

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Contribution from Oman

The following statement was made by the representative of Oman at the meeting of the Negotiating Group on Market Access held on 4 November 2002 with the request that it be circulated.

The delegation of the Sultanate of Oman attaches high priority to the work of the Negotiating Group on Market Access. Negotiation on tariffs and non-tariff measures on non-agricultural products has been a traditional and a successful area of work in past rounds of multilateral trade negotiations. However, despite past successes, problems remain in this area.

The Ministers in their Declaration at the Fourth WTO Ministerial Conference held in Doha agreed to include Market Access for Non-Agricultural Products as one of the subjects for immediate negotiations. The mandate of negotiations in this area is broad and ambitious. The Ministers agreed to:

- Reduce or eliminate tariffs.
- Reduction or elimination of tariff peaks, high tariffs and tariff escalation.
- Reduce or eliminate non-tariff barriers.
- That the product coverage shall be comprehensive and without a priori exclusions.
- That tariffs and non-tariff measures will be reduced or eliminated in particular on products of export interest to developing countries.
- That the special needs and interests of developing and least-developed countries shall be taken fully into account, including through less than full reciprocity.

The Doha Ministerial Declaration also noted the extensive market access commitments already made by the newly acceding countries, including the Sultanate of Oman.

The modalities for negotiations on non-agricultural products to be agreed upon by this Group should flow from and fully take into account the mandate I have just referred to. That means, in our view, that there cannot be one set of modalities for all participants. The delegation of Oman believes that there should be at least two sets of modalities for negotiations: one, for developed countries, and the second, for developing countries. And perhaps, a third for newly acceding countries.

The delegation of the Sultanate of Oman presents the following preliminary ideas on modalities for negotiations.

Modalities for developed countries

Developed countries participating in the negotiations should reduce their tariffs on the basis of a formula approach. The formula to be used should be a harmonization formula.

The Swiss formula is a good basis. This envisages greater reduction for higher tariffs and lesser reduction for lower tariffs.

Before the formula is applied, developed countries should reduce their high tariffs and tariff peaks to a target tariff rate. We would suggest a target tariff rate of 10%. That means that developed countries should first reduce their existing high tariffs and tariff peaks to 10% and then apply the agreed formula to this 10% rate. And, of course, the formula applies to rates lower than 10%.

Developed countries should also eliminate nuisance tariffs. Rates of 2.5% or lower should be reduced to 0%.

There should be no exceptions. The formula and target rates should apply to all non-agricultural products, without exceptions. In past negotiations there had been exceptions which eroded the effectiveness of the formula.

Developed countries have been asking developing countries not to use specific duties. They should themselves set an example by converting all specific duties to *ad valorem* tariffs. The reduction formula should apply to the converted *ad valorem* rates.

The base rates should be the target rates of 10% or the bound rates, whichever is lower. Tariffs on all non-agricultural items should be bound. Those developed countries that have not bound tariffs on all items, especially items of export interest to countries like Oman, should agree to bind these during the negotiations.

As for non-tariff measures, developed countries should reduce or eliminate high internal taxes and charges, especially those applicable to products of export interest to developing countries.

The Sultanate of Oman strongly believes that the adoption of modalities outlined by this delegation would lead the Negotiating Group to achieving the objectives laid down by the Ministers.

Modalities for developing countries

Developing countries Members of the WTO are at different stages of economic development. It is not reasonable and equitable to expect to apply a single modality to all developing countries. In fact, different modalities may be considered for developing countries at different stages of development and in different situations. The delegation of Oman is attracted by the idea of using the so-called cocktail approach by developing countries. Some may use the request-and-offer, item-by-item approach, while some others may apply the formula approach, but a different formula than the one used by developed countries, or a combination of the formula and item-by-item approach.

The base rates for developing countries should be the bound rates.

It may be a surprise for participants in this meeting if the delegation of Oman does not speak about newly acceding countries.

The Sultanate of Oman held market access negotiations on non-agricultural products in the process of its accession to the WTO. These negotiations were held after the Uruguay Round negotiations. We ended up making much more extensive concessions and commitments than most

countries did in the Uruguay Round. For example, Oman bound its tariffs on all, I repeat all, non-agricultural products, which even some developed countries have not done. We joined the Chemical Harmonization and the ITA initiatives although these were essentially developed-country-oriented initiatives. We also bound our tariffs at relatively very low levels. We went much farther than the Uruguay Round standards.

The sultanate of Oman proposes that the general modalities should not be applicable to newly acceding countries. They may consider making concessions and commitments on tariffs during the negotiations on a voluntary, autonomous basis, as their contribution to the negotiations. But they should neither be expected nor forced to make new commitments.

It is important for this Group to reach an early decision on modalities for negotiations. We agree with some other delegations that the target date for reaching decisions on modalities should be the Fifth Ministerial Conference.
