

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Formula and Flexibilities

*Communication from Chile; Colombia; Costa Rica; Hong Kong, China; Israel;
Mexico; Pakistan; Peru; Singapore and Thailand*

The following communication, dated 13 December 2007, is being circulated at the request of the delegations of Chile; Colombia; Costa Rica; Hong Kong, China; Israel; Mexico; Pakistan; Peru; Singapore and Thailand.

1. The Chair's draft modalities text (JOB(07)/126) reflects the mandate for the Non-Agricultural Market Access (NAMA) negotiations as articulated in the Doha Ministerial Declaration¹, Annex B of the Decision Adopted by the General Council on August 1, 2004² and the Hong Kong Ministerial Declaration³. The Chair's text is also in line with the Singapore Declaration in 1996 where Members "*reaffirm the primacy of the multilateral trading system.....*"
2. The Chair's text presents the appropriate architecture for finalizing the modalities in NAMA, as a fundamental requirement for an ambitious, balanced and successful outcome across all areas of the DDA, in line with Paragraph 24 of the Hong Kong Ministerial Declaration and in the context of the single undertaking.
3. We note that under the Chair's draft modalities, there would be about 40 members, of which about 30 are developing Members, required to apply the Swiss formula modality. In this context,
 - (a) For developed Members, a coefficient lower than the range of 8 to 9 proposed by the Chair would be appropriate to ensure a high level of ambition.
 - (b) For developing Members, we support the formula coefficient range of 19 to 23 and the numbers and architecture of the flexibilities as contained in paragraph 7(a) of the Chair's draft modalities text. Paragraph 7(b) is currently under consideration by the co-sponsors.
 - (c) For the purpose of applying the formula to unbound tariff lines, we support a constant non-linear mark-up of 20 percentage points in the Chair's draft modalities.
4. We are therefore not prepared to consider any additional flexibility beyond what is currently envisaged by the Chair in his text (JOB(07)/126).

¹ WT/MIN(01)/DEC/1.

² WT/L/579.

³ WT/MIN(05)/DEC.

5. On the treatment of Small, Vulnerable Economies (SVEs), we note that, in the Chair's draft modalities, these members would not be required to apply the Swiss formula modality. We support the proposal in the Chair's draft text; however, we would be prepared to negotiate the numbers within the architecture presented in the Chair's draft modalities as long as the hierarchy of contributions amongst the members not applying the formula modality is maintained.

6. For developing members with low binding coverage, we support the Chair's proposal but note the latest proposal by the proponents. We express our willingness to work with members to resolve this issue expeditiously.

7. For LDCs, we support them to be exempted from participating in the formula for tariff reduction. Members should carry out their commitments relating to LDCs expeditiously, in accordance with the *Decision on Measures in Favour of Least-Developed Countries* contained in Annex F of the Hong Kong Ministerial Declaration. We also recognise the great importance that the LDCs attach to the simplification of rules of origin for duty-free and quota-free market access and Members should address their interests and concerns.

8. On the erosion of non-reciprocal preferences, we appreciate the Chair's proposal for defining the scope of the problem. However, we note with concern the Chair's proposal for treatment being incomplete as it would negatively affect the export interests of other developing members. Any acceptable solution would require adequate adjustment for members being negatively affected by the proposed solution.
