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Negotiating Group on Market Access

SECTOR SPECIFIC DISCUSSIONS AND NEGOTIATIONS ON GOODS IN THE GATT AND WTO

Note by the Secretariat¹

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¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members and to their rights and obligations under the WTO.

I. INTRODUCTION

1. Following a request at the Negotiating Group's meeting of 6-8 December 2004, the Secretariat has prepared this background note describing the evolution of sectoral discussions and negotiations of goods in the GATT/WTO. It does not address the specifics of the various proposals that have been submitted in the context of the Doha Development Agenda and is presented without prejudice to the positions of Members in this regard.² It also does not address in detail well known agreements, like the Agreement on Agriculture³, the Agreement on Textiles and Clothing⁴, nor the plurilateral agreements annexed to the Marrakesh Agreement Establishing the World Trade Organization.⁵ However, general references to these Agreements have been included to give a complete picture. Non-tariff barriers addressed through sectoral negotiations have also been summarized when information was available.

2. As to the sources of information, it should be recalled that the Secretariat played a relatively modest role during the initial tariff conferences. In those days, tariffs and trade statistics – as well as requests and offers for binding and tariff reduction – were prepared, handled and exchanged by the participating governments themselves.⁶ In many cases, only the final bilateral or plurilateral agreements were forwarded to the Secretariat for the record. There are, therefore, few official records available which the Secretariat could use to describe many of these bilateral or plurilateral sectoral negotiations. This background note attempts to overcome the lack of official documentation by partially relying on non-papers, official reports by the participating governments and publications describing the negotiating history of the different multilateral rounds of negotiations. The information contained herein should therefore be considered as indicative in nature, particularly in respect of the description of the bilateral and plurilateral agreements.

3. This note is organized in three sections. The first section presents a general description of the sector specific discussions that have taken place over the years. The second section provides information on the sectoral negotiations that have taken place in the context of Negotiating Rounds as well as outside of such Rounds. The third section provides an overview of the main elements of sectoral negotiations. Finally, the annexes summarize the main elements identified in some sectoral negotiations, as well as a list of the product coverage of the plurilateral sectoral initiatives that were concluded during the Uruguay Round.

² See TN/MA/6/Rev.1 for more information on such proposals.

³ This background note does not describe at full length the discussions on natural resource products, bovine meat, dairy products, tropical products and agricultural products.

⁴ During the GATT, trade in textiles was subject to special arrangements that were tantamount to sectoral safeguard clauses including, *inter alia*:

1. The Short-Term International Arrangement on Cotton Textiles, see GATT BISD 10S/18.

2. The Long-Term International Arrangement on Cotton Textiles, see GATT BISD 11S/25.

3. The Arrangement Regarding International Trade In Textiles, see GATT BISD 21S/3.

⁵ The Agreement on Trade in Civil Aircraft, International Dairy Agreement and the International Bovine Meat Agreement. The latter two agreements were terminated at the end of 1997.

⁶ See Hoda, A., *Tariff Negotiations and Renegotiations under the GATT and the WTO: Procedures and Practices*, Cambridge, 2001, p. 69.

II. SECTOR SPECIFIC DISCUSSIONS

4. The GATT of 1947 had the goal of establishing rules of general application for the trade of all goods and, therefore, contained very few references to particular products or sectors.⁷ In spite of this initial goal, the records suggest that GATT Contracting Parties sought to address the particular problems of individual products and sectors relatively early in time, including through general discussions that in some cases led to negotiation and formal agreement. For example, Contracting Parties decided in 1956 to review at every session the trends and developments in international commodity trade based on reports prepared by the Chairman of the Interim Co-ordinating Committee for International Commodity. It was envisaged that these consultations could lead to "international joint action" that could include arrangements for an intergovernmental meeting, "the composition of which should not be limited only to the countries which are Contracting Parties to the General Agreement but should be determined according to the nature and importance of the interests concerned both of producers and consumers."⁸

5. In 1959, one delegation proposed to discuss the particular issues affecting trade in agricultural products⁹, and the Contracting Parties agreed two years later to include it as a negotiating issue in the 1960/61 Tariff Conference (also known as the Dillon Round). It is worth noting that GATT Contracting Parties examined, even before launching that round, the obstacles to the expansion of trade of eleven products considered of export interest to developing countries: cocoa, coffee, copper, cotton, cotton manufactures, jute manufactures, tea, timber, tobacco, and vegetable oils and seeds.¹⁰ In implementing the actions mandated by Ministers to launch the Dillon Round, Contracting Parties decided to give careful consideration to the question of duty-free entry for tropical products as part of the obstacles to trade of developing countries.¹¹ Several commodities were examined by the so-called Committee III, which later gave rise to the creation of a Special Group on Trade in Tropical Products in 1962¹².

6. Contracting Parties established in 1967 a Committee on Trade in Industrial Products as part of the coordinated programme of work of the Programme for Expansion of International Trade, which laid down the preparatory work for the Tokyo Round. The terms of reference of this Committee were to "explore the opportunities for making progress toward further liberalization of trade taking into account the discussion on the subject at the twenty-fourth session".¹³ This Committee discussed different techniques and modalities for the negotiation of tariff reductions, including the duty-free, item-by-item, linear reduction, elimination of low duties, and harmonization techniques. One of the suggested ways to achieve harmonization was through "harmonization rules which provide for the reduction of the average of duties in a given sector".¹⁴ Contracting Parties also discussed a more ambitious modality called the "sector approach" in which all factors affecting trade in a specific sector,

⁷ Exceptions include, *inter alia*, specific references in GATT Articles IV (cinematograph films), XI:2 (foodstuffs, agricultural products and fisheries), XVI:4 (primary products), XX (gold and silver) and XXI (fissionable materials, arms, ammunition and implements of war).

⁸ GATT BISD 05S/26.

⁹ Proposal by Australia. See GATT BISD 08S/103, Second report of Committee I adopted on 19 November 1959.

¹⁰ Second report of Committee III adopted on 19 November 1959, GATT doc. L/1063 (GATT BISD 08S/135-139).

¹¹ Decision of 7 December 1961, GATT BISD S10/32-34.

¹² Report of Committee III on Programme of Work, GATT doc. L/1732, GATT BISD 11S/174-175 and the Annex to the Report submitted by the Chairman of the Committee of the Contracting Parties in March 1964, GATT BISD 12S/109.

¹³ GATT BISD 15S/74.

¹⁴ GATT BISD 20S/102.

including non-tariff measures, would be dealt together.¹⁵ It would appear that this was the meaning that the term had for some years (negotiations encompassing both tariff *and* non tariff measures)¹⁶, but it later evolved to describe negotiations on either tariff or NTBs on a particular sector (i.e. the "zero for zero" initiatives of the Uruguay Round).

7. Ministers agreed in 1982 to establish a Group on Quantitative Restrictions and other Non-Tariff Measures, with the mandate to review existing quantitative restrictions and other non-tariff measures, as well as to eliminate those that were not in conformity with the rules of the GATT. This Group reviewed the quantitative restrictions affecting products of particular interest to developing countries based on a sectoral analysis prepared by the Secretariat.¹⁷ The 1986 report of this Group noted that negotiations to reduce or eliminate non-tariff measures could be organized bilaterally, plurilaterally or multilaterally. At the request of the Contracting Parties, the Secretariat prepared a note describing how these negotiations could be undertaken based on the experience of previous negotiations.¹⁸

8. In 1984 Contracting Parties established a Working Party on Problems of Trade in Certain Natural Resource Products¹⁹. This group had the mandate to examine, with a view to recommending possible solutions, the problems affecting trade in three particular sectors: (a) non-ferrous metals and minerals, (b) forestry products, and (c) fish and fisheries products.²⁰ Discussions were held based on GATT Secretariat studies on the different problems affecting trade in those sectors, including tariffs, non-tariff measures and other measures.²¹ Some Contracting Parties noted that these products continued to face high nominal tariffs and tariff escalation in the major importing markets. Tariff rate quotas and other NTBs were also identified as sources of concern, including problems related to: the use of reference prices for valuation, labelling and packaging requirements, production and export subsidies, import licensing, as well as non-coverage or coverage limitations in certain preferential schemes for GSP suppliers. Some Contracting Parties were of the view that any future negotiating modalities should be elaborated taking into account the trade measures identified.²² These sectoral discussions were eventually superseded by the Uruguay Round negotiations.

III. SECTORAL NEGOTIATIONS

9. GATT Article XXVIII *bis* sets the broad guidelines under which tariff negotiations should be undertaken. In this regard, it notes that negotiations may be carried out on a selective product-by-product basis or "by the application of such multilateral procedures as may be accepted by the Contracting Parties concerned."²³ The rules and procedures for the Tariff Conference of 1960 illustrate how the "product by product" negotiations took place, by indicating that Contracting Parties

¹⁵ GATT BISD 20S/110-112.

¹⁶ See GATT doc. L/3886, paras. 63-69; and COM.IND/W/109.

¹⁷ NTM/W/17, Annex 16.

¹⁸ Report (1986) of the Group on Quantitative Restrictions and other Non Tariff Measures adopted on 26 November 1986, GATT BISD 33S/171, paragraph 47 and Annex 2.

¹⁹ C/M/176.

²⁰ Decision on Problems of Trade in Certain Natural Resource Products adopted at the Ministerial Meeting of the Contracting Parties in 1982 (GATT BISD 29S/20). A Working Party was established in 1984, whose report was adopted on 17 June 1986, GATT BISD 33S/179.

²¹ GATT BISD 30S/15-16. The studies can be found in the following GATT documents: (i) Fish and fisheries products: MDF/W/5, MDF/W/33 and Corr.1 and MDF/W/55; (ii) Forestry products: Spec(84)13 and Add.1 and Corr.1, and Corr.1/Suppl.1.; (iii) Non-ferrous metals and minerals: MDF/3, MDF/W/20, MDF/W/21, MDF/W/37.

²² GATT BISD 32S/126-143.

²³ GATT Article XXVIII *bis* was introduced during the Review Session of 1954-55 and entered into force on 7 October 1957.

participating could request concessions in products in which they individually, or collectively, were or were likely to be the principal suppliers to the Contracting Party from which the concession was being asked. This rule did not prevent any other participant from making any request, but the Contracting Party concerned had the right to invoke the "principal supplier rule" if the principal supplier of the product was not participating in the negotiations or was not a Contracting Party to the GATT.²⁴

10. The Contracting Parties decided at the Kennedy Round that the "product-by-product" approach was no longer adequate for pursuing multilateral liberalization and explored other modalities for tariff reduction, such as the formula approach. As this section illustrates, sectoral negotiations were also explored by GATT Contracting Parties as a negotiating modality at bilateral, plurilateral and even at multilateral levels.²⁵

11. Given the lack of information on the early Tariff Conferences, and the fact that most of them were held on a product-by-product basis, this section limits itself to describing the sectoral negotiations that have taken place since the Kennedy Round.

A. KENNEDY ROUND (1964-1967)

12. Ministers noted during a meeting that took place in 1961 that the usefulness of the product-by-product and country by country negotiations was no longer adequate to meet the changing conditions of world trade and that new negotiating techniques were required. They considered that particular attention should be given to the adoption of new techniques, in particular to "some form of linear tariff reduction".²⁶ Thus, Contracting Parties began discussions on the possibility of applying tariff cuts across the board on all tariff lines.²⁷ Ministers decided later in 1963 to launch a new tariff conference and stressed that such tariff negotiations "shall be based upon a plan of substantial linear tariff reductions with a bare minimum of exceptions which shall be subject to confrontation and justifications."²⁸ It was also envisaged that tariff reductions would be based upon special rules of general and automatic application for those cases in which there were significant disparities in the tariff levels, and that the negotiations should provide for acceptable conditions of access to world markets of agricultural products.²⁹ The Trade Negotiations Committee agreed in 1964 to use a rate of 50 per cent as a "working hypothesis" for the determination of the general rate of linear reduction. It also noted that the ultimate agreement on tariff reductions was linked to the resolution of other issues, such as tariff disparities, agricultural problems, exceptions, non-tariff problems and the achievement of reciprocity in the negotiations.³⁰

13. Besides the Trade Negotiations Committee, Contracting Parties also established multilateral bodies to deal with sector specific problems, such as the Committee on Agriculture, the Groups on Cereals, Meat, and Tropical Products, and the Pilot Group on Dairy Products.

²⁴ Annex A of the Second Report of Committee I adopted on 19 November 1959, GATT BISD S08/114.

²⁵ See Hoda, A., *op. cit.* pp. 37-38; 44-52.

²⁶ Meeting of Ministers, Conclusions adopted on 30 November 1961, GATT BISD 10S/26.

²⁷ This was not, however, the first time that a linear cut was proposed by a Contracting Party to the GATT. France proposed in 1953 to reduce duties by a 30% "in a more or less automatic manner, in order to avoid extensive negotiations between participating countries" where exceptions to the application of formula were also considered. See GATT Doc. L/103, BISD 02S. In addition, two Contracting Parties (EC-6 and UK) applied a 20% cut, with certain exceptions, during the Dillon Round (1960-1961). See Hoda, A, *op. cit.*, p. 30.

²⁸ GATT BISD 12S/47.

²⁹ *Ibidem.*

³⁰ GATT BISD 13S/109.

14. In spite of the initial intention to apply an across-the-board reduction of tariffs, it would appear that the negotiations eventually evolved into a bilateral and plurilateral product-by-product negotiation that included discussions on particular sectors, once the initial offers were actually tabled. It appears further that some Contracting Parties did table offers consistent with the 50% working hypothesis, but later reduced the cuts offered in some products and sectors as they felt that no reciprocity had been offered by other major players.³¹ A Secretariat background note of 1975 indicates that it became clear at one point that a determined effort was required to deal with the problems in the main sectors affected, since the withdrawal of the conditional offers could have triggered a chain reaction that would have undermined the whole negotiation in a manner that could not be dealt in the course of bilateral negotiations. Informal groups were therefore established in five sectors: chemicals, cotton textiles, pulp and paper, iron and steel, and non-ferrous metals. Contracting Parties with a major interest took part in these groups. In other sectors (e.g. watches) negotiations were conducted at the bilateral level. It is worth noting that in some of these sectors a smaller reduction was agreed than the one applied in the average reduction.³² The agreement on particular sectors, or the lack of it, was later reflected in the final Schedules of concessions approved by consensus by the Contracting Parties. One of the relatively new features of this round was that formal plurilateral "agreements" with multilateral effects were reached on two sectors: cereals and chemicals.³³

15. The Secretariat's background note of 1975 also indicates that Section 211(a) of the United States Trade Expansion Act gave the President of the United States authority to negotiate sectoral agreements where the USA and the European Communities accounted for 80 per cent of world trade. This possibility was, however, not fully realized because the United Kingdom had not become an EC member by the time of the Kennedy Round negotiations, and the USA and the EC-6 accounted for 80 per cent of world trade in very few sectors.³⁴ It was estimated that, had the UK joined the EC by then, some 25 sectors would have been eligible for free trade.³⁵

B. TOKYO ROUND (1973-1979)

16. The Ministerial Declaration launching the Tokyo Round indicated that negotiations should aim to conduct negotiations for tariff reduction by "employment of appropriate formulae of as general application as possible."³⁶ It also stressed that negotiations should aim, *inter alia*, to "include an examination of the possibilities for the coordinated reduction or elimination of all barriers to trade in selected sectors as a complementary technique" and to "treat tropical products as a special and priority sector".

17. Besides the Trade Negotiations Committee that had the mandate to oversee the negotiations, six negotiating groups and several subgroups were established as part of the negotiating structure, including: (i) the Group on Tropical Products; (ii) the Group on Agriculture, which included

³¹ See Report by the President of the Board of Trade to the Parliament of the United Kingdom, *The Kennedy Round of Trade Negotiations 1964-67*, London, 1967.

³² MTN/3C/1, p. 15-16.

³³ It should however be recalled that a formal "agreement" was previously reached to deal with the trade on cotton textiles. See footnote 4.

³⁴ MTN/3C/1, paragraph 13.

³⁵ See COM.IND/W/119, Submission by Canada – The sector approach as a technique for Multilateral Trade Liberalization.

³⁶ GATT BISD 20S/20.

subgroups for cereals, meat and dairy products; and most notably the (iii) Group "Sectoral Approach".³⁷

18. The Negotiating Group "Sectoral Approach" based its work on a background note prepared by the Secretariat in 1975, which dealt on past experiences with multilateral sectoral approaches, as well as on a number of sector specific studies.³⁸ These studies contained factual information on many sectors including, *inter alia*, aluminium, chemicals, electronics, fish and fish products, heavy electrical equipment, leather and leather goods, steel and on several non-ferrous metals, to name a few.³⁹ The discussions of this group aimed at clarifying issues such as: (i) the role that sectoral approaches would play in the negotiations, (ii) the criteria for selecting sectors for negotiation, (iii) the definition of the product coverage, including whether all the stages of processing should be included to deal with tariff escalation, (iv) how to apply measures of special and differential treatment for developing countries⁴⁰, (v) the identification of sectors of possible interest to developing countries, and (vi) the possibility of addressing non-tariff barriers for the particular sector.⁴¹ Proposals were received to fully liberalize trade in some of these sectors, including the non-tariff barriers affecting them⁴², but some Contracting Parties preferred to concentrate efforts on the general approach (i.e. the formula) as they noted that this complementary approach should go beyond those results.⁴³ The formal work of this Group ended without any concrete result and the Chairman noted in his report to the TNC that he considered that the work of the Group was carried "as far as it could".⁴⁴

19. As to the issue of participation, the Secretariat background note of 1975 indicated that the sectoral negotiation could be open to all Contracting Parties expressing an interest in participation, or it could be determined on the basis of a Contracting Party's economic interest in such sector such as trade, production or consumption data.⁴⁵

20. Several tariff reduction formulae were discussed at the Negotiating Group "Tariffs"⁴⁶, one of which is remembered as the "Swiss formula".⁴⁷ After failing to reach an agreement on the specific formula that would be used as the tariff reduction modality, a number of delegations indicated in a statement dated 14 July 1978 that they have reached a framework of understanding on the necessary elements of a comprehensive package for the Tokyo Round. This framework indicated that delegations were still working on a comprehensive tariff package for industrial tariffs and clarified that "[w]hile generally following the Swiss formula designed to achieve a substantive harmonized reduction of tariffs, the delegations are proceeding to reciprocal adjustments in their initial offers involving both improvements as well as exceptions".⁴⁸ It also noted that: (i) an agreement had been

³⁷ INF/190.

³⁸ The 1975 Background Note of the Secretariat circulated in GATT doc. MTN/3C/1. A summary of the preparatory work can be found in:

-The 1973 Report of the Committee on Trade in Industrial Products, GATT doc. L/3886, para. 10-13 on "duty free" trade and para. 63-69 on the "sector approach".

-The 1974 Report of the Group 3(c), The Sector Approach, to the Trade Negotiations Committee.

³⁹ See MTN/SEC/W series.

⁴⁰ On this particular issue, see GATT doc. MTN/W/2, Submission by Brazil – Special procedures for developing countries, p.4 .

⁴¹ MTN/SEC/1-6. The studies on products that could be of export interest to developing countries were circulated in MTN/SEC/W/2 and Add.1, Add.2.

⁴² See for example MTN/SEC/W/7 - Note by Canada proposing the liberalization of trade in copper products.

⁴³ MTN/SEC/1.

⁴⁴ MTN/SEC/6.

⁴⁵ MTN/3C/1, p. 43.

⁴⁶ See MTN/TAR/2 and MTN/TAR/W series.

⁴⁷ MTN/TAR/W/34 and Add.1.

⁴⁸ MTN/INF/33, p. 4-5.

reached on trade in civil aircraft, (ii) discussions on the preparation of a multilateral resolution on steel would be held at the OECD, and (iii) negotiations were continuing to establish commodity agreements on wheat, coarse grains, dairy products and meat.

21. In spite of the above-mentioned agreement, at least one other Contracting Party applied a different formula and others carried out negotiations on a product-by-product basis.⁴⁹ Like in the previous rounds, Contracting Parties engaged in bilateral and plurilateral negotiations to make the reciprocal adjustments that were considered necessary to achieve balance. There is also evidence suggesting that a number of bilateral agreements were reached on non-tariff measures, particularly in the agricultural sector.⁵⁰

C. URUGUAY ROUND (1986-1994)

22. Unlike the two previous rounds, the Ministerial Declaration launching the Uruguay Round did not make any reference to the modality that would be used for tariff reduction of non-agricultural products. The Decision simply indicated that, in the tariff area, "[n]egotiations shall aim, by appropriate methods, to reduce or, as appropriate, eliminate tariffs including the reduction or elimination of high tariffs and tariff escalation".⁵¹ Multilateral negotiations were also launched in some specific sectors such as: tropical products, natural resource-based products, textiles and clothing, and agriculture.

23. Contracting Parties established a negotiating structure that included a Trade Negotiations Committee (TNC) as the overseeing body, as well as a Group of Negotiations on Goods (GNG) and a Group of Negotiations on Services (GNS). In addition, 14 Negotiating Groups were established in the area of trade in goods, including those dealing with natural resource-based products, textiles and clothing, agriculture and tropical products.⁵² These Groups were eventually subsumed into the Negotiating Group on Market Access.

24. The Negotiating Group on Tariffs initiated its work in 1987. Several proposals were tabled indicating the modality that could be used for tariff reduction.⁵³ While some Contracting Parties proposed to use a tariff reduction formula like in the previous rounds, others considered it was better to revert to the item-by-item modality which would permit *inter alia* to have a sectoral focus in the negotiations.⁵⁴ Item-by-item negotiations were, however, opposed by others who considered that they would allow for maintaining protection in individual sectors.

25. In 1988 Contracting Parties agreed at the Mid Term Review of Montreal on a package of subjects that would provide further guidance to the negotiations. This package reiterated, *inter alia*, the importance of reducing and eliminating tariffs "with a target amount for overall reductions at least as ambitious as that achieved by the formula participants in the Tokyo Round"⁵⁵, a phrase that was interpreted as a 33.3% overall reduction target.⁵⁶ Participants eventually gave up attempts to agree on a common modality for tariff reduction at the beginning of 1990 and agreed that, in order to comply with the target set out at the Mid Term Review, "each participant will provide the secretariat by

⁴⁹ Hoda, A., *op. cit.*, p. 32.

⁵⁰ Glick, L.A., *Multilateral Trade Negotiations: World Trade After the Tokyo Round*, USA, 1984, p. 27

⁵¹ GATT BISD 33S/23.

⁵² The negotiating structure was agreed in Annex 2 of the Decision of 28 January 1987, GATT BISD 33S/34.

⁵³ MTN.GNG/NG1/W series.

⁵⁴ See for example MTN.GNG/NG1/W/5 – Submission by the United States.

⁵⁵ MTN.TNC/7(MIN), p. 4.

⁵⁶ Hoda, A., *op. cit.*, p. 35.

15 March 1990 with a proposal for the reduction, elimination and bindings of its respective tariffs on a line-by-line basis".⁵⁷ It was also decided that offers would be multilaterally reviewed and assessed on a periodic basis. Contracting Parties were therefore free to make the cuts in the products they wished and to the level they considered appropriate, as long as the overall reduction target of 33.3% was met. While some Contracting Parties applied a formula to produce their initial offers, others engaged in item-by-item negotiations.⁵⁸

26. On 13 July 1993, four Contracting Parties announced an agreement on a number of elements they considered necessary to reach a final agreement on a global and balanced package. In the area of "industrial goods", they considered it was essential to build upon existing market access offers through a comprehensive and integrated approach. Amongst the minimum elements considered necessary to achieve an overall balanced package were: (i) to pursue tariff and non-tariff elimination in a common list of sectors (pharmaceuticals, construction equipment, medical equipment, steel, beer, and subject to certain agreed exceptions, furniture, farm equipment, and spirits); which should be undertaken with a view to add as many sectors as possible; and (ii) harmonization in the chemical sector of tariffs at low rates, including in some cases harmonizing at zero.⁵⁹

27. Although the Chairman of the TNC declared at the end of 1993 that the evaluation exercise had been carried out, the negotiations on tariffs continued.⁶⁰ The verification of draft final Schedules of goods took place between February and March 1994, after which they were annexed to the GATT 1994 by the Marrakesh Protocol.⁶¹ Some of the final Schedules of the Uruguay Round embody the results of this bargaining process, including eleven successful plurilateral sectoral negotiations on agricultural equipment, beer, chemicals, construction equipment, distilled spirits (brown), furniture, medical equipment, paper, pharmaceuticals, steel and toys.⁶² Most of these sectoral negotiations are known as "zero for zero" agreements, because participants bound duty free levels for those products in their Schedules. The agreement on chemicals, on the other hand, is usually referred to as a "harmonization" agreement, because participants included in their Schedules the same levels for different groups of products. It would appear that many other sectoral initiatives were proposed during the Uruguay Round, but no consensus was reached on them.⁶³ It is finally worth noting that the Marrakesh Agreement Establishing the World Trade Organization annexed 5 sector specific agreements: two multilateral⁶⁴ and three of a plurilateral nature.⁶⁵

⁵⁷ MTN.GNG/NG1/17.

⁵⁸ Hoda, A., *op. cit.*, p. 49.

⁵⁹ MTN.TNC/W/113.

⁶⁰ MTN.TNC/39.

⁶¹ Paragraph 1 of the Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994.

⁶² See Annex 3 for a sector by sector description and Annex 4 for a detailed description of the product coverage.

⁶³ It would appear that additional sectoral negotiations were proposed for ceramics, cigars, footwear and leather goods, glassware, musical instruments, oilseeds, photographic film, rubber, scientific instruments, textiles and clothing, and white spirits. However, the Secretariat has no specific information about them.

⁶⁴ The Agreement on Agriculture and the Agreement on Textiles and Clothing.

⁶⁵ The Agreement on Trade in Civil Aircraft, International Dairy Agreement and International Bovine Meat Agreement.

D. POST URUGUAY ROUND SECTORAL NEGOTIATIONS (1995 – TO DATE)⁶⁶

28. The Ministerial Declaration on Trade in Information Technology Products (ITA) was concluded at the Singapore Ministerial Conference in December 1996.⁶⁷ At that time, 29 participants signed the declaration accounting for 83 per cent of world trade in information technology (IT) products. However, it was still unclear at that time whether or not the provisions of the Declaration would come into effect, as Paragraph 4 of the Annex stipulated that participants representing approximately 90 per cent of world trade would have to notify their acceptance by 1 April 1997 for the agreement to enter into effect. A number of other countries and separate customs territories expressed an interest in becoming participants to the agreement in the ensuing months and notified their acceptance before the deadline. The 90 per cent threshold was surpassed and the ITA entered into force with the first staged reduction of the tariffs occurring on 1 July 1997.⁶⁸ The three basic principles that ITA participants had to follow were: (1) all products listed in the Declaration must be covered, (2) bindings on these products must be reduced to a zero tariff level in a three year period, and (3) all other duties and charges (ODCs) must be bound at zero. Although the agreement does not provide for the possibility of exceptions to the product coverage, some participants (particularly developing countries) had an extended implementation period for some products. The commitments assumed under the ITA were bound in each Participant's Schedule on an MFN basis, and benefits therefore accrue to the entire WTO Membership.

29. Paragraph 3 of the Annex to the Declaration states that ITA Participants shall meet periodically under the auspices of the Council for Trade in Goods to review the product coverage with a view to agreeing, by consensus, whether in the light of technological developments, experience in applying the tariff concessions, or changes to the HS nomenclature, the product coverage should be expanded. It also indicates that Participants shall consult periodically on non-tariff barriers to trade in information technology products. Negotiations for the expansion of the product coverage of the ITA began in 1998.⁶⁹ Although no common understanding has been reached to date in this regard, Participants continue to consult on the matter. The NTM Work Programme (G/IT/19), which was launched in 2000, has progressed to draft guidelines for EMC/EMI conformity assessment procedures (G/IT/W/12/Rev.2).

30. The sectoral on Pharmaceutical products (Pharma) that was negotiated during the Uruguay Round indicated that Participants should review the product coverage every three years under the auspices of the Council for Trade in Goods, with a view to including by consensus additional pharmaceutical products for tariff elimination. Two triennial reviews have taken place since then, one in 1996⁷⁰ and another one in 1998⁷¹. These reviews resulted in an increased number of pharmaceutical substances subject to a bound duty free treatment in the Schedules of the participants. A third review began in 2004.

⁶⁶ In the context of the 1999 preparations for the Seattle Ministerial Conference, APEC put forward its "Accelerated Tariff Liberalization" (ATL) initiative on eight sectors, namely chemicals, energy, environmental goods, toys, fish and fish products, medical equipment and instruments, gems and jewellery and forest products. (WT/GC/W/138/Add.1). Chile and Mexico announced at the Vancouver 1997 meeting of APEC Leaders that they would not participate in the Early Voluntary Sectoral Liberalization (EVSL) initiative (WT/GC/W/138).

⁶⁷ WT/MIN(96)/16.

⁶⁸ When the assessment was made on 26 March 1997, it was determined that the 39 participants accounted for 92.5% of World trade in these products.

⁶⁹ See G/IT/SPEC/1-14. The Secretariat prepared a compilation of the proposals in G/IT/SPEC/15.

⁷⁰ G/MA/W/10.

⁷¹ G/MA/W/18.

31. In 1997 two Members bound at zero their tariffs on "white" distilled spirits through the rectification-modification procedures, a tariff elimination that was presumably aimed at deepening and accelerating the Uruguay Round sectoral on "brown" distilled spirits.⁷²

E. ACCESSIONS TO THE WTO⁷³

32. Most of the customs territories that have joined the WTO under Article XII of the Marrakesh Agreement undertook, as a result of their accession negotiations, commitments commensurate with the so-called "zero-for-zero" and "harmonization" sectoral tariff initiatives of the Uruguay Round. Almost all of them formally joined the ITA. The commitments of these Members, could be summarized as follows:

- a. Albania: agricultural equipment, beer, chemicals, construction equipment, distilled spirits, furniture, most medical equipment, paper, pharmaceuticals, most steel, toys and ITA;
- b. Armenia: agricultural equipment, chemicals, most construction equipment, medical equipment, most paper, pharmaceuticals, steel and ITA;
- c. Bulgaria: ITA (became participant after accession);
- d. China: beer, furniture, some paper and toys, as well as the ITA;
- e. Croatia: most agricultural equipment, beer, chemicals, most construction equipment, distilled spirits, most medical equipment, most paper, some steel, toys and ITA;
- f. Estonia: agricultural equipment, beer, chemicals, aircraft, construction equipment, distilled spirits furniture, medical equipment, chemicals, paper, pharmaceuticals, steel, toys and ITA (became participant before accession);
- g. Former Yugoslav Republic of Macedonia (FYROM): agricultural equipment, beer, most chemicals, construction equipment, distilled spirits, medical equipment, most paper, toys and ITA.
- h. Georgia: agricultural equipment, most chemicals, most construction equipment, ITA, furniture, most medical equipment, paper, steel and toys;
- i. Jordan: agricultural equipment, most chemicals, most medical equipment, ITA, most steel and toys;
- j. Kyrgyz Republic: agricultural equipment, chemicals, most construction equipment, ITA, most medical equipment, pharmaceuticals, paper, steel, toys and most furniture;
- k. Latvia: beer, chemicals, distilled spirits, furniture, ITA, paper, toys, most agricultural equipment, construction equipment, most medical equipment, and steel;
- l. Lithuania: agricultural equipment, beer, most chemicals, construction equipment, distilled spirits, medical equipment, most paper, steel, toys and ITA;
- m. Moldova: chemicals, most medical equipment, pharmaceuticals, toys and ITA;
- n. Mongolia: chemicals;
- o. Oman: chemicals, construction equipment, pharmaceuticals and ITA;
- p. Panama: ITA;

⁷² G/MA/TAR/RS/18, Corr.1, Corr.2 and Corr.3 and G/MA/TAR/RS/30.

⁷³ This section is based on document WT/ACC/10/Rev.2.

- q. Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu: most agricultural equipment, beer, most chemicals, construction equipment, distilled spirits, furniture, most medical equipment, paper, most steel, toys and ITA (became participant before accession);

33. Nepal and Cambodia, the first two LDCs to accede to the WTO, did not undertake any commitment matching the "zero for zero" or "harmonization" initiatives.

IV. ELEMENTS IN A SECTORAL NEGOTIATION

34. As the preceding sections demonstrate, sectoral negotiations have taken many different forms throughout the rounds of trade negotiations. This big diversity is probably explained by the varied nature of the problems addressed in each of these negotiations, as well as by the evolution of the bargaining process itself.

35. The following paragraphs provide an overview of the main elements of past sectoral negotiations:

- a. Participation: Although the majority of sectoral negotiations that have taken place were of a voluntary nature, and resulted in bilateral/plurilateral agreements, it is worth noting that at least two of them were mandatory and taken up on a multilateral basis; namely the Agreement on Agriculture and the Agreement on Textiles and Clothing. Sectoral negotiations have sometimes been implemented in isolation (i.e. the ITA), while in other cases they have been part of "packages" in the context of rounds (i.e. during the Kennedy Round). As to the level of development of the participants in the plurilateral negotiations, it would appear that least-developed countries have never been participants to them. As to the rest, both developed and developing countries have participated in plurilateral sectoral negotiations, but it would appear that the former have been more active than the latter. Two of the early examples of developing countries participating in these types of negotiations are the 1967 agreement on Cereals as well as the agreement on Civil Aircraft. The ITA is currently the plurilateral sectoral with the highest level of participation by developing countries.
- b. Product coverage: The description of the product coverage has evolved since the first sectorals where only a general reference to the products was made without any specific indication as to the tariff codes in a particular nomenclature (i.e. Cereals). It is however interesting to note that this "generic" approach to defining the product coverage was also used by ITA Participants in "Attachment B", products in which they had divergent opinions as to their classification. The reference to specific codes appeared later in time and was facilitated by the generalized adoption of the Harmonized System, which allowed for the first time to define product coverage in a common nomenclature for all participants. Besides the references to specific HS codes, participants have also adopted other methods to describe the scope of the product coverage ranging from the inclusion of "ex outs" (that identify partial coverage beyond the 6 digit sub-heading), to the allusion to non-trade related nomenclatures, such as the CAS and INN in the Uruguay Round sectoral on Pharmaceuticals.⁷⁴ As to the number of tariff lines included in the sectoral initiatives, the scope has varied considerably ranging from a sectoral negotiation of one single product classified in one HS subheading (i.e. Beer), to sectoral negotiations dealing with several HS chapters (i.e. chemicals, paper). It is finally worth noting that participants have also aimed

⁷⁴ See Annex 3.

in some sectorals to include all stages of processing, as well as substitute and similar products, probably in order to avoid trade diversion and worsening tariff escalation.

- c. Target of tariff reduction: Some of the early sectoral negotiations led to a lesser degree of liberalization than that obtained under the general rules, mainly because they were used to deal with sectors considered sensitive (i.e. agriculture and textiles). While the first sectoral negotiations were used to ensure a balanced outcome of the tariff negotiations, the concept of "harmonization" soon followed. Participants agreed under this modality to reduce their bound duties to a common level in a particular sector in order to ensure similar market access conditions. This concept evolved further during the Uruguay Round into the "zero for zero" sectoral negotiations where a duty free harmonization was sought. During the Tokyo Round suggestions were made that sectoral initiatives could also be used to deal with tariff escalation, effective protection and tariff disparities.
- d. Implementation of results (staging): While the early sectorals simply adopted the general staging framework for the overall results of the round (i.e. Kennedy Round), differentiated time frames soon followed. Some of the most recent ones have even included the immediate implementation of the new commitments (i.e. Civil Aircraft and Pharmaceuticals). Finally, it is interesting to note that some form of special and differential treatment has also taken place in at least one sectoral negotiation (i.e. the ITA) where additional implementation periods were granted to some developing countries in some products.
- e. Non-tariff measures: While some sectorals dealt exclusively with tariff reductions (i.e. most of the UR "zero for zero" sectorals) others focused almost entirely on the non-tariff barriers affecting a sector (i.e. Cereals, Bovine Meat, Dairy Products). Some sectorals even made explicit references to sector specific barriers that would have to be eliminated by specific participants (i.e. Agreement Relating Principally to Chemicals of 1967). Other sectorals dealt with both tariff and non-tariff barriers or established mechanisms to consult on the latter, such as the Agreement on Civil Aircraft and the ITA.
- f. Institutional arrangements: Some sectoral agreements established formal bodies under the auspices of the GATT and the WTO (i.e. the Agreement on Civil Aircraft, the Agreements on Bovine Meat, Dairy Products and the ITA), while others lacked this institutional framework. In the latter, the sectoral agreement was usually superseded by the "multilateralization" of the new commitments through its inclusion in the final Schedules of the Participants.
- g. Conditions of entry into force: In some cases, the entry into force of a sectoral initiative was conditional upon one or more future steps by the Participants. For example, the Agreement Relating Principally to Chemicals of 1967 contained several measures that were conditional upon the elimination of a given measure by one of the Participants. Similarly, the ITA used the "critical mass" concept to condition its entry into force upon the participation of countries and separate customs territories representing at least 90% of trade in IT products.
- h. Future actions: Many of the sectorals were used in the past to negotiate tariff concessions in a given round. That is, simply as an instrument for modifying the Schedules of concessions or for eliminating a specific non-tariff barrier. They did not specify any future action beyond the implementation of the tariff concessions. Other sectorals, however, established long-term objectives or "work programmes" that included, *inter alia*, the expansion of the product coverage (i.e. the ITA and the Pharma) or the permanent assessment or consultation on non-tariff barriers affecting the sector (i.e. Dairy, Civil Aircraft, ITA).

ANNEX 1 - SECTORAL NEGOTIATIONS DURING THE KENNEDY ROUND (1964-1967)

Sector	Product coverage	Number of participants	Target of tariff reduction	Staging	Non-tariff Measures	Other / Result
1. Aluminium	No specific information is available	No specific information is available	Partial harmonization	<p>Participants could chose between two options for overall staging of the commitments (including sectorals) as follows:</p> <p>- If cuts were beginning on 1 January 1968, five equal annual cuts, or</p> <p>- If cuts were beginning on 1 July 1968, front loading of 2/5 of the cut the first year, no reduction in the second year and equal annual reductions from the third to the fifth year.</p>		The results were embodied in the Schedules of concessions of Participants.
2. Chemicals	12 Chapters of the Brussels Tariff Nomenclature	8 GATT Contracting Parties	A degree of harmonization to be achieved through a 50% cut, plus a cap of 20% (some exceptions applied)		<p>Some parts of the Agreement were conditional upon the elimination of the American Selling Price (ASP) by the United States.</p> <p>The UK, EC-6, and Switzerland offered the elimination of some non-tariff measures in exchange of the elimination of the ASP.</p>	<p>- The results were embodied in the Agreement relating principally to Chemicals (See BISD, 15S/8)</p> <p>- Required conversion of duties to <i>ad valorem</i> equivalents in order to apply the 20% cap.</p>
3. Cereals	No specific information is available	12 GATT Contracting Parties	None.		<p>Discussed methods of support and other methods of protection.</p> <p>Set contributions to a food aid program.</p> <p>Set minimum and maximum prices in international trade for some of the grains.</p>	The results were embodied in the Memorandum of Agreement on Basic Elements for the Negotiations of a World Grains Arrangement (See BISD 15S/18)
4. Cotton Textiles	No specific information is available	No specific information is available				The results were embodied in the Schedules of concessions of Participants.
5. Dairy products (*)	No specific information is available				Discussed government support and other methods of protection.	No common understanding was reached on this sectoral during the Kennedy Round.
6. Fish (*)	No specific information is available				A proposal to negotiate non-tariff measures affecting this sector did not get consensus.	No common understanding was reached on this sectoral during the Kennedy Round.

ANNEX 1 - SECTORAL NEGOTIATIONS DURING THE KENNEDY ROUND (1964-1967)

Sector	Product coverage	Number of participants	Target of tariff reduction	Staging	Non-tariff Measures	Other / Result
7. Meat (*)	No specific information is available				Discussed government support and other methods of protection.	No common understanding was reached on this sectoral during the Kennedy Round.
8. Motor vehicles	Automobiles	No specific information is available	50% cut			The results were embodied in the Schedules of concessions of Participants..
9. Non Ferrous Metals	No specific information is available	No specific information is available	Some degree of harmonization			The results were embodied in the Schedules of concessions of Participants.
10. Pulp and paper	No specific information is available	No specific information is available	Some degree of harmonization			The results were embodied in the Schedules of concessions of Participants.
11. Iron and steel	1 Chapter of the Brussels Tariff Nomenclature	No specific information is available	Some degree of harmonization to be achieved through differentiated percentage cuts for the Participants			The results were embodied in the Schedules of concessions of Participants.

Note: It is possible that other sectoral negotiations took place but consensus was not reached on them. Since the negotiations for the establishment of the HS Convention were concluded in 1988, it is not possible to obtain a common product coverage indicator for all participants.

(*) Sectors where no common understanding was reached by Participants.

ANNEX 2 - SECTORAL NEGOTIATIONS DURING THE TOKYO ROUND (1973-1979)

Sector	Product coverage	Number of participants	Target of tariff reduction	Staging	Non-tariff Measures	Other / Result
1. Automobiles	No specific information is available	No specific information is available				The results were embodied in the Schedules of concessions of Participants.
2. Aluminium	No specific information is available	No specific information is available				The results were embodied in the Schedules of concessions of Participants.
3. Bovine meat	1 four digit CCCN heading and 3 ex items.	27 Participants during the Tokyo Round	General provision for the promotion of a greater liberalization and stability of the international meat and livestock market. No specific commitments for tariff reduction were included in the agreement.	Not applicable.	Ongoing mandate: In case the International Meat Council found that a serious market disequilibrium may affect international trade, it would proceed to identify possible solutions for consideration by participating governments.	<ul style="list-style-type: none"> - The results of these negotiations were embodied in the Arrangement Regarding Bovine Meat (See BISD 26S/84) - Established an International Meat Council that may expand product coverage. - The product coverage was later transposed to the Harmonized System (See BISD 36S) - The agreement expired on 31 December 1994 and was replaced by a revised Agreement of 21 March 1994. The latter was included as a Plurilateral Agreement of the WTO, but was terminated at the end of 1997 (See IMA/8).

ANNEX 2 - SECTORAL NEGOTIATIONS DURING THE TOKYO ROUND (1973-1979)

Sector	Product coverage	Number of participants	Target of tariff reduction	Staging	Non-tariff Measures	Other / Result
4. Chemicals	No specific information is available	No specific information is available				The results were embodied in the Schedules of concessions of Participants.
5. Civil Aircraft	Product coverage defined in terms of products as: (a) all civil aircraft, (b) all civil aircraft engines and their parts and components, (c) all other parts, components, and sub-assemblies of civil aircraft, (d) all ground flight simulators and their parts and components, whether used as original or replacement equipment in the manufacture, repair, maintenance, rebuilding, modification or conversion of civil aircraft.	18 Participants during the Tokyo Round 4 additional Participants since the Tokyo Round	Tariff elimination	Immediate implementation	The provisions of the new Agreement on Technical Barriers to Trade would apply to trade in civil aircraft. Also included commitments relating to: government procurement; eliminated all quantitative restrictions and import licensing requirements to restrict imports of civil aircraft in a manner inconsistent with applicable provisions of the GATT; and included provisions on government support, export credits and aircraft marketing.	<ul style="list-style-type: none"> - The results of these sectoral were embodied in the Agreement on Trade in Civil Aircraft (See BISD, 26S/162). - Eliminated all other duties and charges. - A Committee on Trade In Civil Aircraft was established. -The product coverage was later expanded in 1984 (See BISD, 31S/281) - The product coverage was transposed to the HS through the Protocol (1986) Amending the Annex to the Agreement on Trade in Civil Aircraft (See BISD, 34S/22)
6. Coarse grains	No specific information is available	No specific information is available				The results were embodied in the Schedules of concessions of Participants.

ANNEX 2 - SECTORAL NEGOTIATIONS DURING THE TOKYO ROUND (1973-1979)

Sector	Product coverage	Number of participants	Target of tariff reduction	Staging	Non-tariff Measures	Other / Result
7. Dairy Products	4 four digit CCCN heading and 1 ex item	16 Participants during the Tokyo Round	General provision for the promotion of a greater liberalization and stability of dairy products. No specific commitments for tariff reduction were included in the agreement.	Not applicable.	In case the International Dairy Council found that a serious market disequilibrium may affect international trade, it would proceed to identify possible solutions for consideration by participating governments. Minimum prices were set in special "protocols" for particular dairy products.	The results of these negotiations were embodied in the International Dairy Arrangement (See BISD 26S/89.) - Established an International Dairy Products Council that may expand product coverage. - The agreement expired on 31 December 1994 and was replaced by a new International Dairy Arrangement of 15 April 1994 (See BISD/41). The latter was included as a Plurilateral Agreement of the WTO, but was terminated at the end of 1997 (See IDA/8).
8. Steel	Not defined.	OECD members	None	Not applicable	The Committee objectives would include, <i>inter alia</i> , to encourage the reduction of barriers to trade, facilitate structural adjustment in the sector, and to avoid encouraging economically unjustified investments on the sector.	Some Contracting Parties decided to set up a Steel Committee under the auspices of the OECD. The mandate of this Committee was included as an annex to MTN/INF/33.

Note: It is possible that other sectoral negotiations took place, but consensus was not reached on them. Since the negotiations for the establishment of the HS Convention concluded in 1988, it is not possible to obtain a common product coverage indicator for an earlier period.

ANNEX 3 - SECTORAL NEGOTIATIONS DURING THE URUGUAY ROUND (1986-1994)

Sector	Tariff items in product coverage ¹	Number of participants	Target of tariff reduction	Staging	Non-tariff Measures	Other / Result
1. Agricultural Equipment	3 HS headings and 1 ex item	10 Participants during the UR ² ; 11 additional Participants since the end of the UR.	Tariff elimination	5 years	None	The results were embodied in the Schedules of concessions of Participants.
2. Beer	1 HS subheading	6 Participants during the UR ² ; 8 additional Participants since the end of the UR.	Tariff elimination	8 years	None	The results were embodied in the Schedules of concessions of Participants.
3. Chemicals	Chapters 28 to 39 of the HS, except those tariff lines contained in Annex 1 of the Agreement on Agriculture	10 Participants during the UR ² ; 14 additional Participants since the end of the UR.	Harmonization as follows: -1 HS Chapter and 3 HS heading at 0% -1 HS Chapter and 13 HS headings at 5.5% -9 HS Chapters and 27 HS headings at 6.5%	Different staging according to base level as follows: 10% or less: 5 years >10% - 25%: 10 years >25%: 15 years	None	- Reduction to begin from applied MFN rates - Applied rates currently below harmonization levels to remain the same or be reduced further.
4. Civil aircraft	26 HS subheadings, if products are for use in a civil aircraft and incorporation therein.		Tariff elimination	Immediate	See Annex 2 on Tokyo Round.	-Expanded the product coverage of the Agreement on Trade in Civil Aircraft that was negotiated during the Tokyo Round. - All other duties and charges were eliminated.

ANNEX 3 - SECTORAL NEGOTIATIONS DURING THE URUGUAY ROUND (1986-1994)

Sector	Tariff items in product coverage ¹	Number of participants	Target of tariff reduction	Staging	Non-tariff Measures	Other / Result
						- The product coverage was transposed to the HS 2002 through the Protocol (2001) Amending the Annex to the Agreement on Trade in Civil Aircraft (See TCA/4)
5. Construction equipment	5 HS headings, 3 subheadings and one ex item.	9 Participants during the UR ² ; 11 additional Participants since the end of the UR.	Tariff elimination	5 years	None	The results were embodied in the Schedules of concessions of Participants.
6. Distilled spirits (brown)	3 HS subheadings	7 Participants during the UR ² ; 7 additional Participants since the end of the UR.	Tariff elimination	10 years	None	The results were embodied in the Schedules of concessions of Participants.
7. Electronics (*)	No specific information is available		Tariff elimination was proposed		Some participants conditioned their participation to the results of the Agreement on Government Procurement	No common understanding was reached on this sectoral during the Uruguay Round.
8. Fisheries (*)	1 HS Chapter, 4 HS headings (with some exceptions) and 1 HS Subheading		Tariff elimination was proposed		Discussed commitments on NTBs and government support programs, including its reduction.	No common understanding was reached on this sectoral during the Uruguay Round.

ANNEX 3 - SECTORAL NEGOTIATIONS DURING THE URUGUAY ROUND (1986-1994)

Sector	Tariff items in product coverage¹	Number of participants	Target of tariff reduction	Staging	Non-tariff Measures	Other / Result
9. Furniture	17 HS subheadings and 1 ex item.	9 Participants during the UR ² ; 7 additional Participants since the end of the UR.	Tariff elimination	5 years	None	The results were embodied in the Schedules of concessions of Participants.
10. Medical equipment	6 HS headings, 6 HS subheadings and 3 ex items	9 Participants during the UR ² ; 12 additional Participants since the end of the UR.	Tariff elimination	5 years	None	The results were embodied in the Schedules of concessions of Participants.
11. Non ferrous metals (*)	8 HS Chapters		Tariff elimination was proposed		Some sector specific NTBs were discussed	No common understanding was reached on this sectoral during the Uruguay Round.
12. Paper	3 HS Chapters	7 Participants during the UR ² ; 10 additional Participants since the end of the UR.	Tariff elimination	10 years	Some sector specific NTBs were discussed bilaterally	The results were embodied in the Schedules of concessions of Participants.
13. Pharmaceuticals ⁷⁵	Product coverage is defined as one HS Chapter; 4 HS headings; all active ingredients which have an international non-	10 Participants during the UR ² ; 1 additional Participant since the end	Tariff elimination	First day of implementation	There is a general provision on NTBs	- Participants agreed to review the product coverage every three years under the auspices of the Council for Trade in Goods with a view to including by consensus additional products for tariff elimination. - All other duties and charges (ODCs)

⁷⁵ Communication by the EC, GATT doc. L/7430

ANNEX 3 - SECTORAL NEGOTIATIONS DURING THE URUGUAY ROUND (1986-1994)

Sector	Tariff items in product coverage ¹	Number of participants	Target of tariff reduction	Staging	Non-tariff Measures	Other / Result
	proprietary name (INN) from the World Health Organization; plus other products described in 4 annexes, including products used for the production and manufacture of finished pharmaceuticals	of the UR				to be eliminated - Each government's national customs authority may require importers to provide one or more of the following: (i) HS 6 digit classification (ii) Chemical description, (iii) INN, (iv) Chemical Abstracts Service (CAS) Registry Number (RN); (v) Prefix or suffix of the salt/ester/hydrate (if applicable). - Two revisions have taken place to date. ⁷⁶ (See Annex 4).
14. Steel	33 HS headings and 3 ex items	8 Participants during the UR ² ; 9 additional Participants since the end of the UR.	Tariff elimination	5 years	Subsidies and other NTBs were discussed.	The results were embodied in the Schedules of concessions of Participants.
15. Wood products (*)	1 HS Chapter, with some exceptions		Tariff elimination was proposed		Some sector specific NTBs were discussed bilaterally.	No common understanding was reached on this sectoral during the Uruguay Round.
16. Toys	5 HS headings	5 Participants during the UR ² ; 11 additional Participants since the end of the UR.	Tariff elimination	10 years		The results were embodied in the Schedules of concessions of Participants.

⁷⁶ See G/MA/W/10 and G/MA/W/18.

Note: It would appear that additional sectoral negotiations were proposed on ceramics, cigars, footwear and leather goods, glassware, musical instruments, oilseeds, photographic film, rubber, scientific instruments, textiles and clothing, and white spirits. However, the Secretariat has no specific information about them. The following definitions are used in the table: "heading" refers to a HS tariff item at the 4 digit level; "subheading" refers to a HS tariff items at the 6 digit level; "ex item" refers to a subset of products beyond the HS 6 digit level. It should finally be noted that the number of Participants to some of these sectorals could increase due to the enlargement of the European Union to 25 member States and the establishment of a new Schedule as proposed by the EC in G/SECRET/20.

(*) Sectors where no common understanding was reached by Participants.

/1 The WTO Secretariat cannot ensure that the summarized product coverage is entirely accurate or complete. See Annex 5 for a listing of the product coverage.

/2 Counting the EC-15 as one

ANNEX 4 - POST URUGUAY ROUND DEVELOPMENTS ON SECTORAL NEGOTIATIONS (1995 – TO DATE)

Sector	Tariff items in product coverage	Number of participants	Target of tariff reduction	Staging	Non-Tariff Measures	Other / Result
1. Information Technology Agreement (ITA)	The ITA has two parts: -Attachment A is divided in two sections that include, overall, 10 HS headings, 98 HS subheadings and 95 ex items. -Attachment B lists 15 specific products to be covered by an ITA Schedule for tariff elimination, wherever they are classified in the HS. Thus, product coverage measured in terms of tariff lines could differ between Participants.	41 Participants, counting Switzerland and Liechtenstein individually, and the EC-25 as one.	Tariff elimination	3 years. Additional time was granted to developing country participants in some products.	The agreement notes that participants shall meet periodically under the auspices of the Council for Trade in Goods to consult on non-tariff barriers to trade in information technology products.	<ul style="list-style-type: none"> - The ITA agreement is embodied in WT/MIN(96)/16. - Entering into force was conditioned to the acceptance of participants representing approximately 90 per cent of world trade. - Participants undertook to eliminate all other duties and charges (ODCs). - Participants shall meet periodically under the auspices of the Council for Trade in Goods to review the product coverage, with a view to agreeing, by consensus, whether in the light of technological developments, experience in applying the tariff concessions, or changes to the HS nomenclature, product coverage should be expanded.
2. ITA II (*)	N.A.	N.A.	Tariff elimination	N.A.	See above.	<p>Negotiations for the expansion of the product coverage of the ITA began in 1997.⁷⁷</p> <p>Currently, no common understanding has been reached by Participants to increase the product coverage. However, Participants continue to consult on the matter.</p>

⁷⁷ See G/IT/SPEC/1-14. The Secretariat prepared a compilation of the proposals in G/IT/SPEC/15.

ANNEX 4 - POST URUGUAY ROUND DEVELOPMENTS ON SECTORAL NEGOTIATIONS (1995 – TO DATE)

Sector	Tariff items in product coverage	Number of participants	Target of tariff reduction	Staging	Non-Tariff Measures	Other / Result
3. Pharmaceuticals – First review	The annexes from the UR were replaced by a revised version. Participants added new products to the different annexes.	See above ¹	Tariff elimination	Immediate	See above.	Participants met to negotiate the expansion of the product coverage between 30 November 1995 – 11 July 1996. The outcome was informed to WTO members in G/MA/W/10.
4. Pharmaceuticals – Second review	Added approximately 639 products to the annexes (not tariff lines).	See above ¹	Tariff elimination	Immediate	See above.	Participants met to negotiate the expansion of the product coverage between 3 April 1998 to October 1998. The outcome was informed to WTO Members in G/MA/W/18.
5. Distilled spirits (White)	Approximately 35 ex items in one participant and 50 ex items in the other participant ²	Two	Tariff elimination			The results were embodied in the Schedules of concessions of Participants through a rectification-modification procedure. Tariff elimination of brown spirits was accelerated.

Note: The following definitions are used in this table: "heading" refers to HS tariff items at the 4 digit level; "subheading" refers to HS tariff items at the 6 digit level; "ex item" refers to a subset of products beyond the HS 6 digit level.

(*) Sectors where no common understanding was reached by Participants.

¹ The number of Participants of this sector has been modified due to the enlargement of the European Union. Current participation is of 30, counting the EC-25 member States of the individually.

² The difference in number of tariff lines is due to the different breakouts implemented by participants at the national level beyond 6 digits.

ANNEX 5 - PRODUCT COVERAGE OF SUCCESSFUL PLURILATERAL SECTORAL NEGOTIATIONS DURING THE URUGUAY ROUND

HS92 item	Product description
1. Agricultural Equipment (Tariff elimination)	
8432	Agricultural, horticultural, or forestry machinery for soil preparation or cultivation; lawn or sports-ground rollers; parts thereof
8433	Harvesting or threshing machinery, including straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce, other than machinery of heading 8437, parts thereof
8434	Machinery for sorting, screening, separating, washing, crushing, grinding, mixing, or kneading earth, stone, ores or other mineral substances, in solid (including powder or paste) form; machinery for agglomerating, shaping or molding solid mineral fuels, ceramic paste, unhardened cements, plastering materials or other mineral products in powder or paste form; machines for forming foundry molds of sand; parts thereof
ex8701.90	Agricultural tractors
2. Beer (Tariff elimination)	
2203	Beer
3. Chemicals (Harmonization)	
Chapters 28-39 of the Harmonized System	Product coverage does not include HS items contained in Annex 1 of the Agreement on Agriculture.
5. Construction Equipment (Tariff elimination)	
8425	Pulley tackle and hoists other than skip hoists; winches and capstans
8426	Derricks; cranes, including cable cranes, mobile lifting frames, straddle carriers and works trucks fitted with a crane
8428	Other lifting, handling, loading or unloading machinery (For example, elevators, escalators, conveyors, teleferics)
8429	Self-propelled bulldozers, angledozers, graders, levelers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and rollers
8430	Other moving, grading, leveling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores; pile-drivers and pile-excavators; snow-ploughs and snow-blowers
Ex 8431	Parts suitable for the use solely or principally with the machinery of headings 8425 to 8430, except 8431.2.0 (parts for 8427 fork lift trucks)
8479.10	Machinery for public works, building or the like
8701.30	Track-laying tractors
8704.10	Dumpers designed for off-highway use
6. Distilled Spirits (Brown) (Tariff elimination)	
2208.20	Brandy
2208.30	Whiskey

HS92 item	Product description
2208.90	Fruit brandy
7. Furniture (Tariff elimination)	
ex9401.10	Seats for aircraft, not already covered by the civil aircraft code
9401.30	Swivel seats with variable height adjustment
9401.40	Seats other than garden seats or camping equipment, convertible into beds
9401.50	Seats of cane, osier bamboo or similar materials
9401.61	Other seats with wooden frames, upholstered
9401.69	Other seats with wooden frames, not upholstered
9401.71	Other seats with metal frames, upholstered
9401.79	Other seats with metal frames, not upholstered
9401.80	Other seats
9401.90	Parts
9403.10	Metal furniture for offices
9403.20	Other metal furniture
9403.30	Wooden furniture for offices
9403.50	Wooden furniture for kitchens
9403.60	Other wooden furniture
9403.70	Furniture of plastics
9403.80	Furniture of other materials including cane, osier bamboo and similar materials
9403.90	Parts
8. Medical equipment (Tariff elimination)	
2844.40	Radioactive elements and isotopes and compounds
3822	Composite diagnostic or laboratory reagents other than those of heading 3002 or 3006
8419.20	Medical, surgical or laboratory sterilizers
ex8419.90	(Parts for 8419.20)
ex8543.80	(Electrical nerve stimulation -- t.e.n.s.)
8713	Invalid carriages, whether or not motorized or otherwise mechanically propelled
8714.20	Parts and accessories of vehicles of headings 8711 to 8713: of invalid carriages
9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphic apparatus, other electro-medical apparatus and sight-testing instruments; parts and accessories thereof
9019	Mechano-therapy appliances; massage apparatus; psychological aptitude-testing apparatus; ozone therapy, oxygen therapy, aerosol therapy, artificial respiration or other therapeutic respiration apparatus; parts and accessories thereof
9021	Orthopedic appliances; splints; artificial parts of the body; hearing aids; parts and accessories thereof
9022.11	X-ray machines for medical, surgical, dental or veterinary uses
9022.19	X-ray machines for other uses
9022.21	Alpha, beta or gamma ray machines for medical, dental, surgical or veterinary uses
Ex9025.11	Clinical or veterinary thermometers
9402	Medical, surgical, dental or veterinary furniture; parts thereof

HS92 item	Product description
9. Paper (Tariff elimination)	
Chapters 47, 48, and 49	Note: No further description was provided
10. Steel (Tariff elimination)	
7206.10	Note: No further description was provided
7207	
7208	
7209	
7210	
7211	
7212	
7213	
7214	
7215	
7216	
7217	
7218	
7219	
7220	
7221	
7222	
7223	
7224	
7225	
7226	
7227	
7228	
7229	
7301	
7302	Excluding 7302.30.00
7303	
7304	
7305	
7306	
ex7307.22	Couplings
ex7307.92	Couplings
7308	
7312	

HS92 item	Product description
7313	
7314	
7317	
11. Toys (Tariff elimination)	
9501	Note: No further description was provided
9502	
9503	
9504	
9505	
12. Pharmaceuticals (Note: Partial description of the coverage)⁷⁸	
Chapter 30	
2936	Except dihydrostreptomycin and salts, esters, and hydrates thereof
2937	Except dihydrostreptomycin and salts, esters, and hydrates thereof
2949	Except dihydrostreptomycin and salts, esters, and hydrates thereof
2941	Except dihydrostreptomycin and salts, esters, and hydrates thereof

Note: Based on non-official documents. The WTO Secretariat did not provide assistance to the Participants in negotiating these plurilateral sectoral initiatives and it cannot, therefore, guarantee that the product coverage described herein is entirely accurate. This Annex should be considered of an indicative nature only.

⁷⁸ The complete product coverage of the Sectoral on Pharmaceuticals can be found in GATT doc. L/7430 and in WTO doc. G/MA/W/10. It includes all active ingredients which bear an international non-proprietary name (INN) from the World Health Organization; plus other products described in 4 Annexes, which includes products used for the production and manufacture of finished pharmaceuticals.

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