effectively address all concerns flagged by RAMs in our negotiations.



Source: WTO-IDB, ITC, UNCTAD

Note: based only on AV duties