

Negotiating Group on Market Access

NEGOTIATING GROUP ON MARKET ACCESS

Report by the Chairman, Ambassador Girard, to the Trade Negotiations Committee

I. STATUS OF WORK

1. Since its last meeting on 14-16 April 2003, the Negotiating Group met once on 26-28 May 2003. The three-day meeting was focused on the Chairman's Draft Elements of Modalities for Negotiations on Non-agricultural Products (TN/MA/W/35). The session allowed delegations to give their first reaction to the draft and their views on the basic elements.

2. The main focus of the meeting allowed Members to comment on the Chairman's Draft Elements of Modalities. It was emphasized that the draft was a set of basic elements that would need to be adjusted, completed, refined, or further expanded upon. There was a very good discussion on the main elements-- the formula, sectorial approach, and special and differential treatment. On the formula, there was general consensus on the need for one formula applicable to all, but delegations deliberated on whether the formula proposed in the paper would be able to meet all of their needs, especially as to how the different parameters of the formula were defined. In this respect, there was much discussion on the coefficient "B" and the other key element of the formula, "T_a", the tariff average of the participant. On the more technical elements such as nomenclature, reference period, conversion to non-ad valorem duties, base year, and commencing from bound rates when they were in existence, were largely agreeable to the participants. However, the basis to use for unbound items would still need further discussion.

3. On the sectorial approach, there were diverging views on this element by most participants and many sought clarifications. Some questioned the mandatory aspect of the sectorial approach and preferred a voluntary one. There were questions as to why the seven sectors were chosen, and some participants preferred to see some sectors deleted while others wanted to see other sectors added. There was a lot of discussion on the S&D provisions and their relationship with the formula. Most of the points raised were with respect to the flexibility given to developing countries by allowing them to keep five percent of tariff lines unbound, provided that these do not exceed five percent of imports. For the special treatment provided for newly acceded Members, most participants preferred that flexibility be given to them through more time to implement reductions, rather than through flexibility in the coefficient of the formula.

4. On Non-Tariff Barriers, there was broad agreement that the information contained in the draft adequately reflected the discussions held thus far, but that the discussions of the group were not as fully developed as the tariff discussions. Further work would need to be focused on this important area. A number of delegations raised the importance of the issue of erosion of preferences, which was not included in the draft text. Additionally, a dedicated session on the formula was held by the Secretariat on 26 May 2003 to provide delegations with the opportunity to ask questions and seek clarifications.

5. For the discussion on tariffs, the Secretariat had prepared a document, "Incidence of Non-*Ad Valorem* Tariffs in Members' Tariff Schedules and Possible Approaches to the Estimation of *Ad Valorem* Equivalents" (TN/MA/S/10). A number of delegations made preliminary remarks on the usefulness of the document and hoped to come back to it at a future meeting when they had more time to examine all its aspects.

6. On NTBs, six Members had submitted further notifications of NTBs which was compiled in "Non-Tariff Barrier Notifications—Addendum" (TN/MA/W/25/Add.1). This served as an indicative list of the areas where Members' NTBs were focused. The United States gave a brief overview of its paper on vertical approaches to NTBs, which it would soon submit as an official document. Furthermore, a number of delegations commented on the NTB section of the draft paper on modalities.

II. OUTSTANDING ISSUES

7. The Group will need to continue to focus on the Chairman's proposal on possible elements for modalities for the next meeting in July. Other work, especially on the identification and examination of NTBs, will also continue in the month ahead.

III. FUTURE WORK

8. The Group will pursue its work on possible elements for modalities on tariffs and NTBs at its meeting scheduled for 9-11 July 2003. Another meeting is scheduled in August for work on this matter.
