

**MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS**

Contribution from Hong Kong, China

The following communication, dated 4 November 2002, has been received from the Permanent Mission of Hong Kong, China.

**Introduction**

1. Paragraph 16 of the Doha Ministerial Declaration sets out the mandate for the negotiations on market access for non-agricultural products. It prescribes certain key parameters for the negotiations, including:

- (a) reduction or as appropriate elimination of tariffs as well as non-tariff barriers;
- (b) reduction or elimination of tariff peaks, high tariffs, and tariff escalation;
- (c) product coverage shall be comprehensive and without a priori exclusions;
- (d) the negotiations shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments, in accordance with the relevant provisions of Article XXVIII bis of GATT 1994 and the provisions cited in paragraph 50 of the Doha Ministerial Declaration; and
- (e) the modalities to be agreed will include appropriate studies and capacity-building measures to assist least-developed countries to participate effectively in the negotiations.

This paper suggests an outline of modalities for non-agricultural tariff negotiations pursuant to (a) to (d) above.

**Objectives**

2. The achievements of previous rounds of tariff negotiations are remarkable, particularly in bringing down tariffs on non-agricultural products in developed economies. Nevertheless, high tariffs remain prevalent in certain sensitive sectors and products. The Uruguay Round has also resulted in an increase in the binding coverage of developing Members, although the bound rates are still relatively high.

3. Being the first round of multilateral trade negotiations after the establishment of the WTO, the Doha Development Agenda (DDA) provides an excellent opportunity to deal with the remaining market access barriers for non-agricultural products in a multilateral context. It is important for Members to achieve significant and commercially meaningful trade liberalisation from the DDA negotiations, not least because by the time the negotiations conclude it will have been a decade after the conclusion of the Uruguay Round. To ensure the relevance of the WTO to the business

community and to international trade, Hong Kong, China strongly supports an overall target for the negotiations more ambitious than that of the Uruguay Round.

4. With the cumulative reduction of market access barriers arising from previous rounds, Hong Kong, China believes time has come for developed Members to commit to a programme of progressive phasing out of all tariffs on non-agricultural products within a reasonably short period of time after the conclusion of the DDA negotiations, say five years.

5. For developing Members, having due regard to the need for special and differential treatment including less than full reciprocity in reduction commitment, a programme of progressive reduction of tariffs for a longer period of time may be more appropriate. By bringing down tariffs more softly and steadily, the impact of adjustment arising from such reduction can hopefully be evened out and more time allowed for appropriate policy planning.

### **The Proposed Modalities**

6. To realise the objectives in paragraphs 4-5 above, HKC proposes the following modalities:

(a) Immediate tariff reduction upon the conclusion of the DDA

To fulfil the Doha mandate and the objective of achieving significant and commercially meaningful trade liberalisation, Members can implement a one-off reduction/elimination of tariffs immediately upon the conclusion of the DDA negotiations.

Saving much time and effort on tedious product-by-product negotiations, a formula approach should provide a good basis for determining the one-off reduction/elimination of tariffs within the very tight timeframe of the DDA. It can be applied across a broad product coverage without *a priori* exclusions. It can allow different levels of tariff cut for developed and developing Members to address the special needs and interests of developing and least-developed Members, while ensuring a common minimum level of reduction for each group of Members<sup>1</sup>. It can tackle tariff peaks and high tariffs, which are common in products of export interest to developing Members, by introducing deeper cuts for higher tariff rates<sup>2</sup>. Other features such as a cap on the maximum level of tariffs and elimination of tariffs below a specified level may be added.

Using a formula approach as basis does not preclude the possibility of supplementary approaches, such as sectoral initiatives, harmonisation proposals, or request-and-offer, which may be useful in exceptional circumstances.

(b) Elimination of tariffs by developed Members

Developed Members can on top of the one-off tariff reduction undertake to further reduce tariffs by equal annual cuts until all tariffs are eliminated within a specified period.

(c) Progressive tariff reduction by developing Members

Developing Members can on top of the one-off tariff reduction undertake a programme of continuous tariff cuts over a longer period of time by re-applying the agreed formula or by means agreed otherwise. To serve as guidance for drawing up such a tariff reduction programme, a common overall target reduction rate may be set.

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<sup>1</sup> Some examples are shown under "Linear Reduction Formula" in Secretariat Note TN/MA/S/3. Different sets of coefficients will produce different levels of reduction.

<sup>2</sup> Please refer to "Tariff Dependent Modalities" in Secretariat Note TN/MA/S/3.

## **Conclusion**

7. Hong Kong, China would like to put forward the above broad outline of possible modalities for discussion by Members. Where appropriate, we shall come up with further details and illustration as well as on other modalities for NAMA negotiations to facilitate discussion at the next stage.

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