WORLD TRADE

ORGANIZATION

Negotiating Group on Market Access

Original: English

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Contribution Paper from Korea

Addendum

The following communication, dated 27 December 2002, has been received from the Permanent Mission of Korea.

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I.   INTRODUCTION

1.   As a result of reductions in tariffs and non-tariff barriers since the end of the Uruguay Round of negotiations, market access for non-agricultural products has substantially improved. However, WTO Members still face various barriers to trade in non-agricultural products, including tariff peaks, high tariffs and tariff escalation.

2.   The Doha Development Agenda provides Members with the opportunity to deal with the remaining trade barriers for non-agricultural products. Indeed, the Doha Ministerial Declaration sets out an ambitious goal for negotiations on non-agricultural products. Paragraph 16 of the Doha Ministerial Declaration calls upon Members to reduce or as appropriate eliminate tariff peaks, high tariffs and tariff escalation taking fully into account the special needs and interests of developing and least-developed country participants.

3.   Korea is of the view that Members must make conscientious efforts to meet the ambitious mandate of the Doha Ministerial Declaration. Korea has already presented its views on the major elements of negotiations on non-agricultural products through its first submission (TN/MA/W/6). This submission elaborates on Korea's first submission, focusing on the modalities for negotiations.

II.   PRINCIPLES

4.   Korea believes that negotiations on modalities should be based on the following principles:

(a)   The outcome should ensure balance of benefits between developed and developing country Members.

(b)   The modalities should ensure transparency so that Members can evaluate the effect of their application.

(c)   The modalities should ensure substantial improvement in market access that goes beyond what was achieved during the Uruguay Round of negotiations.

(d)   The modalities should aim at achieving convergence of different tariff structures of Members by effectively addressing tariff peaks, high tariffs and tariff escalation.

(e)   The modalities should take into account the current tariff structures of Members which reflect their respective levels of development.

III.   MODALITIES FOR TARIFF REDUCTION

5.   Korea proposes that each Member reduce its trade weighted average tariff rate by 40 percent. Members will achieve this goal in accordance with the following tariff reduction formulae:

(a)   The bound tariff rate for each non-agricultural product shall be reduced at least by 20 percent with no exceptions.

(b)   For those products whose current bound tariff rates are above either two times each Member's current simple national average tariff rate or 25 percent, the tariff rates shall be reduced by more than 20 percent.

-        The tariff rates above two times the national average, after minimum reduction of 20 percent, shall be further subtracted by 70 percent of the difference between them and two times the simple national average. For example, if the national average tariff rate is 3 percent and the tariff rate for product A is 15 percent, the final tariff rate for product A shall be less than 5.7 percent.

         $$T_1 = (T_0*0.8) - 0.7*(T_0 - 2*T_a)$$

         T_1: maximum tariff rate after reduction
         T_0: tariff rate before reduction (above 2 times the national average)
         T_a: national average tariff rate

-        The tariff rates above 25 percent, after minimum reduction of 20 percent, shall be further subtracted by 70 percent of the difference between them and 25 percent. For example, if the tariff rate for product B is 50 percent, the final tariff rate for product B shall be less than 22.5 percent.

         $$T_1 = (T_0*0.8) - 0.7*(T_0 - 25)$$

         T_1: maximum tariff rate after reduction
         T_0: tariff rate before reduction (above 25 percent)

-        If a tariff rate is above two times the simple national average and at the same time above 25 percent, the final tariff rate shall be whichever is lower after the reduction as described above.

(c) If the result of tariff reduction in accordance with the formulae as described above is under the targeted 40 percent reduction of the trade weighted average tariff rate, Members shall make additional tariff reduction at its own discretion to achieve the targeted 40 percent reduction. However, if the result of tariff reduction in accordance with the formulae as described above goes beyond the targeted 40 percent reduction, Members shall apply the result.

         For the results of applying these formulae, please refer to the table and graph attached.

Base Rates and Base Year

6.   The base rates for tariff reduction shall be the final bound rates agreed at the UR negotiations. The base rates for unbound tariff lines shall be the applied rates for the year 2001. In view of the

limited time available until the deadline of 1 January 2005 for concluding the negotiations and the progress of the conversion work to HS 2002, HS 96 shall be employed.

Non *Ad Valorem* Tariffs

7.   Non *ad valorem* tariffs shall be reduced on the basis of their *ad valorem* equivalents and in accordance with the modalities as described above.

8.   After the reduction of non *ad valorem* tariffs on the basis of their *ad valorem* equivalents, Members shall have discretion to convert non-*ad valorem* tariffs into *ad valorem* tariffs or maintain non *ad valorem* tariffs.

Least Developed Countries

9.   Least developed country Members should be exempted from the tariff reduction obligation. But they are required to substantially increase their tariff binding ratios.

Implementation Period

10.   The implementation period for tariff reduction shall be five years. However, for developing country Members, the implementation period shall be seven years. During the implementation period, Members shall make equal annual cuts.

IV.   NON-TARIFF BARRIERS

11.   Negotiations on NTBs should not derail or delay the entire negotiating process on market access. Therefore, Members should agree early in the process on the scope of negotiations, with a particular focus on how to deal with issues involving existing WTO rules and agreements. A balanced consideration of both the open nature of the Doha mandate on NTBs and the limited time-frame for the conclusion of negotiations is crucial to the success of negotiations in this area.

12.   In this connection, Members should take into consideration the following key elements in defining the scope of negotiations on NTBs:

(a)   Non-duplication of work with other negotiating bodies;
(b)   Existence of a critical mass calling for addressing the particular NTBs;
(c)   Achievability of negotiating objectives within the agreed time-frame for DDA negotiations; and
(d)   Respect for each Member's authority in pursuing national policy objectives.

V.   ENVIRONMENTAL GOODS

13.   Korea believes that limiting the scope of product coverage to a manageable level is desirable in view of the need to ensure broader participation of developing country Members in the reduction commitments in this sector.

14.   Korea proposes that Members establish a WTO list of environmental goods, taking advantage of the works already undertaken by the APEC and the OECD. Environmental goods to be included in the list should be determined in terms of their end-use, but not in terms of their production and process methods.

Tariff Rate Before Reduction	Average=3		Average=10		Average=15		Average=30	
	Maximum Tariff Rate After Reduction	Minimum Reduction Rate	Maximum Tariff Rate After Reduction	Minimum Reduction Rate	Maximum Tariff Rate After Reduction	Minimum Reduction Rate	Maximum Tariff Rate After Reduction	Minimum Reduction Rate
1	0.8	20.0%	0.8	20.0%	0.8	20.0%	0.8	20.0%
2	1.6	20.0%	1.6	20.0%	1.6	20.0%	1.6	20.0%
3	2.4	20.0%	2.4	20.0%	2.4	20.0%	2.4	20.0%
4	3.2	20.0%	3.2	20.0%	3.2	20.0%	3.2	20.0%
5	4	20.0%	4	20.0%	4	20.0%	4	20.0%
6	4.8	20.0%	4.8	20.0%	4.8	20.0%	4.8	20.0%
7	4.9	30.0%	5.6	20.0%	5.6	20.0%	5.6	20.0%
8	5	37.5%	6.4	20.0%	6.4	20.0%	6.4	20.0%
9	5.1	43.3%	7.2	20.0%	7.2	20.0%	7.2	20.0%
10	5.2	48.0%	8	20.0%	8	20.0%	8	20.0%
11	5.3	51.8%	8.8	20.0%	8.8	20.0%	8.8	20.0%
12	5.4	55.0%	9.6	20.0%	9.6	20.0%	9.6	20.0%
13	5.5	57.7%	10.4	20.0%	10.4	20.0%	10.4	20.0%
14	5.6	60.0%	11.2	20.0%	11.2	20.0%	11.2	20.0%
15	5.7	62.0%	12	20.0%	12	20.0%	12	20.0%
16	5.8	63.8%	12.8	20.0%	12.8	20.0%	12.8	20.0%
17	5.9	65.3%	13.6	20.0%	13.6	20.0%	13.6	20.0%
18	6	66.7%	14.4	20.0%	14.4	20.0%	14.4	20.0%
19	6.1	67.9%	15.2	20.0%	15.2	20.0%	15.2	20.0%
20	6.2	69.0%	16	20.0%	16	20.0%	16	20.0%
21	6.3	70.0%	16.1	23.3%	16.8	20.0%	16.8	20.0%
22	6.4	70.9%	16.2	26.4%	17.6	20.0%	17.6	20.0%
23	6.5	71.7%	16.3	29.1%	18.4	20.0%	18.4	20.0%
24	6.6	72.5%	16.4	31.7%	19.2	20.0%	19.2	20.0%
25	6.7	73.2%	16.5	34.0%	20	20.0%	20	20.0%
26	6.8	73.8%	16.6	36.2%	20.1	22.7%	20.1	22.7%
27	6.9	74.4%	16.7	38.1%	20.2	25.2%	20.2	25.2%
28	7	75.0%	16.8	40.0%	20.3	27.5%	20.3	27.5%
29	7.1	75.5%	16.9	41.7%	20.4	29.7%	20.4	29.7%
30	7.2	76.0%	17	43.3%	20.5	31.7%	20.5	31.7%
35	7.7	78.0%	17.5	50.0%	21	40.0%	21	40.0%
40	8.2	79.5%	18	55.0%	21.5	46.3%	21.5	46.3%
45	8.7	80.7%	18.5	58.9%	22	51.1%	22	51.1%
50	9.2	81.6%	19	62.0%	22.5	55.0%	22.5	55.0%
55	9.7	82.4%	19.5	64.5%	23	58.2%	23	58.2%
60	10.2	83.0%	20	66.7%	23.5	60.8%	23.5	60.8%
65	10.7	83.5%	20.5	68.5%	24	63.1%	24	63.1%
70	11.2	84.0%	21	70.0%	24.5	65.0%	24.5	65.0%
75	11.7	84.4%	21.5	71.3%	25	66.7%	25	66.7%
80	12.2	84.8%	22	72.5%	25.5	68.1%	25.5	68.1%
85	12.7	85.1%	22.5	73.5%	26	69.4%	26	69.4%
90	13.2	85.3%	23	74.4%	26.5	70.6%	26.5	70.6%
95	13.7	85.6%	23.5	75.3%	27	71.6%	27	71.6%
100	14.2	85.8%	24	76.0%	27.5	72.5%	27.5	72.5%

Tariff Rate Before Reduction	Average=3		Average=10		Average=15		Average=30	
	Maximum Tariff Rate After Reduction	Minimum Reduction Rate	Maximum Tariff Rate After Reduction	Minimum Reduction Rate	Maximum Tariff Rate After Reduction	Minimum Reduction Rate	Maximum Tariff Rate After Reduction	Minimum Reduction Rate
1	0.8	0.2	0.8	0.2	0.8	0.2	0.8	0.2
5	4	0.2	4	0.2	4	0.2	4	0.2
10	5.2	0.48	8	0.2	8	0.2	8	0.2
15	5.7	0.62	12	0.2	12	0.2	12	0.2
20	6.2	0.69	16	0.2	16	0.2	16	0.2
25	6.7	0.732	16.5	0.34	20	0.2	20	0.2
30	7.2	0.76	17	0.433333	20.5	0.316667	20.5	0.316667
35	7.7	0.78	17.5	0.5	21	0.4	21	0.4
40	8.2	0.795	18	0.55	21.5	0.4625	21.5	0.4625
45	8.7	0.806667	18.5	0.588889	22	0.511111	22	0.511111
50	9.2	0.816	19	0.62	22.5	0.55	22.5	0.55
55	9.7	0.823636	19.5	0.645455	23	0.581818	23	0.581818
60	10.2	0.83	20	0.666667	23.5	0.608333	23.5	0.608333
65	10.7	0.835385	20.5	0.684615	24	0.630769	24	0.630769
70	11.2	0.84	21	0.7	24.5	0.65	24.5	0.65
75	11.7	0.844	21.5	0.713333	25	0.666667	25	0.666667
80	12.2	0.8475	22	0.725	25.5	0.68125	25.5	0.68125
85	12.7	0.850588	22.5	0.735294	26	0.694118	26	0.694118
90	13.2	0.853333	23	0.744444	26.5	0.705556	26.5	0.705556
95	13.7	0.855789	23.5	0.752632	27	0.715789	27	0.715789
100	14.2	0.858	24	0.76	27.5	0.725	27.5	0.725

Results of applying the Formulae

Tariff rate before reduction

Average=3   Average=10   Average=15*   Average=30*