

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Certain Proposed Revisions on Draft Elements of Modalities for Negotiations
on Non-Agricultural Products (TN/MA/W/35)

*Communication from the Separate Customs Territory of Taiwan,
Penghu, Kinmen and Matsu*

Addendum

The following communication, dated 7 July 2003, has been received from the Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

1. The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu has raised a number of concerns in the past over the Draft Elements of Modalities for Negotiations on Non-Agricultural Products (TN/MA/W/35) including the inequitable effect of the formula requiring Members with lower average tariff rates to make deeper tariff cuts. This submission intends to deal with two additional issues, namely, on the sectoral approach and on newly-acceded Members, and thus shall not be deemed or in any way interpreted as a change in our positions or concerns as previously expressed.

2. With respect to sectoral tariff elimination, the Draft Elements of Modalities for Negotiations on Non-Agricultural Products (TN/MA/W/35) states in paragraph 7 that "in addition to the application of the formula, a sector elimination approach is proposed in order to eliminate and bind all tariffs on products of particular export interest to developing and least-developed country participants. Therefore, the following sectors are proposed: electronics & electrical goods; fish & fish products; footwear; leather goods; motor vehicle parts & components; stones, gems, & precious metals; and textiles & clothing." Footnote 7 further states that "Members will need to determine the product coverage applicable to these sectors." The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu considers that it is appropriate to include sectoral tariff elimination as an element of modalities for negotiations on non-agricultural products. However, it is also our view that the sectoral tariff elimination element at this stage should be as neutral as possible in order to avoid any presupposition of particular results, which shall be decided only through further negotiation. The sectors currently listed in paragraph 7 are those proposed by individual Members only. They have not been seriously negotiated. In fact, the stage of negotiating the coverage of specific sectors had not been reached when the sectors were mentioned by certain Members. It follows then that it would be inappropriate at the moment for there to be any implication that these are the sectors to be covered in the sector elimination approach. However, footnote 7 seems to imply that these sectors have already been decided upon and that the only remaining issue is "to determine the product coverage applicable to these sectors."

3. To avoid misinterpretation, we propose that footnote 7 be deleted and that the wording “Therefore, the following sectors are proposed: electronics & electrical goods; fish & fish products; footwear; leather goods; motor vehicle parts & components; stones, gems, & precious metals; and textiles & clothing” be replaced by “*With respect to the sectors to be included and the product coverage applicable to the sectors, Members will have to negotiate further.*”

4. On the subject of newly-acceded Members, we note that paragraph 10 of the Draft Elements of Modalities for Negotiations on Non-Agricultural Products (TN/MA/W/35) states that “newly acceded Members could have recourse to a higher coefficient in the formula in order to take into account their extensive market access commitments undertaken as part of their accession and recognizing that staged tariff reductions are still being implemented.” However, we consider that this paragraph does not sufficiently reflect the needs of the newly-acceded Members. The reason is that it will be extremely difficult for those industries in newly-acceded Members that are subjected to two concurrent sharp tariff reductions (one from accession commitments, the other from multilateral commitments) to subsist. Since industries in other WTO Members have already been given a six-year “resting period”, at least, from the completion of their Uruguay Round tariff reduction commitments to the starting point of Doha tariff reduction implementation, it follows that newly-acceded Members should also be given a similar “resting period” prior to the implementation of the Doha tariff reduction commitments. We also sensed in our last meeting (May 26-28, 2003), that several Members view this idea favourably. We therefore propose that the following provision be added to the above-quoted paragraph 10: “*A reasonable grace period should also be given to newly acceded Members to allow for the further adjustment of their industries before the implementation of their Doha commitments.*”
