

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Tariff Elimination in the Sports Equipment Sector

Communication from Japan, Norway and Singapore, Switzerland, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and the United States

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

I. INTRODUCTION

1. The sports equipment sector is characterized by extensive and interdependent global supply networks in both developing and developed countries. The supply chain in the sports equipment sector (from the R&D stage through to production and marketing) involves countries at different levels of economic development. The added-value created is also shared between developed and developing countries through a division of labour that is global in scope, thus prompting a clear necessity for the elimination of tariffs in this sector. As proposed in the previous communication of 21 September 2005 (ref. JOB(05)/201), tariff elimination in the sports equipment sector would help to create greater economic value and lower production costs, would present consumers with a wider, more affordable choice of products, and bring about considerable benefits for developing countries and for WTO Members in general.

2. According to IDB, developing country Members of the WTO accounted for US\$ 11,355 million worth of trade in sports equipment in 2003, representing 36.5 % of the total sports equipment trade 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 sports equipment sector enjoys a position of special trade interest. This is further supported by the fact that developing countries account for 62.8% of all WTO Members' sports equipment exports and 13.2 % of all their sports equipment imports. A sectoral initiative for sports equipment 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)/201, 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 sports equipment.

B. PRODUCT COVERAGE

5. A sports equipment 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 sports equipment 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 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 Sports Equipment

HS Code – 6 Digits	Description
ex 6307.20	Life vests
ex 6506.10	Safety headgear
8903.10	Other inflatable rowing boats and canoes
8903.91	Sailboats, assembled or unassembled, with or without auxiliary motor
8903.92	Motor boats, assembled or unassembled, other than outboard motorboats
8903.99	Other articles of heading No. 8903
9504.20	Articles and accessories for billiards
9504.90	Other
950611	Skis
950612	Ski-fastenings (ski-bindings)
950619	Other
950621	Sailboards
950629	Other
950631	Clubs, complete
950632	Balls
950639	Other
950640	Articles and equipment for table-tennis
950651	Lawn-tennis rackets, whether or not strung
950659	Other
950661	Lawn-tennis balls
950670	Ice skates and roller skates, including skating boots with skates attached
950691	Articles and equipment for general physical exercise, gymnastics, or athletics
950699	Other
950710	Fishing rods
950720	Fish-hooks, whether or not snelled
950730	Fishing reels
950790	Other
950800	Roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses, travelling menageries, and travelling theatres