

**MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS**

Sectoral Negotiations

*Communication from the NAMA-11<sup>1</sup> Group of Developing Countries*

Revision

The following communication, dated 11 November 2008, is being circulated at the request of the delegations of Argentina, Bolivarian Republic of Venezuela, Brazil, Egypt, India, Indonesia, Namibia, South Africa and Tunisia.

1. We, the NAMA-11 Group of Developing Countries, recall paragraph 16 of the Ministerial Declaration of the Sixth Session of the Ministerial Conference adopted on 18 December 2005<sup>2</sup>. Ministers at Hong Kong agreed that participation in sectoral initiatives shall be on a non-mandatory basis. Sectoral Initiatives have been accepted by Members to be a "supplementary modality" to be voluntarily adopted for meeting ambition levels beyond those achieved by the formula. The NAMA-11, as many other developing country Members, has repeatedly reminded the Negotiating Group about the non-mandatory character of these initiatives.

2. However, in some recent discussions this modality is sought to be mainstreamed as a primary modality. Unfortunately this particular position of a very limited group of countries has been in some way recorded by the previous Chairman of the NGMA who has included in his third revision of the Draft NAMA Modalities (TN/MA/W/103/Rev.2) that despite the mandate of the Ministers about the non-mandatory nature of the sectoral agreements, "*for some Members, sectoral initiatives that reach a critical mass of participation will help to balance the overall results of the negotiation on non-agricultural market access, which includes the coefficients in paragraph 5 and the levels of flexibilities and related provisions of paragraph*", thus, linking sectorals to the formula and flexibilities. This language contributes to the serious imbalance of that text, as observed by the Ministers of the NAMA-11 in their July 2008 Ministerial Declaration (JOB(08)/89), which restated the position of the group that "sectoral negotiations should remain voluntary and that there could be no linkage between sectoral negotiations and the coefficients and flexibilities".

3. The last Chair's Report (JOB(08)/96) exacerbates this linkage by including Sectorals in a "package" along with formula and flexibilities. This continues to negate the reality of the negotiations, that has largely shown that most of the developing countries are not interested in the sectoral

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<sup>1</sup> Argentina, Bolivarian Republic of Venezuela, Brazil, Egypt, India, Indonesia, Namibia, South Africa and Tunisia. The Philippines is not a signatory to this submission.

<sup>2</sup> WT/MIN(05)/DEC dated 22 December 2005.

negotiations. On the contrary, many of them, the poorest among them, are concerned about the impact that these negotiations will have on some sectors in non-participating preference dependent countries.

4. For the NAMA-11 any attempt to elevate sectoral negotiations negates many aspects of the NAMA mandate and the ministerial directions governing the negotiations. In all the sectoral proposals the demand is to have the same end-result, i.e. elimination of tariffs by all participants, barring some insignificant exceptions. This makes a mockery of the underlying developmental objective of the DDA. The principle of "less than full reciprocity in reduction commitments", which is already difficult to achieve with the current structure of the modalities, becomes simply impossible if developing countries are forced to participate in these agreements on the proposed terms. In addition to the above, the present sectoral proposals cover almost all NAMA tariff lines. If indeed such a wide ranging sectoral initiative is to be pursued why was all this time wasted in negotiating a formula?

5. Moreover, in the present negotiations the basic balance that is being sought to be achieved is between the agriculture and NAMA outcomes as stated in Paragraph 24 of the HKMD. In this equation the sectoral results, which are additional in nature, cannot be taken into consideration and consequently sectoral negotiations have to be conducted separately.

6. Having said this, we understand that sectoral initiatives can be pursued voluntarily by interested members as a supplementary approach, together with the request and offer component. In any event, the specific modalities agreed for each sectoral agreement should respect the basic principles of the NAMA negotiations as agreed to by Ministers at Doha and at Hong Kong, i.e., participation has to be non-mandatory, allow less than full reciprocity in reduction commitments to developing countries and they have to include appropriate flexibilities to accommodate the specific needs of all developing countries. In particular, these modalities should propose remedies for the additional losses of preferences they will cause for the non participating developing members in their sectors dependent on the preferences. Given the present state of the individual sectoral initiatives/textual proposals, proponents and interested Members should continue to explore and devise modalities that fully respect the NAMA mandate, before wider discussions can be held on them.

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