

WORLD TRADE ORGANIZATION

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Negotiating Group on Market Access

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MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Sectoral Negotiations in Non-Agricultural Market Access (NAMA)

Communication from Canada; European Communities; Hong Kong, China; Iceland; Japan; Korea; New Zealand; Norway; Oman; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Singapore; Switzerland; Thailand; the United Arab Emirates; and the United States

The following communication, dated 11 December 2007, is being circulated at the request of the delegations of Canada; European Communities; Hong Kong, China; Iceland; Japan; Korea; New Zealand; Norway; Oman; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Singapore; Switzerland; Thailand; the United Arab Emirates; and the United States.

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1. Paragraph 7 of Annex B of the Decision adopted by the General Council on 1 August 2004 recognises the importance of the sectoral tariff component as another key element to achieving the objectives of paragraph 16 of the Doha Ministerial Declaration.
 2. The sectoral initiatives shall aim to reduce, harmonize or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, over and above that which would be achieved by the formula modality, in particular on products of export interest to developing Members.
 3. At Hong Kong Ministerial Conference, Ministers instructed Members to “review proposals with a view to identifying those which could garner sufficient participation to be realized” based on participation on a non-mandatory basis.
 4. The sectoral initiatives currently proposed are, as mentioned in the Chair’s draft NAMA modalities (JOB(07)/126): “automotive and related parts; bicycle and related parts; chemicals; electronics/electrical products; fish and fish products; forest products; gems and jewellery; hand tools; open access to enhanced health care; raw materials; sports equipment; toys; and textiles, clothing and footwear.”
 5. For Members’ quick reference, Annex A provides a summary of the papers which have been submitted on the above-mentioned sectoral initiatives. This summary is a revision of that found in TN/MA/W/8/Add.2, circulated in February 2007, and reflects the progress made to date.
 6. We wish to underscore the importance of the sectoral tariff reduction component in the NAMA and wider DDA negotiations. We will be intensifying our negotiations with Members, particularly our substantive trade partners, on this component. We reiterate that we are open to discussions with all interested Members. These discussions would continue to focus on: defining the critical mass which may include the share of world trade and level of participation of competitive producers; the scope of product coverage; the implementation period for tariff reduction or elimination; and special and differential treatment for developing-country participants.

7. The co-sponsors request that paragraph 12 of the Chair's draft NAMA modalities (JOB(07)/126) be revised to change the deadline for Members to indicate their intent to participate in sectoral agreements from establishment of modalities (EOM) plus one month to EOM plus two months.

8. On 7 June 2007, the NAMA Chair provided Members with a timeline for the preparation and verification of schedules. According to this timeline, Members have three months from the EOM to prepare their comprehensive draft schedules. Members who are requesting Secretariat assistance in the preparation of their schedules will advise the Secretariat of which flexibilities they intend to utilize at EOM plus two months.

9. Several sectoral proponents developed a timetable for incorporating the outcomes of sectoral negotiations into Members' schedules based on the Secretariat timeline. Accordingly, we proposed that Members notify the Secretariat and sectoral proponents of their intent to participate at EOM plus two months if the Secretariat is responsible for preparing their schedules. The EOM plus two month period aligns with the deadline for selecting flexibilities and allows Members to consider both sectoral participation and flexibility together. This two month period also provides Members sufficient time to secure the critical mass necessary to complete their sectoral tariff agreements.

10. This communication, including its Annex, is *without prejudice to the negotiating positions of its individual co-sponsors with regard to any of the sectoral initiatives.*

Annex A: Summary of Papers Tabled on Sectoral Tariff Initiatives

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment ¹	Notes
Automotive and Related Parts Sector	JOB(06)/87 ²	Japan	<p>Automotives HS 870321, 870322, 870323, 870324, 870331, 870332, 870333, 870390</p> <p>Related Parts Products almost exclusively used for manufacturing automobiles are picked out and proposed from Chapters 40, 68, 70, 73, 83, 84, 85, 87, 90, 91, 94 (please refer to Attachment 2 of the JOB document for a complete list)</p>	<p>End rate: zero</p> <p>Critical Mass: 99 percent of global trade for automotives 98 percent of global trade for related parts</p> <p>Staging: Equal annual instalments, starting after the completion of general tariff cuts by formula Staging period: [5] years. For example, if implementation of formula cuts is to be completed within [4] equal annual instalments, then total period for tariff elimination shall be [4] plus [5] years.</p>	<p>Possible options might include:</p> <p>For Automotives (i) Longer staging period (plus up to [6] years at the discretion of developing Members taking this option)</p> <p>(ii) Exceptions to equal annual instalment: how to arrange instalments should be at the discretion of the developing Member which chose this option</p> <p>(iii) Zero for X (0 < X < end rate by general formula cut for developing Members; may be applied to only limited number of tariff lines or all of the tariff lines.)</p> <p>For Related parts (i) Longer staging period (plus up to [3] years at the discretion of developing Members taking this option)</p> <p>(ii) Exceptions to equal annual instalment: how to arrange instalments should be at the discretion of the developing Member which</p>	

¹ Not applicable to developed countries.

² 13 April 2006.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment ¹	Notes
					<p>chose this option (iii) Zero for X ($0 < X < \text{end rate}$ by general formula cut for developing Members; this exceptional treatment is for limited number of products of not more than [10]% of the developing Member's import volume.)</p>	
Bicycle and Related Parts	TN/MA/W/84 ³	Japan; Singapore; Switzerland; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; and Thailand	<p>HS 401150, HS 401320 Ex 6506.10 (Bicycle helmets) Ex 731511 (roller chain of a kind used on bicycles) Ex 732020 (stainless steel spring for bicycle valve inside core use) Ex 830610 (Bells for bicycles) Ex 848180 (valves, inner-tube, for bicycles) HS 851210 Ex 851290 Parts of lighting or visual signalling equipment of a kind used on bicycles HS 871200, HS 871491 HS 871492, HS 871493, HS 871494, HS871495, HS 871496 Ex 871499 (other parts and accessories of bicycles and other cycles, not motorized) Ex 871640 Other trailers and semi-trailers for bicycles Ex 871690 Parts of other trailers and semi-trailers for bicycles</p>	<p>End rate: zero Critical Mass: no less than [90] percent of the world trade in bicycles and related parts. 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.</p>	<p>Possible options might include:</p> <ul style="list-style-type: none"> - Longer implementation period - Harmonization levels for certain products 	
Chemicals	TN/MA/W/58	Canada; Japan; Norway; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; Singapore; Switzerland; and the United States	HS Chapters 28 - 39		<p>Possible options might include:</p> <ul style="list-style-type: none"> - Longer implementation periods for all chemical products - Different implementation periods in certain products/sub-sectors - Zero for "x" - Participation in certain sub-sectors 	

³ 5 April 2007.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment ¹	Notes
	TN/MA/W/72 ⁴	Canada; Norway; The Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; Singapore; Switzerland; the United States	HS Chapters 28-39 One member proposed the addition of semi-processed rubber (HS 4002-4008) to the product coverage	End rate: zero Implementation period: Immediate tariff elimination	(a) CTHA Developing-Country Participants may elect to eliminate chemical duties based on the following two-step process: (i) Each Member must first fulfil CTHA harmonization according to its previously negotiated staging schedule and CTHA end rates (refer to table A in proposal). (ii) Then, after the CTHA rate has been attained, the Member must eliminate its bound tariffs in 5 equal, annual instalments. (b) Developing Members that are not CTHA participants may elect to eliminate chemical duties according to a staging schedule no less ambitious than what was agreed to by the CTHA (as reflected in table B in the proposal).	S&D modalities evolving in positive manner as a result of feedback from ongoing consultations with prospective co-sponsors.
Electronics/ Electrical	TN/MA/W/59 TN/MA/W/59/Add.1	Japan; Korea; Singapore; Thailand and the United States	Product coverage should be wide-ranging and simple for Members to implement. Broad product coverage that would include a significant range of products, potentially including information technology, electrical equipment and machinery, semiconductors, audio visual products and consumer electronics		Possible options might include: - Longer implementation periods - Different implementation patterns for different product groups or sectors - "Zero for X" - Participation in a smaller number of products	
	TN/MA/W/69 ⁵	Hong Kong, China; Japan; Korea; Singapore; Thailand and the United States	Initiative should cover a broad range of products, such as information technology products, audio-visual products, home electrical appliances, office machines and other electrical/electronic equipment.	End rate: zero. Implementation period: same as standard NAMA implementation period (to be	Possible options might include: (i) Longer implementation periods for	

⁴ 15 May 2006.

⁵ 28 April 2006.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment ¹	Notes
			Totally new products which have emerged after the ITA such as multi-chip packages (MCPs) should also be covered. Precise product coverage to be elaborated further.	agreed) Staging: Equal annual installments. (equal steps each year)	specific tariff lines up to a certain trade value share of the total product coverage. (ii) Zero for X: As a limited exception, tariff rate of [X]% may be maintained for specific tariff lines up to a certain trade value share of the sectoral product coverage, if the tariff rate after tariff reduction in accordance with the general modalities is above [X]%. 	
	JOB(06)/84/ Rev.1 ⁶	Japan; Hong Kong, China	Illustrative Product List			
Fish and fish products	TN/MA/W/63 JOB(06)/132 JOB(06)/132/Add.1 ⁷ TN/MA/W/63/Add.1 JOB(06)/132/Add.2 JOB(06)/132/Add.3 JOB(06)/132/Add.4	Canada; Hong Kong, China; Iceland; New Zealand; Norway; Oman; Panama; Singapore Thailand and Uruguay.	HS 03, HS 0509, HS 0511.91, HS 1504.10, HS 1504.20 Ex HS 1603 (juices and extracts of meat and fish) HS 1604, HS 1605, HS 2301.20	End rate: zero Critical mass: [90] percent of world trade Implementation: For developed country participants, entry-into-force of DDA commitments.	Possible options might include: - Longer implementation: implement tariff reductions in [four] equal rate reductions - Zero for x: choose up to [y] percent of tariff lines to bind at not more than [x] percent - Additional flexibility in cases of extreme sensitivity: choose one 6 digit sub-heading to bind at not more than [10] percent.	Full draft modalities are in the final stages of development. These modalities will identify values for [x] and [y] which co-sponsors believe will allow developing countries to address sensitive lines in this sector.
Forest Products	TN/MA/W/64	Canada; Hong Kong, China; New Zealand; Thailand and the United States	HS Chapters 44, 47, 48, and 49, and additional products in Chapter 94 (e.g. some furniture items and pre-fabricated buildings)		Possible options might include: - Varied implementation period periods to accommodate different needs - Zero for X (some	

⁶ 30 June 2006.

⁷ 22 May 2006.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment ¹	Notes
					<p>Members eliminate tariffs while others reduce and harmonise them)</p> <ul style="list-style-type: none"> - Limited product exemption - Participation credits (if this is agreed as part of the modalities for the formula) 	
	TN/MA/W/75 JOB(06)/128 ⁸	Canada; Hong Kong, China; New Zealand; Singapore; Thailand and the United States	Chapters 44, 47, 49, products made of wood in Chapter 94 (to date, members have proposed HS 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.80 and 9406.00)	<p>End rate: Zero</p> <p>Critical mass: Interested members have defined critical mass as 90 percent of world trade</p> <p>Implementation: As soon as possible and no later than dates specified in the modalities for implementing formula reductions</p>	<p>Possible options might include:</p> <p>(a) Longer implementation periods for a specific number of tariff lines up to a maximum level of trade.</p> <p>(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.</p> <p>(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</p>	

⁸ 19 June 2006.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment ¹	Notes
					agreement to decide whether this provision could be used.	
Forest Products		Canada; Hong Kong, China; New Zealand; Singapore; Switzerland; Thailand and the United States	Chapters HS 44, 47, 48, 49, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.80 and 9406.00	<p>End rate: Zero</p> <p>Critical mass: [90] percent</p> <p>Implementation: Developed country participants will eliminate tariffs on the product coverage on 1 January of the year following the entry into force of the DDA result.</p> <p>Developing country participants will eliminate tariffs on the product coverage in four equal rate reductions. The first reduction will be implemented on 1 January of the year following entry into force of the DDA results and each successive reduction shall be made effective on 1 January of each of the following years.</p>	<p>Developing country participants may apply the following flexibilities:</p> <ol style="list-style-type: none"> choose up to [4] percent of their national forest product tariff lines to bind at not more than [4] percent provided they do not exceed [4] percent of the total value of a Member's forest product imports; and choose up to [4] percent of their national forest product tariff lines to implement their tariff reductions in seven equal rate reductions. The first reduction will be implemented on 1 January of the year following entry into force of the DDA results and each successive reduction shall be made effective on 1 January of each of the following years. [Other S&D proposals may be considered.] 	<p>Since the issuance of TN/MA/W/75, Switzerland has joined the list of co-sponsors.</p> <p>Full draft modalities are in the final stages of development. These modalities will identify the implementation periods for both developed and developing Members as well as the specific flexibilities co-sponsors believe will allow developing countries to address sensitive lines in this sector.</p>
Gems and Jewellery	TN/MA/W/61 TN/MA/W/61/Add.1 TN/MA/W/61/Add.2 ⁹	Hong Kong, China; Japan; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; Singapore; Switzerland; Thailand and the United States	Articles under Chapter 71 of the HS, which includes pearls, diamonds, precious stones, synthetic stones, silver, gold, platinum, and other articles of the products aforementioned, jewellery, imitation jewellery, and coin.	<p>End rate: zero</p> <p>Critical mass: interested Members have proposed 90% of WTO's Members' trade</p>	<p>Possible options might include:</p> <p>A three-step staging for certain sensitive products</p> <p>Step 1 - Reduce the bound tariffs of those specific</p>	

⁹ 24 June 2006.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment ¹	Notes
					<p>products to [Y]% or to the post-formula values, whichever is the lower, over [Z₁] years in equal installments.</p> <p>Step 2 - Maintain the rate(s) in Step 1) for [Z₂] years</p> <p>Step 3 - Eliminate the tariffs</p> <p>[Others]</p>	
Hand Tools	JOB(06)/98 ¹⁰	The Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu	820110, 820120, 820130, 820140, 820150, 820160, 820190, 820210, 820220, 820231, 820239, 820240, 820291, 820299, 820310, 820320, 820330, 820340, 820411, 820412, 820420, 820510, 820520, 820530, 820540, 820551, 820559, 820560, 820570, 820580, 820590, 820600	<p>End rate: zero</p> <p>Critical mass: no less than [90] percent of world trade</p> <p>Implementation over [] years in equal instalments.</p>	<p>Possible options might include:</p> <ul style="list-style-type: none"> - Longer implementation period - Harmonization levels for certain products - Limited product coverage exemption 	
Open Access to Enhanced Healthcare	JOB(07)/23 ¹¹	Singapore, the United States and Switzerland	HS ex.2844, 2936, 2937, 2939, 2941, 3001, 3002, 3003, 3004, 3005, 3006, 3822, ex.4015, ex.8419, ex.8543, 8713, ex.8714, 9018, 9019, 9021, ex.9022, ex.9025, 9402, ex Bednets, treated or untreated, wherever classified	<p>End rate: zero (for donated pharmaceutical and medical device products: immediate elimination)</p>	<p>Possible options might include (for other-than-donated products):</p> <p>(a) eliminate duties in a two-step process:</p> <p>(i) reduce base tariffs to an agreed upon rate of harmonization over an agreed upon staging;</p> <p>(ii) eliminate base tariffs at the harmonized rate as agreed under (a)(i) within [5] years in annual, equal instalments after the previously negotiated harmonized tariff rate is attained.</p> <p>(b) [8] years in annual equal instalments to eliminate tariffs to zero on all</p>	Initiative contains an NTB component for members' consideration

¹⁰ 21 April 2006.

¹¹ 23 February 2007 (a previous generation of the proposal can be found in JOB(06)/35, dated 24 February 2006).

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment ¹	Notes
					products. (c) for a limited number of highly sensitive products, tariffs may be eliminated with longer implementation periods.	
Raw Materials	TN/MA/W/37/Add.2 TN/MA/W/37/Add.3	United Arab Emirates	HS2515, 2516, 2519, 2523, 2601.1, 2601.11, 2602.00- 2611.00, 2707, 2708, 2710, 2711, 2715.00, 2818, 2820, 7101, 7401.10, 7401.20, 7403.11, 7403.12, 7403.13, 7403.19, 7403.21, 7403.22, 7403.23, 7403.29, 7404.00, 7404.00, 7406.10, 7406.20, 7602.00, 7603.10, 7603.20, 8104.11, 8401.19, 8401.20, 8401.30, 8111.00	End rate: Zero	Not specified	
	TN/MA/W/37/Add.4 ¹²	United Arab Emirates	Raw materials from earth and from plant extraction (such as primary aluminium) which are used and processed by manufacturing industries. An indicative list of products from HS Chapters 25, 26, 27, 28, 71, 72, 74, 75, 76 and 78 can be found in TN/MA/W/37/Add.4	End rate: Zero Critical mass: interested members have been considering 90% of world trade	Possible options discussed include: - Longer implementation periods - Zero for "X" - Limited product exemptions	
Sports Equipment	TN/MA/W/85 ¹³	Japan, Norway, Singapore, Switzerland, the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; and the United States.	Ex 630720 (Life vests), Ex 650610 (Safety headgear), HS 890310, HS 890391, HS 890392, HS 890399, HS 950420, HS 950490, HS 950611, HS 950612, HS 950619, HS 950621, HS 950629, HS 950631, HS 950632, HS 950639, HS 950640, HS 950651, HS 950659, HS 950661, HS 950670, HS 950691, HS 950699, HS 950710, HS 950720, HS 950730, HS 950790, HS 950800	End rate: Zero Critical Mass: no less than [90] percent of world trade in sports equipment. 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	Possible options might include - Longer implementation period - Harmonization levels for certain products	
Textiles, Clothing and Footwear	TN/MA/W/11/Add.2	EC	HS Chapters 50-64 All NTBs as well as export restrictions on raw materials for the products included must equally be removed.	End rate: as close to zero as possible	Not specified. All Members should participate	

¹² 26 May 2006.

¹³ 4 April 2007.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment ¹	Notes
Toys	Room Document dated 10 May	Hong Kong, China; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu	HS9501-HS9505	End rate : zero Critical mass : no less than [90] percent of world trade	Not specified – to be discussed by participating members	