

# WORLD TRADE ORGANIZATION

TN/MA/W/97/Rev.1  
20 December 2007

(07-5696)

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Negotiating Group on Market Access

Original: English

## MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

### Sectoral Negotiations in Non-Agricultural Market Access (NAMA)

#### Revision

*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 19 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 of this communication 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. Annex B of this communication provides, for each sectoral initiative, a brief description of its current state and its contact point(s).

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 <sup>1</sup>	Notes
Automotive and Related Parts Sector	JOB(06)/87 <sup>2</sup>	Japan	<p><b>Automotives</b> HS 870321, 870322, 870323, 870324, 870331, 870332, 870333, 870390</p> <p><b>Related Parts</b> 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><b>End rate:</b> zero</p> <p><b>Critical Mass:</b> 99 percent of global trade for automotives 98 percent of global trade for related parts</p> <p><b>Staging:</b> 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><b>Possible options might include:</b></p> <p><b>For Automotives</b> (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 &lt; X &lt; 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><b>For Related parts</b> (i) Longer staging period (plus up to [3] years at the discretion of developing Members taking this option)</p>	

<sup>1</sup> Not applicable to developed countries.

<sup>2</sup> 13 April 2006.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment <sup>1</sup>	Notes
					(ii) Exceptions to equal annual instalment: how to arrange instalments should be at the discretion of the developing Member which chose this option (iii) Zero for X (0 < X < 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.)	
<b>Bicycle and Related Parts</b>	TN/MA/W/84 <sup>3</sup>	Japan; Singapore; Switzerland; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; and Thailand	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	<b>End rate:</b> zero  <b>Critical Mass:</b> no less than [90] percent of the world trade in bicycles and related parts.  <b>Staging:</b> 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.	<b>Possible options might include:</b> <ul style="list-style-type: none"> <li>- Longer implementation period</li> <li>- Harmonization levels for certain products</li> </ul>	

<sup>3</sup> 5 April 2007.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment <sup>1</sup>	Notes
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><b>Possible options might include:</b></p> <ul style="list-style-type: none"> <li>- Longer implementation periods for all chemical products</li> <li>- Different implementation periods in certain products/sub-sectors</li> <li>- Zero for “x”</li> <li>- Participation in certain sub-sectors</li> </ul>	
	TN/MA/W/72 <sup>4</sup>	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	<p><b>End rate:</b> zero</p> <p><b>Implementation period:</b> Immediate tariff elimination</p>	<p><b>(a) CTHA Developing-Country Participants</b> 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.</p> <p><b>(b) Developing Members that are not CTHA participants</b> 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).</p>	S&D modalities evolving in positive manner as a result of feedback from ongoing consultations with prospective co-sponsors.

<sup>4</sup> 15 May 2006.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment <sup>1</sup>	Notes
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		<b>Possible options might include:</b> <ul style="list-style-type: none"> <li>- Longer implementation periods</li> <li>- Different implementation patterns for different product groups or sectors</li> <li>- “Zero for X”</li> <li>- Participation in a smaller number of products</li> </ul>	
	TN/MA/W/69 <sup>5</sup>	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. 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.	<b>End rate:</b> zero.  <b>Implementation period:</b> same as standard NAMA implementation period (to be agreed)  <b>Staging:</b> Equal annual installments. (equal steps each year)	<b>Possible options might include:</b> <ul style="list-style-type: none"> <li>(i) Longer implementation periods for specific tariff lines up to a certain trade value share of the total product coverage.</li> <li>(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]%.</li> </ul>	
	JOB(06)/84/ Rev.1 <sup>6</sup>	Japan; Hong Kong, China	Illustrative Product List			

<sup>5</sup> 28 April 2006.

<sup>6</sup> 30 June 2006.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment <sup>1</sup>	Notes
<b>Fish and fish products</b>	TN/MA/W/63 JOB(06)/132 JOB(06)/132/Add.1 <sup>7</sup> TN/MA/W/63/Add.1 JOB(06)/132/Add.2 JOB(06)/132/Add.3 JOB(06)/132/Add4	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	<b>End rate:</b> zero  <b>Critical mass:</b> [90] percent of world trade  <b>Implementation:</b> For developed country participants, entry-into-force of DDA commitments.	<b>Possible options might include:</b> - 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.
<b>Forest Products</b>	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)		<b>Possible options might include:</b> - Varied implementation period periods to accommodate different needs - Zero for X (some Members eliminate tariffs while others reduce and harmonise them) - Limited product exemption - Participation credits (if this is agreed as part of the modalities for the formula)	

<sup>7</sup> 22 May 2006.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment <sup>1</sup>	Notes
	TN/MA/W/75 JOB(06)/128 <sup>8</sup>	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><b>End rate:</b> Zero</p> <p><b>Critical mass:</b> Interested members have defined critical mass as 90 percent of world trade</p> <p><b>Implementation:</b> As soon as possible and no later than dates specified in the modalities for implementing formula reductions</p>	<p><b>Possible options might include:</b></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 agreement to decide whether this provision could be used.</p>	<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>
<b>Gems and Jewellery</b>	TN/MA/W/61 TN/MA/W/61/Add.1 TN/MA/W/61/Add.2 <sup>9</sup>	Hong Kong, China; Japan; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu;	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	<p><b>End rate:</b> zero</p> <p><b>Critical mass:</b> interested Members have proposed 90% of WTO’s Members’ trade</p>	<p><b>Possible options might include:</b></p> <p>A three-step staging for certain sensitive products</p>	

<sup>8</sup> 19 June 2006.

<sup>9</sup> 24 June 2006.



Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment <sup>1</sup>	Notes
		Singapore; Switzerland; Thailand and the United States	jewellery, and coin.		Step 1 - Reduce the bound tariffs of those specific products to [Y]% or to the post-formula values, whichever is the lower, over [Z <sub>1</sub> ] years in equal installments. Step 2 - Maintain the rate(s) in Step 1) for [Z <sub>2</sub> ] years  Step 3 - Eliminate the tariffs  [Others]	
<b>Hand Tools</b>	JOB(06)/98 <sup>10</sup>	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	<b>End rate:</b> zero  <b>Critical mass:</b> no less than [90] percent of world trade  <b>Implementation</b> over [ ] years in equal instalments.	<b>Possible options might include:</b> - Longer implementation period - Harmonization levels for certain products - Limited product coverage exemption	
<b>Open Access to Enhanced Healthcare</b>	JOB(07)/23 <sup>11</sup>	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	<b>End rate:</b> zero (for donated pharmaceutical and medical device products: immediate elimination)	<b>Possible options might include (for other-than-donated products):</b>  (a) eliminate duties in a two-step process:  (i) reduce base tariffs to an agreed upon rate of harmonization over an agreed upon staging;	Initiative contains an NTB component for members' consideration

<sup>10</sup> 21 April 2006.

<sup>11</sup> 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 <sup>1</sup>	Notes
					(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.  (b) [8] years in annual equal instalments to eliminate tariffs to zero on all products.  (c) for a limited number of highly sensitive products, tariffs may be eliminated with longer implementation periods.	
<b>Raw Materials</b>	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, 7405.00, 7406.10, 7406.20, 7602.00, 7603.10, 7603.20, 8104.11, 8401.19, 8401.20, 8401.30, 8111.00	<b>End rate:</b> Zero	Not specified	
	TN/MA/W/37/Add.4 <sup>12</sup>	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	<b>End rate:</b> Zero  <b>Critical mass:</b> interested members have been considering 90% of world trade	<b>Possible options discussed include:</b> - Longer implementation periods - Zero for "X" - Limited product exemptions	

<sup>12</sup> 26 May 2006.

Sector	Document	Co-Sponsors	Product Coverage	Modality for Tariff Reduction	S&D Treatment <sup>1</sup>	Notes
<b>Sports Equipment</b>	TN/MA/W/85 <sup>13</sup>	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	<b>End rate:</b> Zero  <b>Critical Mass:</b> no less than [90] percent of world trade in sports equipment.	<b>Possible options might include</b> - Longer implementation period - Harmonization levels for certain products	
				<b>Staging:</b> 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		
<b>Textiles, Clothing and Footwear</b>	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.	<b>End rate:</b> as close to zero as possible	<b>Not specified.</b> All Members should participate	
<b>Toys</b>	Room Document dated 10 May	Hong Kong, China; the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu	HS9501-HS9505	<b>End rate :</b> zero  <b>Critical mass:</b> no less than [90] percent of world trade	<b>Not specified</b> – to be discussed by participating members	

<sup>13</sup> 4 April 2007.

**Annex B: Brief description on current state and contact point(s)**

Automotives and related parts: Members interested in tariff elimination in the automotives and related parts sector have engaged in informal discussions since September 2005. There was a shared recognition of the important role that this sector plays in each economy as well as in world trade among participants to the discussion. Beyond benefits of tariff elimination, such key elements as product coverage, critical mass and special and differential treatment have been discussed. The delegation of Japan tabled a proposal on sectoral tariff elimination in automotives and related parts (JOB(06)87). Drafting of more specific sectoral modality proposal is under way and is open to further inputs and co-sponsorship of interested Members.

Contact: Nobuo Kiriya, delegation of Japan: [kiriya-nobuo@meti.go.jp](mailto:kiriya-nobuo@meti.go.jp)

Bicycles and related parts: The first paper on this sectoral initiative, JOB(05)/202, generated concrete discussions among Members interested in the liberalization of the bicycle and related parts sector. A “second generation” proposal (TN/MA/W/84) was submitted on behalf of Japan, Singapore, Switzerland, Thailand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, reflecting progress made. Recent discussions have been focusing on key elements, special and differential treatment for developing countries, and the encouragement of more co-sponsorship. A “third generation” paper is expected to be circulated to Members shortly.

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Chemicals: Chemicals are the building blocks for a broad range of industrial products, including a significant percentage of goods exported by developing countries. To date, 42 Members (25 of which are developing countries) have attended and participated in chemical sector discussions. On behalf of interested Members, the United States along with Canada, Chinese Taipei, Norway, Singapore, and Switzerland tabled its most recent proposal on chemical sector liberalization (TN/MA/W/72). The proposal remains open for co-sponsorship, and we encourage other Members’ input. Participants continue to discuss product coverage, based on the existing chemical harmonization initiative and the principle of comprehensive product coverage, including a full range of chemical products along the processing chain (HS chapters 28-39). Discussions among interested Members have also focused on incorporating flexibility for developing countries, encouraging participation of additional key traders, and target tariff end rates.

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Electronics/Electrical Products: Members have held informal discussions on tariff elimination in the electronics/electrical sector since February 2005. The concept of key elements, i.e. product coverage, benefits of tariff elimination, critical mass and special and differential treatment is shown in the document circulated in July 2005 (TN/MA/W/59). Building on the discussions with a high level of participation, proponents to this sector submitted “second generation” proposal which contains more detailed tariff elimination modality in April 2006 (TN/MA/W/69). Some of the proponents also circulated illustrative product list (JOB(06)/84/Rev.1), which shows example of products to be

covered under this initiative, to facilitate further discussions among interested Members. The proposal, including product coverage, is open to further inputs of all interested Members. More specific sectoral modality proposal is being drafted and will be elaborated with interested Members.

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Fish and fish products: Two papers have been circulated on a possible sector on fish and fish products (TN/MA/W/63 and TN/MA/W/63 Add 1). The sectoral continues to attract interest from a diverse range of developed and developing Members. Since the papers were submitted several more members have become co-sponsors of the initiative. Fisheries contributes significantly to export earnings and employment in a large number of developing countries. High tariffs and tariff escalation are particularly prevalent in fish and fish products, therefore the interested members have determined that the product coverage should be comprehensive. Co-sponsors have made significant progress in refining the modality, including special and differential treatment which will allow developing countries longer implementation, zero for x flexibility for sensitive lines (the ability to choose up to [y] percent of tariff lines to bind at not more than [5] percent), and additional flexibility in cases of extreme sensitivity (the ability to choose one 6 digit sub-heading to bind at not more than [10] percent).

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Forest Products: Members interested in a sectoral agreement on tariff liberalization for forest products have agreed to seek expansion of product coverage in the existing agreement on pulp and paper products (HS 47, 48, 49) and also to significantly increase participation in the agreement. Specifically, Members want to include HS Chapter 44 (wood products) and some products in HS Chapter 94 (certain furniture items and prefabricated buildings). Full Draft Modalities, including special and differential treatment for developing countries, are in the final stages of development but is still open for further refinement. Extensive outreach is ongoing in an attempt to achieve critical mass and one new co-sponsor has joined (bringing the proposal's total co-sponsor participation almost 50% of world trade).

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Footwear: In its communication of 31 October 2002 (TN/MA/W/11), the European Communities proposed that all Members agree to deeper cuts footwear, with a view to bringing these tariffs within a narrow common range as close to zero as possible. This would also require that non-tariff barriers are substantially reduced and all export restrictions on raw materials are removed. For the EU the elimination of export taxes is a pre-condition for achieving the elimination of tariff escalation through this sectoral.

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Gems and Jewellery products: Several informal meetings have been held among Members interested in the gems and jewellery sector. The discussions have been focused on key issues such as product coverage, level of critical mass, and special and differential treatment. It is widely accepted that product

coverage should cover articles under HS Chapter 71. Some have expressed concerns on certain sensitive products, which, for developing countries, will be considered in the context of Special and Differential Treatment. Many have recognized the importance of participation by major traders in order to achieve successful liberalization. The proponents of tariff elimination in the gems and jewellery sector has put forward the second generation proposal (TN/MA/W/61/Add.2) describing more details on product coverage, target rate, implementation, and special and differential treatment.

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Hand tools: Hand tools are products that many developing countries enjoy export trade interests. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu submitted a position paper (JOB(06)/98) on Hand Tool sector hoping to attract the attention and the participation of other Members. Some Members have expressed interest in this sectoral initiative. The elements of the initiative, including product coverage, the level of critical mass, final target rates, and the S&D options, remain open for discussion. We welcome more comments and input in the sector.

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Open Access to Enhanced Healthcare: Many bilateral, plurilateral and open-ended informal meetings have been held among Members interested in an Open Access to Enhanced Healthcare in the field of both Drugs and Medical Devices. There has been a wide recognition of the importance of this sector and the gains that this initiative will represent, notably for developing and poor countries. The concept of key elements - product coverage, critical mass and special and differential treatment - have been illustrated in the revised proposal circulated in February 2007 (JOB(07)/23). The discussion among interested Members has recently focused, in particular, on flexibilities options available to developing countries and products of key interest to these countries.

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Raw materials: Several bilateral and open informal meetings have taken place to discuss the UAE-sponsored sectoral initiative on raw materials, and a preliminary list of tariff lines has been circulated. To further build support, intense diplomatic action has been undertaken by the UAE at the ministerial level, resulting in the support of Arab States for a sectoral initiative in raw materials (the Amman declaration by Arab Ministers of Trade, September 2005). The UAE has circulated a questionnaire in order to assess whether meaningful participation can be achieved and to ascertain Members' thoughts regarding product coverage, including product sensitivities and offensive and defensive interests. Participants generally recognize the benefits of liberalization in this sector, although some developing countries have concerns that will be further discussed in the group. Members can refer to the most recent document (TN/MA/W/37/Add.4) for further details on this sectoral initiative.

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Sports Equipment: The first paper on this sectoral initiative, JOB(05)/201, generated concrete discussions among Members interested in the liberalization of the sports equipment sector. A “second generation” proposal (TN/MA/W/85) was submitted on behalf of Japan, Norway, Singapore, Switzerland, the United States and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, reflecting progress made. Recent discussions have been focusing on differential treatment for developing countries, and the encouragement of more co-sponsorship. A “third generation” paper is expected to be circulated to Members shortly.

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Textiles and Clothing: In its communication of 31 October 2002 (TN/MA/W/11), the European Communities proposed that all Members agree to deeper cuts textiles and clothing, with a view to bringing these tariffs within a narrow common range as close to zero as possible. This would also require that non-tariff barriers are substantially reduced and all export restrictions on raw materials are removed. For the EU, the elimination of export taxes is a pre-condition for achieving the elimination of tariff escalation through this sectoral.

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Toys: A room document on the proposed sectoral on toys was tabled at the open-ended meeting in May 2007. Currently the proposal is cosponsored by Hong Kong, China and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu. The two delegations are discussing the proposal with other interested members and intend to table a formal document as soon as possible.

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