

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Japan's submission on "zero-for-zero" and "harmonization"

Addendum

The following communication was submitted by Japan at the meeting of the Negotiating Group on 19 February 2003, with the request that it be circulated.

1. Regarding the "zero-for-zero" and "harmonization" approaches, it was agreed, during the UR, to take these two approaches for 11 sectors, including paper, steel and chemicals. These approaches have achieved substantial results, which is enabling the liberalization of 70-80 per cent of imports of each sector through the participation of many Members, including developing countries. In addition, since the UR, 56 Members have participated in eliminating tariffs on information technology products and have bound the results in their Schedules.
2. In view of liberalization, Japan proposed in its submission dated 5 November 2002 (TN/MA/W/15) a hybrid approach that consists of two pillars:
 - i) a formula which reduces tariff rates by setting a target level of a trade weighted average tariff rate for each Member in accordance with the level of its bound rate (trade-weighted average) to address the wide disparity in tariff rates that exists among Members and
 - ii) the "zero-for-zero" and "harmonization" approaches among certain sectors.
3. In order to clarify matters, Japan submits herewith a further proposal for the "zero-for-zero" and "harmonization" approaches.
4. The sectors proposed by Japan account for two-thirds of the world's non-agricultural products trade, including products of export interest to developing countries, and products that are growing in the amount of trade during this decade.
5. Our empirical study indicates that if "zero-for-zero" and "harmonization" in these proposed sectors will be achieved, the GDP of the world would grow 0.24 per cent. Furthermore, it indicates that GDP would grow far larger in developing countries, by 0.7 per cent.
6. As for tackling tariff peaks and tariff escalation, Japan considers that to agree on a definition for tariff peaks and tariff escalation is difficult because dispersion of average tariff rate world wide and difference of tariff structure are still large. Thus Japan would like to propose that the "zero-for-zero" and "harmonization" approaches suggested in the following sectors are the most realistic approach to tackle tariff peaks and tariff escalation.

7. These tariff reductions through the "zero-for-zero" and "harmonization" approaches should be evaluated comprehensively, together with tariff reductions by the formula approach, and Members must discuss actively in order to reach an agreement by the end of May when an agreement on modalities is due. In addition, when discussing "zero-for-zero" and "harmonization" in such sectors as motor vehicles and textiles and clothing, problems of non-tariff barriers in each sector should be addressed simultaneously.

8. Japan reserves the right to submit additional proposals on "zero-for-zero" and "harmonization", along with any evolution in the negotiations.

Proposed items and their coverage based on Harmonized System 2002

Information technology products/Electronics

- 1.Information technology products (Annex1)
- 2.Consumer electrical products(Annex2)
- 3.Office machines (Annex3)

Motor vehicles

- 4.Motor vehicles (Annex4)

Textiles and clothing

- 5.Textiles and clothing (see Annex1 of Japan's proposal on modality dated 5 November)

Chemicals

- 6.Chemicals (including rubber and articles thereof) (Annex5)

Machinery

- 7.Machine tools (Annex6)
- 8.Construction machinery
- 9.Bearing
- 10.Watches and clocks
- 11.Cameras

Others

12. Bicycles
- 13.Titanium and articles thereof
- 14.Paper, pulp and articles thereof (enlargement of participating members)
- 15.Glass and articles thereof
- 16.Ceramic products
- 17.Toys
- 18.Certain articles of iron or steel

ANNEX 1

Proposal on widening the coverage and membership of the Information Technology Agreement

1. Background

In the previous Round, the sectoral tariff elimination and harmonization approach brought about a great trade liberalization effect worldwide. After the UR, several countries agreed to eliminate tariffs on information technology products, through what is called the ITA.

Participation in this agreement by Member countries is gradually increasing because it has been convincingly recognized abroad that it is imperative to organize a digitally-connected social infrastructure for sustainable economic growth.

In the meantime, however, considerable technological innovation has been made since the start of the agreement and it can be noted that the current ITA coverage does not include some of the state-of-the-art IT products. In particular, electrical appliances, which once used analogue signals, have now been replaced by digital signals, which enables users to, for example, transmit information at high-speed and with a large capacity, use such appliances from a remote place, and store huge amounts of data for a far longer period of time by using less resources.

These products are called digital electric appliances.

By widening the ITA coverage to a digital electric appliances sector, this would inevitably boost the economy. For example, (1) by stimulating a new technological innovation; (2) by broadening the potential of the service sector; (3) by contributing to the environment through their resource efficiency; and (4) by solving the problem of “digital-divide”, which exists worldwide, etc.

Japan is of the position that the negotiating group should deal with the problem of being able to fully achieve the objectives of the ITA by discussing how to widen coverage to include digital electric appliances. In this way, the welfare of information technology products can be broadened worldwide.

2. Modalities

- To widen the coverage of the ITA to reflect the results of the latest technological innovation.
- To ensure all WTO Members to actively participate in the ITA in order to widen the welfare of information technology products worldwide.
- It is needless to say that tariff elimination among all WTO Members should be achieved.

As for staging, considering the results of the previous rounds, 5 years are thought to be relevant for developed countries.

3. Product coverage

- Japan has listed the attached items that could be eligible in the Information Technology Agreement.
- The list includes many digital electric appliances which have been developed as a result of the latest technological innovation.

HS headings		Items
8418.10	ex	Refrigerators having Internet communication function
8418.21	ex	Refrigerators having Internet communication function
8418.22	ex	Refrigerators having Internet communication function
8418.29	ex	Refrigerators having Internet communication function
8418.30	ex	Freezers having Internet communication function
8418.40	ex	Freezers having Internet communication function
8418.50	ex	Refrigerators and freezers having Internet communication function
8418.61	ex	Refrigerators and freezers having Internet communication function
8418.69	ex	Refrigerators and freezers having Internet communication function
8418.91	ex	Parts of refrigerators and freezers having Internet communication function
8418.99	ex	Parts of refrigerators and freezers having Internet communication function
8450.11	ex	Washing machines having Internet communication function
8450.12	ex	Washing machines having Internet communication function
8450.19	ex	Washing machines having Internet communication function
8450.20	ex	Washing machines having Internet communication function
8450.90	ex	Parts of washing machines having Internet communication function
8472.90	ex	Digital Printing Machine
8472.90	ex	Basic Digital Copier
8479.89	ex	Shredder
8516.50	ex	Microwave oven having Internet communication function
8518.10	ex	Audio human interface products that are indispensable to digital consumer products ;microphones
8518.21	ex	Audio human interface products that are indispensable to digital consumer products: Speakers (analog)
8518.22	ex	Audio human interface products that are indispensable to digital consumer products: Speakers (analog)
8518.29	ex	Audio human interface products that are indispensable to digital consumer products: Speakers (analog)
8518.30	ex	Audio human interface products that are indispensable to digital consumer products: Headphones
8518.40	ex	Digital Audio Amplifier
8518.40	ex	Home theater systems
8519.10	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8519.21	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8519.21	ex	Home theater systems
8519.29	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8519.29	ex	Home theater systems
8519.31	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8519.39	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8519.40	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8519.92	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8519.93	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8519.93	ex	Home theater systems
8519.99	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8519.99	ex	Home theater systems

8519.99	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8519.99	ex	Audio and video recorders using HDD
8520.10	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8520.10	ex	Home theater systems
8520.32	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8520.32	ex	Home theater systems
8520.33	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8520.33	ex	Home theater systems
8520.39	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8520.39	ex	Home theater systems
8520.90	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8520.90	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8520.90	ex	Audio and video recorders using HDD
8521.10	ex	Home theater systems
8521.10	ex	DV-system digital VTRs, digital camcorders
8521.90	ex	Combinations of display, DVD and HDD recorders/players
8521.90	ex	Home theater systems
8521.90	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8521.90	ex	Audio and video recorders using HDD
8525.10	ex	Peripherals used as intermediaries between digital consumer products and electronic human interface products: Video and audio transmitters for home use (Wireless transmitters)
8525.40	ex	DV-system digital VTRs, digital camcorders
8526.91	ex	Navigation systems (GPS)
8527.12	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8527.12	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8527.12	ex	Audio and video recorders using HDD
8527.13	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8527.13	ex	Tuners for digital audio and digital data broadcasting
8527.13	ex	Home theater systems
8527.13	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8527.13	ex	Audio and video recorders using HDD
8527.19	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8527.19	ex	Tuners for digital audio and digital data broadcasting
8527.19	ex	Home theater systems
8527.19	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8527.19	ex	Audio and video recorders using HDD
8527.21	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8527.21	ex	Tuners for digital audio and digital data broadcasting
8527.21	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8527.21	ex	Audio equipments incorporating CD, MD and/or DVD, including those used in motor

		vehicles
8527.21	ex	Audio and video recorders using HDD
8527.29	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8527.29	ex	Tuners for digital audio and digital data broadcasting
8527.29	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8527.29	ex	Audio and video recorders using HDD
8527.31	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8527.31	ex	Tuners for digital audio and digital data broadcasting
8527.31	ex	Home theater systems
8527.31	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8527.31	ex	Audio equipments incorporating CD, MD and/or DVD, including those used in motor vehicles
8527.31	ex	Audio and video recorders using HDD
8527.32	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8527.32	ex	Tuners for digital audio and digital data broadcasting
8527.32	ex	Home theater systems
8527.32	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8527.32	ex	Audio and video recorders using HDD
8527.39	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8527.39	ex	Tuners for digital audio and digital data broadcasting
8527.39	ex	Home theater systems
8527.39	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8527.39	ex	Audio and video recorders using HDD
8527.90	ex	Audio equipment incorporating MP3 player, including those used in motor vehicles
8527.90	ex	Tuners for digital audio and digital data broadcasting
8527.90	ex	Audio and video players/recorders using recording media, such as CDs, MDs, DVDs and memory cards, including those used in motor vehicles
8527.90	ex	Audio and video recorders using HDD
8527.90	ex	Home theater systems
8528.12	ex	Combinations of display, DVD and HDD recorders/players
8528.12	ex	TV receivers having Internet communication function, with or without DVD and HDD recorder/player
8528.12	ex	Set top Boxes
8528.12	ex	TV receivers capable of transmitting digital data to PC
8528.12	ex	TV receivers with function to digitally process video signals for picture quality enhancement such as digital comb filtering.(CRT, Projection and FPD types)
8528.12	ex	TV receivers, video monitors (compatible with VGA/XGA, etc.*) and video projectors capable of displaying output signals from PC
8528.12	ex	Receivers and tuners for digital TV broadcasting
8528.12	ex	Receivers and tuners for high-definition TV broadcasting
8528.12	ex	Combination of TV receiver, DVD and HDD player/recorder
8528.21	ex	Combinations of display, DVD and HDD recorders/players
8528.21	ex	TV receivers, video monitors (compatible with VGA/XGA, etc.*) and video projectors capable of displaying output signals from PC
8528.21	ex	Peripherals used as video human interface products(e.g Liquid crystal display monitors, PDP monitors, etc)

8528.30	ex	LCD projector
8528.30	ex	TV receivers, video monitors (compatible with VGA/XGA, etc.*) and video projectors capable of displaying output signals from PC
8528.30	ex	Video projector
8543.89	ex	Electronic Whiteboard
8543.89	ex	Smart card
8543.89	ex	Home theater systems
8543.89	ex	Memory cards
8543.89	ex	Peripherals used as intermediaries between digital consumer products and electronic human interface products: Video and audio transmitters for home use (Wireless transmitters)
8543.89	ex	Electronic books
9001.10		
9009.12		
9504.10		
Attachment B	ex	Other digital consumer products with Internet communication function
Attachment B	ex	Other digital consumer products capable of transmitting data to PC.

ANNEX 2

Proposal on tariff elimination for consumer electrical products and electrical machinery parts

1. Background

Over the decades, worldwide trade in consumer electrical products has dramatically increased. In the last decade, the value in worldwide trade rose 1.5 times, from 22.8 billion dollars in 1991 to 36.2 billion dollars in 1999.

In addition, exports of consumer electrical products from developing countries are also on the increase. In 1999, for example, exports of consumer electric products from developing countries accounted for over 40 per cent of the actual consumer electric products trade worldwide, which showed an increase of from about 28 per cent since 1991. It should thus be recognized that consumer electrical products have become the goods of high export interest to developing countries.

In order to reflect the increasing importance of consumer electrical products in worldwide trade, ITA Member countries discussed on widening the ITA coverage to include consumer products (ITA II), but failed to reach agreement. As a result, a fully liberalized market access for consumer electrical products has not yet been achieved, despite the great interest of many developed and developing countries.

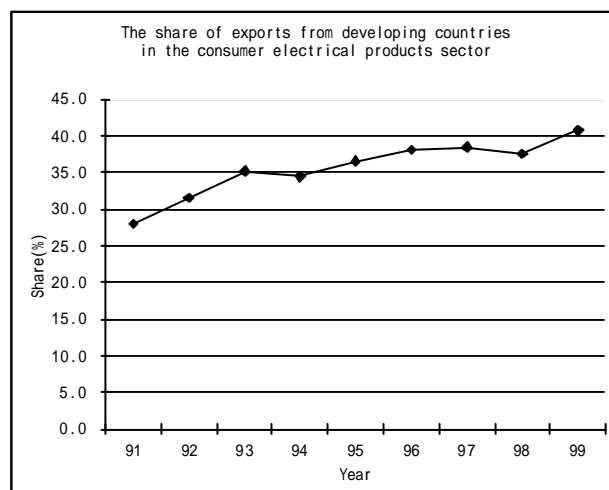
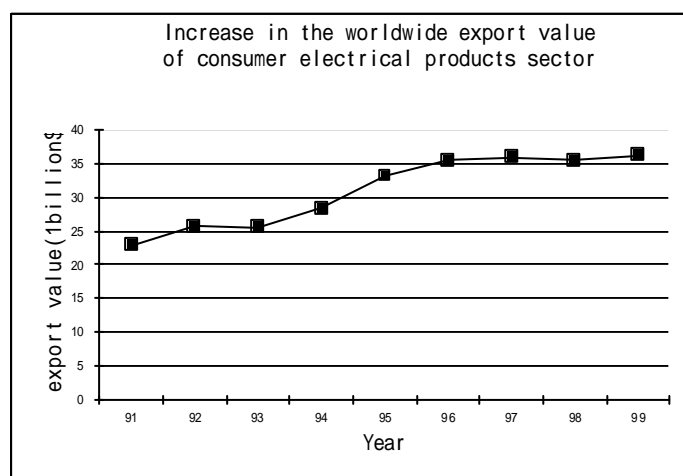
2. Modalities

Taking into account the growing importance of consumer electric products in worldwide trade, and considering that consumer electric products are of great export interest to developing countries, Japan considers that tariff elimination for this sector is relevant in order to maximize the economic welfare of free trade and to accomplish the objectives of the Doha declaration, para 16, which states that:

“modalities to be agreed to reduce or, as appropriate, eliminate tariffs, in particular on products of export interest to developing countries”.

Japan proposes the list of consumer electric products to indicate the coverage. In addition to a zero-for-zero approach for consumer electrical final products, Japan also proposes a zero-for-zero approach for electrical machinery parts, which are necessary for the manufacture of them.

Japan considers that the modality for this sector should be zero-for-zero, although staging should be applied if necessary.



Consumer electrical products		
HS		Items
3707.90	ex	Toner and Powder for printers and copying machine
7009.91	ex	Mirror(Parts of projection type TV)
8414.51	ex	Air purifier
8415.10	ex	Household type air conditioner
8415.20	ex	Household type air conditioner
8415.81	ex	For household type air conditioner
8415.82	ex	For household type air conditioner
8415.83	ex	For household type air conditioner
8415.90	ex	For household type air conditioner
8418		
8422.11		
8450		
8470.10	ex	Electronic books
8470.10	ex	Electronic dictionaries
8471.60		
8504.31	ex	Transformers, having a power handling capacity not exceeding 1 kVA
8504.40	ex	AC/DC Converter, DC/DC Converter, High pressure Converter
8509.10		
8509.80	ex	Garbage disposer
8516.10	ex	Water heating machine using heating pumps
8516.50		
8516.60	ex	Electric cooker
8516.79	ex	Electric rice cooker
8516.80		
8518		
8519		
8520		
8521		
8522		
8523.90	ex	Memory card
8525.10	ex	Peripherals used as intermediaries between digital consumer products and electronic human interface products: Video and audio transmitters for home use (Wireless transmitters)
8525.20	ex	Peripherals used as intermediaries between digital consumer products and electronic human interface products: Video and audio transmitters for home use (Wireless transmitters)
8525.20	ex	Set Top Box
8525.30		
8525.40	ex	Camcorder
8526.91	ex	Navigation systems (GPS)
8527		
8528		
8529.10	ex	Parts and accessories for CTV
8529.10	ex	Duplexer
8529.90	ex	Parts and accessories for CTV
8529.90	ex	Electric assemblies
8531.10		

8531.80		
8540		
8542.10		
8543.89	ex	Smart Card
8543.89	ex	Electric dictionaries
8543.89	ex	Electric book
8543.89	ex	Memory card
8543.89	ex	Peripherals used as intermediaries between digital consumer products and electronic human interface products: Video and audio transmitters for home use (Wireless transmitters)
8543.89	ex	Filter for removing EMI
8548.90	ex	Filter for removing EMI
9001.90	ex	Lens(Parts of projection type TV)
9013.80	ex	Other liquid crystal devices
9504.10	ex	Other digital consumer products with Internet communication function
9504.10	ex	Other digital consumer products capable of transmitting data to PC.

Parts of electrical machinery

8506		
8507		
8537		
8539		
8541		

ANNEX 3

Proposal on tariff elimination for office machines

1. Background

Through the recent remarkable technical innovation in, for example, the digital field, performance, in terms of both the hardware and software of office machines, is improving at high speed. This has greatly enhanced the productivity of work in public and private sectors, this making such equipment indispensable. The further spread of the latest office machines, made possible by way of tariff reductions, leads to further increase opportunities for people to enjoy the above merits.

More development of international trade is expected through reducing the import duties in countries which apply high tariffs on these products.

In this way, not only international trade will develop, but economy and industrial prosperity worldwide will also benefit.

2. Modalities

Japan makes a proposal to eliminate all tariffs on office machines, classified in the following Harmonized System headings and subheadings:

8470.50
8471.60 ex. Multifunctional office machine
84.72
8479.89 ex. Shredder
8528.30 ex. Data projector
8543.89 ex. Electric whiteboard
90.09

ANNEX 4

Modality proposal on motor vehicles

1. Purpose

- The trade value of motor vehicles and parts has reached US\$520 billion, accounting for 8.3% of the value of world trade. Tariffs in this sector are causing the loss of potential opportunities to promote additional world trade. Furthermore, motor vehicle trade-related Non-tariff Trade Barriers (NTBs) can hinder the growth of the motor vehicle trade.
- International competition has been intensifying within the world motor vehicle industry over recent years. A growing trend of competition between domestically-produced vehicles and imported vehicles, particularly in such mature markets as Japan, the United States and Europe, has been widely observed. Amidst these trends, the presence of tariffs has the effect of hindering competition, thus limiting the choices available to consumers and harming consumer benefits. Tariffs on parts are also harmful to motor vehicle manufacturers that would use imported parts, simply because manufacturers may lose the opportunity to purchase better imported parts due to tariffs that increase purchasing costs.
- Cross-border reorganization, through capital and business alliances, has taken place among major motor vehicles and parts manufacturers. While each cross-border alliance is establishing a global production and supply strategy, the presence of tariffs can hinder the freedom of such rational business activities.

Modalities

- Customs tariffs on motor vehicles and motor vehicle parts should be eliminated.
- NTBs in the sector of motor vehicles and parts can be included with the aim of forming a wide-ranging consensus with regard to the motor vehicle sector.

Regarding developing countries, consideration concerning implementation periods and staging should be extended, taking into account the treatment of S&D, the progress of globalization in motor vehicle industries, etc.

- This proposed modality should include tariffs and NTBs on motorcycles.

* **Motor vehicles**

The motor vehicles covered are classified in the following Harmonized System heading and subheadings: 8703.21 to 8703.90, 8704.21 to 8704.90 and 87.11.

* **Motor vehicle parts**

With respect to motor vehicle parts, the items covered are for use in motor vehicles, out of items classified in the following Harmonized System headings and subheadings:

4009.12, 4009.22, 4009.31 to 4009.42, 4011.10, 4011.20, 4011.40, 4011.61 to 4012.12, 4012.20, 4013.10, 4016.91, 4016.99, 68.13, 7007.11, 7007.21, 7009.10, 73.20, 8301.20, 8302.30, 8407.31 to 8407.90, 8408.20, 8409.91, 8409.99, 8413.30, 8414.30, 8414.59, 8415.20 to 8415.90, 8421.23 to 8421.31, 8421.99, 8483.10 to 8483.30, 8483.50, 8483.90, 8484.90, 8507.10, 85.11, 8512.20 to

8512.90, 8518.21 to 8518.29, 8518.40, 8527.21, 8527.29, 8539.10, 8539.21,, 8539.29, 8539.90, 8542.21,8544.30, 8544.60, 87.07, 87.08, 8714.11, 8714.19, 91.04 and 9401.20

ANNEX 5

Proposal on the tariff harmonization in the chemical sector

1. Background

Intensified globalization is a characteristic of the chemical industry, which provides inputs to a variety of industrial sectors and contributes to the competitiveness of such user industries. Global trade in this sector is growing rapidly, and is expected to amount to approximately \$1.7 trillion in 2001.

Production in developing countries, especially in countries where there is a strong growth in demand, is growing rapidly, essentially due to substantial cross-border investment in the chemical sector. The potential for the production of chemicals can be realized in developed countries and developing countries alike, since technology mainly lies in the manufacturing facilities.

Trade between developing countries is also on the increase due to the increased production capacity in developing countries.

The joint framework agreement for tariff harmonization in the Uruguay Round, (Chemical Tariff Harmonization Agreement or CTHA) , a fruit of Uruguay Round has led to a substantial reduction in tariffs in the signatory countries.¹ Tariffs in countries not participating in the CTHA, however, still remain quite high.

The small domestic market in the majority of developing countries, which are guarded by high tariffs in the chemical sector, may well be an impediment to competitiveness in user industries, and hence an impediment to investment both in the user industries and in the chemical sector. Japan considers that market access in the chemical sector should be increased across the board, including for developing countries, in order to achieve the full merits of a reduction in tariff barriers in this sector, and calls on all WTO Members to participate.

2. Modalities

Japan hereby tables a proposal for enlargement of CTHA (Chemical Tariff Harmonization on Agreement) based on products included in the CTHA and rubber & articles thereof, whereby all countries with a viable chemical industry (or the potential to create such an industry) agree to harmonization and/or tariff elimination. The overall tariff reductions below the current CTHA levels would only commence if all WTO Members with a viable chemical industry commit themselves to tariff harmonization, since we consider that the proposal will benefit all WTO Members and the merit of the proposal can only be achieved if tariff barriers are harmonized across the board.

For current CTHA signatories, phasing of further tariff harmonization should not exceed five years with the last reduction step in 2010.

For WTO members that are not CTHA signatories, phasing of tariff harmonization should not exceed ten years.

Details of modalities including products coverage may be discussed at a later stage.

¹ Current signatories to the CTHA are as follows: Australia (de facto), Bulgaria, Canada, the Czech Republic, Ecuador, Estonia, the European Union (15, plus new EU members in the future), Hong Kong China, Japan, Jordan, the Rep. of Korea, Mongolia, New Zealand (de facto), Norway, Panama, People's Republic of China, Qatar, Singapore, Slovakia, Switzerland, Taiwan, the United Arab Emirates, the United States of America.

Global Business of Chemistry Shipments by Country			
(billions of dollars, 2001)			
Country		2001	Ranking
			in 2001
European Union		458.5	1
United States		454.1	2
Japan		213.0	3
People's Rep of China		108.8	4
Korea		53.4	5
Brazil		38.3	6
India		36.8	7
Taiwan		32.8	8
Russia		29.1	9
Switzerland		27.7	10
Canada		23.9	11
Mexico		12.5	12
Argentina		11.5	13
Australia		11.4	14
South Africa		10.5	15
Turkey		10.0	16
Singapore		8.8	17
Malaysia		8.1	18
Saudi Arabia		7.3	19
Israel		7.0	20
Poland		6.9	21
Thailand		6.1	22
Philippines		5.8	23
Indonesia		5.6	24
Columbia		5.6	25
Total		1718	
("Guide to the Business of Chemistry " published by ACC)			

ANNEX 6

Proposal on tariff elimination of machine tools

1. Background

Machine tools are capital goods that are used in the production of many such products as motor vehicles and their parts, electrical products, aircrafts and their parts, and dyes and moulds. The technology that both developed and developing countries need for the production of such goods is thus found in machine tools.

Highly efficient machine tools are manufactured in only a few developed countries.

User industries, such as the motor vehicles and the electrical industries, are however located worldwide, and demand for machine tools has been increasing not only in developed countries but also in developing countries.

According to the statistics in the “American Machinist, Gardner Publications”, the demand for machine tools in Asian countries, except Japan and in the South and Central American countries has increased considerably.

Although well-funded large enterprises can purchase good quality machine tools, the high tariff levied on machine tools impedes the diffusion of good quality machine tools to small and medium-sized enterprises, and thus impedes the increase of competition among user industries in importing countries.

Japan, therefore, considers that market access in the machine tools sector should be improved in order for developing countries to achieve economic development through the strengthening of industrial competitiveness. In this regard, we call upon all WTO Members, including developing countries, to participate in “zero-for-zero” negotiation in the machine tools sector.

2. Modalities

- Customs tariffs on machine tools should be eliminated.
 - Considering that the machine tools industry in developing countries is almost non-existent and that economic benefits through an improved market access in machine tools can be expected in these countries, it is appropriate to eliminate the customs tariffs on machine tools in developing countries at the same time as elimination in developed countries.
 - Product coverage: all tariffs in the Harmonized System headings 84.56 to 84.61 (all cutting type machine tools).
-