

**MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS**

Elaboration of India's Proposal

Addendum

The following document, dated 14 March 2003, has been received from the Permanent Mission of India.

1. India had put forth its specific proposals on modalities. This was circulated to Members *vide* Document No. TN/MA/W/10/Add.1. Further to the discussions held at the NGMA meeting on 19-21 February, 2003 India wishes to elaborate its proposals as per details given below -

2. India's tariff reduction proposal *inter alia* requires all Members to undertake the following steps in reducing their tariffs in respect of tariff lines already bound:

- (i) A simple percentage cut on bound tariffs of each Member, with a higher percentage to be set for developed countries than the percentage set for developing countries. Such a reduction method shall fully take into account the special needs and interests of developing and least developed country members and will be in conformity with the mandate requiring "less than full reciprocity in reduction commitments" by developing countries.
- (ii) Members shall not impose tariff on any product in excess of three times their average tariff. The average for this purpose shall be calculated after effecting the tariff reduction as per (i) above.

3. The proposal for already bound tariff lines may thus be mathematically represented as below:

$$\begin{aligned} \text{Step 1} & - T_{F1} = \left(1 - \frac{AY}{100}\right) * T_O \\ \text{Step 2} & - T_F = T_{F1} \text{ or } 3 * T_A \text{ whichever is less} \end{aligned}$$

Where

- A = less than full reciprocity' parameter;  
A = 1 for developed countries and  
A = 0.67 for developing countries
- Y = Reduction percentage (to be negotiated)
- $T_O$  = Present bound tariff on an individual tariff line
- $T_{F1}$  = Reduced tariff after Step 1 on the individual tariff line
- $T_A$  = Simple average tariff after Step 1
- $T_F$  = Final bound tariff on the individual tariff line

4. As an S&D measure developing countries will have flexibility to:
  - a) Decide on the actual bindings on some tariff lines while still maintaining the percentage reduction on an average basis as per 2(i) above.
  - b) Developing country members shall also have flexibility in respect of 2(ii) above.
  - c) Further, the flexibility to decide individual tariff bindings proposed in (a) above shall be on at least 15% of the bound tariff lines of the concerned developing country Members. This flexibility is on the understanding that the overall percentage reduction will be achieved.
  
5. The resulting bound tariffs on some hypothetical tariff levels after the use of the above formula with some indicative tariff reduction rates are illustrated in Annex-A.
  
6. Regarding hitherto unbound tariff lines, developing countries may bind them at the highest of the bound rates in a Member's tariff schedule or at the applied rate on a cut off date (base date) whichever is higher. Further, at least up to 10% of the presently unbound tariff lines still considered sensitive or strategically important for a developing country could be left unbound, but no sector is to be kept completely unbound. The binding of the unbound tariff lines is in itself to be considered a concession in terms of Article XXVIII *bis*:2(a).

ANNEX A

**Tariff Reduction Obtained by 45% - 30% Ratio**

Initial rate of tariffs	Tariff Reduction – Step 1		Final Tariff – Step 2 <sup>1</sup>			
	Developed	Developing	Members with Bound Tariff			
	45%	30%	Average* 3%	Average* 5%	Average* 10%	Average* 20%
0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5	1.4	1.8	1.4	1.4	1.8	1.8
5.0	2.8	3.5	2.8	2.8	3.5	3.5
7.5	4.1	5.3	4.1	4.1	5.3	5.3
10.0	5.5	7.0	5.5	5.5	7.0	7.0
12.5	6.9	8.8	6.9	6.9	8.8	8.8
15.0	8.3	10.5	8.3	8.3	10.5	10.5
17.5	9.6	12.3	9.0	9.6	12.3	12.3
20.0	11.0	14.0	9.0	11.0	14.0	14.0
22.5	12.4	15.8	9.0	12.4	15.8	15.8
25.0	13.8	17.5	9.0	13.8	17.5	17.5
27.5	15.1	19.3	9.0	15.0	19.3	19.3
30.0	16.5	21.0	9.0	15.0	21.0	21.0
32.5	17.9	22.8	9.0	15.0	22.8	22.8
35.0	19.3	24.5	9.0	15.0	24.5	24.5
37.5	20.6	26.3	9.0	15.0	26.3	26.3
40.0	22.0	28.0	9.0	15.0	28.0	28.0
42.5	23.4	29.8	9.0	15.0	29.8	29.8
45.0	24.8	31.5	9.0	15.0	30.0	31.5
47.5	26.1	33.3	9.0	15.0	30.0	33.3
50.0	27.5	35.0	9.0	15.0	30.0	35.0
52.5	28.9	36.8	9.0	15.0	30.0	36.8
55.0	30.3	38.5	9.0	15.0	30.0	38.5
57.5	31.6	40.3	9.0	15.0	30.0	40.3
60.0	33.0	42.0	9.0	15.0	30.0	42.0
62.5	34.4	43.8	9.0	15.0	30.0	43.8
65.0	35.8	45.5	9.0	15.0	30.0	45.5
67.5	37.1	47.3	9.0	15.0	30.0	47.3
70.0	38.5	49.0	9.0	15.0	30.0	49.0
72.5	39.9	50.8	9.0	15.0	30.0	50.8
75.0	41.3	52.5	9.0	15.0	30.0	52.5
77.5	42.6	54.3	9.0	15.0	30.0	54.3
80.0	44.0	56.0	9.0	15.0	30.0	56.0
82.5	45.4	57.8	9.0	15.0	30.0	57.8
85.0	46.8	59.5	9.0	15.0	30.0	59.5
87.5	48.1	61.3	9.0	15.0	30.0	60.0
90.0	49.5	63.0	9.0	15.0	30.0	60.0
92.5	50.9	64.8	9.0	15.0	30.0	60.0
95.0	52.3	66.5	9.0	15.0	30.0	60.0
97.5	53.6	68.3	9.0	15.0	30.0	60.0
100.0	55.0	70.0	9.0	15.0	30.0	60.0

<sup>1</sup> In Step 2 the illustrated figures with average tariff of 3% & 5% are for developed countries, while the illustrated figures with average tariff of 10% & 20% are for developing countries.

\* Average after application of Step 1.

**Tariff Reduction Obtained by 50% - 33<sup>1</sup>/<sub>3</sub>% Ratio**

Initial rate of tariffs	Tariff Reduction – Step 1		Final Tariff – Step 2 <sup>¶</sup>			
	Developed	Developing	Members with Bound Tariff			
	50%	33 <sup>1</sup> / <sub>3</sub> %	Average* 3%	Average* 5%	Average* 10%	Average* 20%
0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5	1.3	1.7	1.3	1.3	1.7	1.7
5.0	2.5	3.4	2.5	2.5	3.4	3.4
7.5	3.8	5.0	3.8	3.8	5.0	5.0
10.0	5.0	6.7	5.0	5.0	6.7	6.7
12.5	6.3	8.4	6.3	6.3	8.4	8.4
15.0	7.5	10.1	7.5	7.5	10.1	10.1
17.5	8.8	11.7	8.8	8.8	11.7	11.7
20.0	10.0	13.4	9.0	10.0	13.4	13.4
22.5	11.3	15.1	9.0	11.3	15.1	15.1
25.0	12.5	16.8	9.0	12.5	16.8	16.8
27.5	13.8	18.4	9.0	13.8	18.4	18.4
30.0	15.0	20.1	9.0	15.0	20.1	20.1
32.5	16.3	21.8	9.0	15.0	21.8	21.8
35.0	17.5	23.5	9.0	15.0	23.5	23.5
37.5	18.8	25.1	9.0	15.0	25.1	25.1
40.0	20.0	26.8	9.0	15.0	26.8	26.8
42.5	21.3	28.5	9.0	15.0	28.5	28.5
45.0	22.5	30.2	9.0	15.0	30.0	30.2
47.5	23.8	31.8	9.0	15.0	30.0	31.8
50.0	25.0	33.5	9.0	15.0	30.0	33.5
52.5	26.3	35.2	9.0	15.0	30.0	35.2
55.0	27.5	36.9	9.0	15.0	30.0	36.9
57.5	28.8	38.5	9.0	15.0	30.0	38.5
60.0	30.0	40.2	9.0	15.0	30.0	40.2
62.5	31.3	41.9	9.0	15.0	30.0	41.9
65.0	32.5	43.6	9.0	15.0	30.0	43.6
67.5	33.8	45.2	9.0	15.0	30.0	45.2
70.0	35.0	46.9	9.0	15.0	30.0	46.9
72.5	36.3	48.6	9.0	15.0	30.0	48.6
75.0	37.5	50.3	9.0	15.0	30.0	50.3
77.5	38.8	51.9	9.0	15.0	30.0	51.9
80.0	40.0	53.6	9.0	15.0	30.0	53.6
82.5	41.3	55.3	9.0	15.0	30.0	55.3
85.0	42.5	57.0	9.0	15.0	30.0	57.0
87.5	43.8	58.6	9.0	15.0	30.0	58.6
90.0	45.0	60.3	9.0	15.0	30.0	60.0
92.5	46.3	62.0	9.0	15.0	30.0	60.0
95.0	47.5	63.7	9.0	15.0	30.0	60.0

<sup>¶</sup> In Step 2 the illustrated figures with average tariff of 3% & 5% are for developed countries, while the illustrated figures with average tariff of 10% & 20% are for developing countries.

\* Average after application of Step 1

Initial rate of tariffs	Tariff Reduction – Step 1		Final Tariff – Step 2 <sup>1</sup>			
	Developed	Developing	Members with Bound Tariff			
	50%	33 <sup>1</sup> / <sub>3</sub> %	Average* 3%	Average* 5%	Average* 10%	Average* 20%
97.5	48.8	65.3	9.0	15.0	30.0	60.0
100.0	50.0	67.0	9.0	15.0	30.0	60.0

\_\_\_\_\_