

MARKET ACCESS FOR NON – AGRICULTURAL PRODUCTS

Communication from Albania, Croatia, Georgia and Moldova

The following communication, dated 17 March 2003, has been received from the Permanent Mission of Croatia on behalf of Albania, Croatia, Georgia and Moldova.

I. INTRODUCTION

1. Our countries recognize the importance of the negotiations on non-agricultural market access and the benefits which further tariff liberalization could potentially bring to the global economy.
2. At the same time we would like to recall the specific situation of the recently acceded countries in the tariff negotiations. Countries recently acceded to the WTO have made extensive market access commitments, often going far beyond those that had been made during the Uruguay Round. Ministers in Doha have apparently recognized the significance of these commitments as reflected in paragraph 9 of the Ministerial Declaration.
3. Our countries consider that the outcome of future modalities should bring further liberalization, which would bring benefits to world trade and contribute to the decrease of disparities in non – agricultural tariff protection among WTO Members.

II. BACKGROUND

4. Most of the recently acceded countries, if not all, continue their structural and economical reforms, with the aim of increasing efficiency and competitiveness of the industrial sector, including measures promoting liberalization of trade in non – agricultural products. Increasing efficiency, competitiveness and solving the social problems at the same time is a challenging objective at this important juncture of development of our economies.
5. However, the strength of our economies and the competitiveness of our industries in other countries' markets still seem to be in some discrepancy to our tariff profiles. The liberalization process has undoubtedly shown its rewarding side, but has nonetheless significantly exposed domestic industries that were undergoing the difficult process of transformation and transition to tough international competition. At the same time one could not neglect the current disparities in the level of tariff protection among WTO Members.
6. From the position of recently acceded Members that have already made significant market access liberalization commitments, it is difficult to envisage a situation where we would be again asked to make further significant commitments in such a short period of time and from incomparably low level of tariffs comparing to the majority of other Members.
7. The idea of elimination of all tariffs below the 5% floor level, as contained in some proposals, is a matter of serious concern. If such proposals were to be adopted, our countries would be forced to

eliminate a very significant portion of our tariffs back to back to the accession process, which already resulted in very extensive market access concessions. It is our position that such proposals penalize those countries that have already significantly liberalized their markets. Furthermore, it would be hard to disregard the contribution to the budget revenues coming from those tariffs. In a situation where it is not clear what might be the results of the negotiations in respect of the level and structure of the tariffs for all WTO Members, such measures could lead to further deepening of the existing imbalance.

III. MODALITIES

8. We believe that the growing understanding of the situations of the recently acceded countries and recognition of their accession commitments should be reflected in the text of future modalities through inclusion of appropriate flexibility provisions. Furthermore, we are of the opinion that liberalization commitments of our countries made in the accession should be subject to credit for autonomous liberalization.

9. We expect that the modalities would include a specific flexibility provision concerning recently acceded countries, which would:

- stipulate that these Members shall reduce their tariffs as the result of negotiations on the basis of a request / offer approach;

while

- firstly, exempting low tariffs from further reduction commitments of these countries;

and

- secondly, providing an additional flexibility to selective reduction, which should be the following:

- (i) the level of tariff reductions should be lower;

- (ii) longer implementation periods;

- (iii) the new commitments should not affect implementation periods of the commitments made during the accession negotiations;

and

- (iv) extension or delay of periods for the implementation of the new commitments (i.e. some pause between the term of expiration of the transitional period for accession commitments and the beginning of implementation periods for new reduction commitments).

IV. CONCLUSION

10. Finally, we would like to state that our countries believe that "one-size-fits-all" approach is not appropriate and could be perceived as counterproductive for quite a number of countries, in particular, for the recently acceded ones. Therefore, appropriate flexibilities should be recognized in the negotiations by reflecting them in the modalities.
