

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Tariff Elimination in the Bicycle and Related Parts Sector

*Communication from Japan, Singapore, Switzerland, Thailand
and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu*

The following communication, dated 5 April 2007, is being circulated at the request of the delegations of Japan, Singapore, Switzerland, Thailand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

I. INTRODUCTION

1. The bicycle is a 'multi-functional' product, in that it provides a less-polluting, lightweight, energy-saving and traffic-friendly form of transportation. A more affordable consumer price for bicycles will also enhance personal mobility, especially in the least-developed countries, and that will allow improved access to education, facilitate the transportation of products to market, and thus be expected to make a substantial contribution to higher incomes. Tariffs on bicycles and related parts in some major markets, however, remain as high as 40%. These tariffs represent a significant loss of trade opportunities and a substantial increase in production costs in the sector. As proposed in the previous communication of 21 September, 2005 (ref. JOB(05)/202), the elimination of tariffs in the bicycle and related parts sector would facilitate trade expansion in both developed and developing country Members alike.

2. According to IDB, developing country Members of the WTO accounted for US\$ 4,004 million worth of trade in bicycles and related parts in 2003, representing 47.6 % of the total trade in the sector of all WTO Members combined. Given that their share of total world trade in the same year was 29.9%, it is evident that for developing countries the bicycle sector enjoys a position of special trade interest. This is further supported by the fact that developing countries account for 84.2% of all WTO Members' exports of bicycle and related parts, and 11% of imports. A sectoral initiative for bicycle and related parts is therefore a meaningful response to the Doha mandate that the negotiations should aim to 'reduce or as appropriate eliminate tariffs ... in particular on products of export interest to developing countries'.

3. Since circulation of the paper JOB (05)/202, many developed and developing Members have been exploring the possibility of market access for this sector beyond what the tariff-reduction formula will achieve. They have discussed a range of issues, including product coverage, tariff treatment, flexibilities for developing Members and the concept of 'critical mass'. In light of the Ministerial Declaration adopted in Hong Kong in December 2005 (WT/MIN(05)/W3/Rev.2), which instructed the NAMA negotiating group to review proposals with a view to identifying those that could garner sufficient participation, the following proposal is made for Members' consideration.

II. MODALITIES

A. PARTICIPATION

4. As agreed in paragraph 16 of the Hong Kong Ministerial Declaration, participation in sectoral initiatives should be on a non-mandatory basis. A level of participation representing a majority of the world trade in a particular sector should be required in order to reap sufficient benefit from the initiative. The agreement will take effect when a 'critical mass' of the trade of participating Members reaches a specified threshold. To date, interested Members have proposed a 'critical mass' of Members representing no less than [90] percent of the world trade in bicycles and related parts.

B. PRODUCT COVERAGE

5. A bicycle and related parts sectoral initiative should be as comprehensive as possible and easy for participating Members to implement. Therefore, the subject of product coverage, including technical distinctions, has been discussed in informal meetings of this sectoral initiative, and it should be further discussed to find optimal outcome on the basis of varying interests and concerns of interested members. A tentative suggestion for product coverage on bicycle and related parts is shown in Table 1. The ultimate decision on product coverage rests finally with the participants in the agreement.

C. TARGET RATE AND IMPLEMENTATION

6. This sectoral initiative will aim at the elimination of tariffs on the covered products, and will be implemented in accordance with the implementation of the Round itself. Therefore, the standard target rate and its implementation shall be as follows.

- Target Rate: zero.
- Staging: the participant shall implement the tariff elimination over [five] years in equal instalments, or the final implementation period for general tariff reductions by formula, whichever is shorter.

D. SPECIAL AND DIFFERENTIAL TREATMENT FOR DEVELOPING COUNTRY MEMBERS

7. A variety of flexibility options exists, any one of which could be employed to account for the special needs and interests of developing Members. In particular, developing Members may employ one of the following options:

- (i) Longer Implementation Period: Developing Members would be permitted to implement their commitments for longer than the implementation schedule to be applied to this agreement for a specific number of tariff lines up to [Y_1 %] of the total trade value of a Member's imports within the agreed product coverage; or
- (ii) Zero for X: As a limited exception, a tariff rate of [X]% or the post-formula tariff value, whichever is the lower, may be maintained for specific tariff lines up to [Y_2 %] of the total trade value of a Member's imports within the agreed product coverage.

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. Notwithstanding the above, reduction and staging commitments under this sectoral initiative should be no less ambitious than those brought about by the formula modality under the Doha Round.

¹ The value of ' Y_2 ' should be less than that of ' Y_1 '.

E. NEXT STEPS

9. The sectoral modalities and product coverage set out above shall be finalized by [X X, 2007] or as otherwise agreed by Members.

10. This initiative should be incorporated in the final outcome of the DDA, and the obligation under this initiative shall be implemented as a part of it.

Table 1: Suggested Product Coverage of Sectoral Initiative on Bicycles and Related Parts

| HS Code – 6 Digits | Description |
|---------------------------|--|
| 401150 | New pneumatic tyres, of rubber, of a kind used on bicycles |
| 401320 | Inner tubes, of rubber, of a kind used on bicycles |
| ex 6506.10 | Bicycle helmets |
| ex 8716 | Trailers and semi-trailers |
| ex 8716.90.40 | Parts of other trailers and semi-trailers |
| ex 731511 | Roller chain of a kind used on bicycles |
| ex 732020 | Stainless steel spring for bicycle valve inside core use |
| ex 8306.10 | Bells for bicycles |
| ex 848180 | Valves of inner-tubes, for bicycles |
| 851210 | Lighting or visual signalling equipment of a kind used on bicycles |
| ex 8512.90 | Lighting or visual signalling equipment of a kind used on bicycles, parts |
| 871200 | Bicycles and other cycles (including delivery tricycles), not motorized |
| 871491 | Frames and forks, and parts thereof |
| 871492 | Wheel rims and spokes |
| 871493 | Hubs, other than coaster braking hubs and hub brakes, and free-wheel sprocket-wheels |
| 871494 | Brakes, including coaster braking hubs and hub brakes, and parts thereof |
| 871495 | Saddles of cycles |
| 871496 | Pedals and crank-gear, and parts thereof |
| ex 871499 | Other parts and accessories of bicycles and other cycles, not motorized |