

WORLD TRADE ORGANIZATION

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Negotiating Group on Market Access

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MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Communication from Mexico

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

I. BACKGROUND

1.1 The multilateral trading system has been the leading instrument in the liberalization of world trade over the past 50 years. The disciplines negotiated under the World Trade Organization (WTO) have improved transparency and certainty in the trade of non-agricultural goods in general, while at the same time helping to achieve further liberalization and to boost competitiveness at the global level. However, the future of the WTO depends on incorporating the developing countries, on favourable conditions, in the growing trade flows, and developing clear and coherent rules that are more equitable for all Members. This is why the Doha Development Agenda is so important.

1.2 During the Doha Ministerial Conference, Mexico reaffirmed its commitment to further trade liberalization and supported the launching of a new round of multilateral trade negotiations.

1.3 Accordingly, Mexico is submitting to Members for consideration its proposal concerning the objectives to be pursued and the modalities to be applied in the negotiations on market access for non-agricultural products.

1.4 Mexico reserves the right to expand upon or modify the proposal contained in this document.

II. OBJECTIVE OF THE NEGOTIATIONS

2.1 As stated in the Doha Ministerial Declaration, the aim of the negotiations on market access for non-agricultural products is to reduce tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, as well as non-tariff measures. These negotiations are to be completed not later than January 2005.

2.2 During the negotiations, account will have to be taken of the different levels of development and competitiveness between the developed countries and the developing countries and in the different economic sectors within each country. Similarly, as stated in the Doha Declaration, the subject of special and differential treatment for developing countries must play a leading part in the negotiations in order to ensure the effective participation of all Members, achieve acceptable balances in the results of the negotiations and ensure optimum benefits for all.

III. MODALITIES

3.1 Mexico proposes that in developing modalities, the following elements be kept in mind:

1. The commitment to complete the negotiations by 2005

3.2 Any modalities adopted for the negotiations must take account of the fact that the Doha Declaration has established a very ambitious target date considering the limited time effectively available for the work that needs to be done at the technical level to achieve results acceptable to all participants, and considering the complexity of the negotiations themselves, involving a large number of Members that have never participated in a Round before. This is a variable which must be borne in mind throughout the negotiating process: while compliance with the target date may not be important *per se*, it is important for the credibility of the multilateral trading system.

3.3 Consequently, the modalities proposed by Mexico involve the adoption of a pragmatic, inclusive approach, with objectives that are realistic and attainable within the time-frame established by the Doha Declaration for achieving results.

2. Tariff reductions

3.4 Mexico proposes an approach based on a formula which relies on an average general tariff reduction by (X per cent) of the tariff previously bound for the universe of tariff headings.

3.5 To ensure compliance with paragraph 16 of the Doha Declaration, this approach could also be applied for the universe of products with tariff peaks and high tariffs. In other words, once the negotiating group has agreed on a definition for tariff peaks, their universe can be established and an average reduction of (X per cent) agreed upon, with a guarantee that they will be negotiated.

3.6 This could help significantly to meet the concern for reducing the current gap between bound tariffs and applied tariffs, thereby decreasing the levels of uncertainty which, at any given moment, could exist in the application of Members' tariff policies.

3.7 A flexible approach such as the one proposed, based on an average general reduction, would leave room to address certain sensitive issues for the developing countries, enhancing the prospects for reaching consensus and the viability of the negotiating process itself.

3.8 Moreover, the application of a formula which provides for general reductions would make it possible, at an initial stage, to enter into full-scale tariff negotiations, making it that much easier to comply with the timetable established by the Doha mandate. At the same time, a formula would help to generate a negotiating momentum as rapidly as possible.

3.9 Once a general formula had been applied, the degree of liberalization achieved by Members could be evaluated, and if deemed necessary, it would be possible to work at a later stage on the basis of request/offer methods and zero for zero initiatives for negotiated application.

3.10 Finally, the negotiations will be able to take account of cases in which the countries have gone beyond the trade liberalization agreed during the Uruguay Round, depending on the Group's discussions.

3. Coverage

3.11 In accordance with the Doha mandate, the entire tariff universe would in principle be subject to negotiation.

4. Base rates

3.12 We should start with the current WTO bound tariff levels, since they represent a common starting-point for Members and do not imply any *a priori* concessions. Moreover, the bound levels are those that have traditionally been used as a starting-point for previous negotiations.

5. Binding of tariffs

3.13 The starting-point for the negotiations should be the same for all countries to ensure certainty with respect to the maximum levels that can be applied by each country for each one of the tariff lines. Thus, all of the countries will have to commit themselves to binding the entire universe of tariff headings for non-agricultural goods as from the implementation of the results of this negotiating process.

6. Non-tariff measures

3.14 Mexico agrees with what has been said by a number of other Members, namely that non-tariff measures must be clearly defined and categorized in order to determine which ones fall within the competence of this Negotiating Group and to decide how they should be treated.

7. Membership

3.15 We must recognize that the growing number of Members participating in the negotiations and the disparity in levels of development among the different countries and within the countries tends to slow down negotiations that are already complicated in themselves, so that the idea of using a global tariff reduction formula is a better option.

8. Special and differential treatment and less than full reciprocity

3.16 Recognition of the principles of special and differential treatment and less than full reciprocity must be a fundamental part of the process and the results of the negotiations on tariff reduction modalities if we want the process and the results to be economically and politically viable in each country.

3.17 Similarly, Mexico is convinced that it would be more appropriate for special and differential treatment to be oriented towards the possibility of adopting a broad, rather than restricted, approach to the negotiations instead of setting longer time-limits for sensitive products. If the principle of special and differential treatment is not recognized, and the negotiations seek to adopt modalities that are too ambitious, establishing minimum levels of liberalization for each tariff line for the developing countries, at best the general level of liberalization will tend to be substantially lower, or at worst, negotiations will be made impossible from the outset.

3.18 It should be recalled that according to paragraph 16 of the Doha Ministerial Declaration, "[t]he 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 ..."; so that it must be recognized that ultimately, the developing countries will have to be able to maintain the same level for certain products or apply only minimum reductions to them.

3.19 A flexible rule providing for special and differential treatment as well as less than full reciprocity must not represent a means for the developing countries to avoid entering into liberalization commitments or to disregard the Doha mandate. On the contrary, a flexible rule must make it possible for those countries to participate fully in the negotiating process.

9. Environmental goods

3.20 Under the Doha mandate, before launching the negotiations on environmental goods, a definition must be found for such goods and their coverage must be defined and agreed upon in order to be able to address the issue.

IV. CONCLUSIONS

4.1 It is essential that we should opt for a modality that would enable us to enjoy almost immediately the benefits of tariff reductions while at the same time maintaining the WTO's credibility by respecting the time-limits established in the Doha Ministerial Declaration for the completion of the negotiations. Likewise, we must bear in mind that Members should be aiming at agreeing on those modalities by March-May 2002 – after which we will effectively be left with only 15 months of negotiations.

4.2 Consequently, Mexico proposes that the current discussions should lead to the establishment of a formula for the global reduction of tariffs. This modality would serve several objectives: it would lend credibility to the multilateral trading system by ensuring compliance with the established timeframe; it would generate negotiating momentum; it would establish consensus by incorporating the concerns of the developing and least-developed countries; it would reduce the gap between applied and bound tariffs; and it would guarantee the reduction of tariff peaks.
