

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Communication from Mauritius

Addendum

The following communication, dated 8 July 2003, has been received from the Permanent Mission of Mauritius.

1. This paper is submitted in the light of the request made by the Chairman of the Negotiating Group on Market Access for Member States to come up with proposals on the vital issue of preference erosion, which is of serious concern to some of the most vulnerable Members of the WTO.
2. The question of preference erosion has been emphasised in a number of submissions, as indicated in the Chairman's Overview Paper¹.
3. It is, therefore, imperative that appropriate modalities be developed to address this issue with a view to achieving balanced outcomes in these negotiations. While it is believed that average tariff reduction could be an appropriate means to address the question of preference erosion, our delegation remains nonetheless open to the possibility of considering other modalities.
4. When examining the problem of preference erosion, it is essential to keep in view that, from the perspective of the exporting country, preference erosion would be particularly serious where exports are concentrated in a limited number of products on very few export markets. As a matter of fact, this is the most important feature characterising exports under preferences. While preference schemes, in principle, could cover most, if not all the chapters and tariff lines of the HS code, in practice, however, exports are limited to very few products and a limited number of tariff lines.
5. Consequently, addressing preference erosion would effectively mean maintaining tariffs over a certain level for a very narrow range of products, especially since the export basket of the preference beneficiary countries is almost the same. By so doing the following would be achieved:
 - (i) Paragraph 16 of the Doha Declaration would be met which refers to the "special needs of developing and least developed country participants" and "special and differential treatment for developing and least developed countries". It is known that such special needs of developing and least developed countries are met through various trade preference schemes. Moreover, the concept of special and differential treatment in the present circumstances should not be limited only to the question of less than full reciprocity in tariff liberalisation. It should also be construed to mean maintaining meaningful access on the export markets by traditional suppliers in the developing countries;

¹ TN/MA/6 and TN/MA/6 Rev.1

- (ii) the momentum of tariff liberalisation would not be disturbed since only a very narrow range of products would be excluded from the process;
- (iii) the concerns and interests of many developing countries and the LDC's benefiting from preferences will be taken on board. The outcome of the negotiations would therefore be more balanced.

6. It is a fact that the sectoral approach proposed in the draft elements of modalities affects, in essence, those very products which are of specific interest to the preference beneficiary countries, in particular textiles and clothing, leather products, footwear and fish and fish products. However, as already indicated above, only a limited number of specific tariff lines within these broad product categories are of direct concern to these countries. It is proposed that these tariff lines be identified by the countries concerned and a list compiled by the WTO Secretariat. It is further proposed that such tariff lines be either excluded from tariff reduction or that a maximum tariff reduction of 10% on each tariff line so identified be staggered over 10 annual instalments on developed country markets.

7. With regard to the application of any agreed harmonisation formula, it is suggested that the exclusion principle of certain identified tariff lines should equally apply. Alternatively, consideration could be given to the proposed formula provided that a much higher "B" coefficient be applied to the identified tariff lines and the staging period should span over a longer time frame.

8. Necessary technical assistance should urgently be provided, particularly in regard to the identification of the tariff lines referred to in paragraphs 6 and 7 above.

9. We are further reiterating our proposal² for the setting up of a competitiveness fund in the context of global coherence policy making by international financial institutions in order to assist the industrial restructuring and adjustment of countries most affected by the reductions/phasing out of tariffs.

² TN/MA/W/21