

Trade-Related Agenda, Development and Equity (TRADE) Analysis Series

PROJECT TO SUPPORT DEVELOPING COUNTRIES IN WTO NAMA NEGOTIATIONS

**COMMENTS ON THE NAMA SECTION OF THE
HONG KONG MINISTERIAL DECLARATION**

SYNOPSIS

This note presents a brief assessment of individual elements of the NAMA section of the Hong Kong Ministerial Declaration and highlights possible strategies available to developing country negotiators in the aftermath of Hong Kong.

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COMMENTS ON THE NAMA SECTION OF THE HONG KONG MINISTERIAL
DECLARATION

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Introduction

1. The Declaration adopted at the Sixth WTO Ministerial Conference in Hong Kong¹ has, as expected, not delivered sufficient operationalisable details in order to move the negotiations forward, leaving the bulk of the negotiating effort to be undertaken in 2006. In fact, several commentators have described the Ministerial Declaration as a minimalist agreement, an effort to simply maintain the current

¹ WT/MIN(05)/DEC of 22 December 2005.

Doha Round alive, or even a declaration without any agreement whatsoever.

2. That assessment can only partially describe the NAMA section of the Ministerial Declaration (paragraphs 13 to 23 and paragraph 24). On the one hand, it is undeniable that the Declaration contains no breakthrough decision and that, when work resume in early 2006, negotiators will confront the many of same difficult questions that they had already faced in the run-up to Hong Kong. On the other hand, it should nonetheless be noted that the Declaration also contains a number of new elements that either consolidate or supplement aspects of the July 2004 NAMA Framework and that impose significant constraints to the delivery of a really pro-development NAMA package.

3. This note presents a brief assessment of individual elements of the NAMA section of the Hong Kong Ministerial Declaration and highlights possible strategies to explore in the aftermath of Hong Kong. It follows the structure of the Declaration. An Annex at the end of this note reproduces relevant paragraphs of the Ministerial Declaration.

I. Centrality of development

4. It is worthwhile recalling that the NAMA section of the Ministerial Declaration should be read and assessed in conjunction with all other elements of the Ministerial Declaration, including the preambular paragraphs 1, 2 and 3.

5. Paragraph 2 is particularly important as it reaffirms the commitment of WTO

Paragraph 2: *We emphasize the central importance of the development dimension in every aspect of the Doha Work Programme and recommit ourselves to making it a meaningful reality, in terms both of the results of the negotiations on market access and rule-making and of the specific development-related issues set out below.*

Members to “the development dimension in every aspect of the Doha Work Programme”.

This translates in an overall obligation to gauge the negotiating outcome in terms of development benchmarks, identified by each individual WTO member. In NAMA, it requires the establishment of an efficient balance between the

offensive and defensive interests of the various countries involved in the negotiations. It also requires the provision of concrete and meaningful solutions to the specific difficulties faced by individual developing countries with respect to the reduction of non-agricultural tariffs.

6. In any case, this paragraph should constitute a persuasive invitation for negotiators to reflect about what the contours of a pro-development NAMA outcome should be and how the negotiating modalities could be adjusted to achieve such an outcome.

II. NAMA Framework and Chairman’s report

7. In addition to recalling the negotiating mandate and objectives of the Doha Declaration, the first paragraph of the NAMA session (paragraph 13) clarifies the

status of two controversial texts, namely the July 2004 NAMA Framework² and the progress report by the Chairman of the Negotiating Group³.

8. First, the Declaration reaffirms “*all the elements*” contained in the July 2004 Framework, giving higher standing to a text that many developing countries had long disputed, if not rejected altogether. The provisions of this paragraph, together with elements enumerated in the subsequent paragraphs of the Hong Kong Declaration, point towards the end of the uncertainties surrounding the July 2004 Framework, particularly of the elements identified under Paragraph 1 of Annex B. It would seem that “*additional negotiations*” have been sufficient “*to reach an agreement on the specifics of*”⁴ the formula, the treatment of unbound duties, the sectoral initiatives, etc. As a matter of fact, it is hardly deniable that the Hong Kong Declaration does curtail some of the negotiating options that could have favoured developing countries in NAMA (such as concerning the type of formula and the treatment of unbound duties).

9. Second, the Declaration incorporates the progress report drafted by the Chairman of the Negotiating Group in the form of a new Annex B. However, paragraph 13 only “*take[s] note*” of the report, suggesting that it should be used as a loose negotiating reference. This is, in a way, a consequence of the fact that the report had been drafted on the Chairman’s own responsibility, had not been discussed in or adopted by the Negotiating Group, and, in any case, does not contain operational language concerning the modalities. This is a positive development that will grant some flexibility over the coming months of negotiations, which contrasts sharply with the treatment that was given to the progress report of the Services negotiations. A loose interpretation of the Annex B could be useful, for instance, to refuse to restrain discussions about the formula to only the ranges of numbers mentioned by the Chairman in his report.

III. Tariff reduction formula

10. Paragraph 14 concerns the tariff reduction formula and is probably one of the most, if not the most, important paragraph of the declaration. Several versions of this paragraph have been circulated both in the run-up to and during the Ministerial Conference and the final paragraph as adopted raises both positive and negative issues for consideration by developing countries.

A. Structure

11. The most conspicuous element of the paragraph is the choice for a “*Swiss*

² WT/L/579 of 02 August 2004.

³ TN/MA/16 of 24 November 2005.

⁴ Paragraph 1 of Annex B of the July 2004 Framework (NAMA Framework): “*This Framework contains the initial elements for future work on modalities by the Negotiating Group on Market Access. Additional negotiations are required to reach agreement on the specifics of some of these elements. These relate to the formula, the issues concerning the treatment of unbound tariffs in indent two of paragraph 5, the flexibilities for developing-country participants, the issue of participation in the sectorial tariff component and the preferences. In order to finalize the modalities, the Negotiating Group is instructed to address these issues expeditiously in a manner consistent with the mandate of paragraph 16 of the Doha Ministerial Declaration and the overall balance therein.*”

Formula with coefficients". While the NAMA 2004 Framework opted for a non-linear formula with the proviso of Paragraph 1, the first draft of the Ministerial Declaration⁵ refrained altogether from mentioning any type of formula. Subsequent versions of the draft Declaration opted for a "*working hypothesis*", "*as recorded in paragraph 6 of the Chairman's report*"⁶. Finally, one of the last drafts circulated in Hong Kong⁷ mentioned "*a Swiss formula with two coefficients*".

12. Variations in the text reflect the grueling discussions that opposed several developing countries to the developed countries during the Ministerial Conference. There was unabated, enormous pressure for the adoption of the Simple Swiss option throughout the entire Ministerial Conference. The compromise found in Hong Kong was to use a Swiss Formula, but with "*coefficients*". The use of the plural unequivocally excludes the use of only one coefficient (as had been proposed by the US and, later on, by the EC) and leaves the door open for a formula with multiple coefficients (such as those contained in the ABI and Caribbean proposals). Given the pressure, that is certainly a victory for those developing country delegations that refused to accept a Simple Swiss formula.

13. Nonetheless, the flexibilities opened by a possible use of the plural language to reject a Swiss Formula with two coefficients should not detract from the fact that the "*Swiss Formula*" option contained in the Declaration represents a major drawback. Firstly, it excludes many other options which would have delivered much greater flexibility for developing countries, such as a tiered reduction approach, a linear reduction with caps, or the Uruguay Round approach with minimum commitments on a line by line basis. Secondly, the Swiss Formula option (either with two or more coefficients) leaves a heavy negotiating burden on developing countries who will be placed in a defensive position in the negotiation of the formula coefficients.

14. The paragraph is thus yet another, albeit small, step towards the adoption of the Simple Swiss Formula. It is indeed extremely likely that part of the membership will argue that the word "*coefficients*" means not more than two figures, while another part of the membership will argue that it is an implicit recognition of a formula with multiple figures. The need to continue negotiations concerning the structure of the formula - and the fact that no final decision has been taken - is further corroborated by the fact that ministers have instructed the Negotiating Group to finalise the "*structure and details*" of the formula "*as soon as possible*".

15. While it should come as no surprise that ministers could not agree to a final structure for the formula in Hong Kong, this scenario is all the same deceiving. All the more so since the controversy over the type of formula will have to be solved at the political, not technical, level. Negotiators will resume work in Geneva in early 2006 with the daunting task of reconciling profoundly divergent objectives in NAMA, namely effective market access for developed, and some

⁵ JOB(05)/298, of 26 November, at Paragraph 6.

⁶ JOB(05)/298/Rev.1 of 01 December 2005, at Paragraph 12.

⁷ Draft NAMA Declaration of 16 December 2005 (CCG Consultations, 16 December 2005, 19:00).

developing, country firms, on the one hand, and, the viability of industries in most developing countries, on the other hand.

B. Coefficients and parameters

16. Paragraph 13 of the Declaration does mention that there will have to be more than one coefficient in the formula, but is laconic regarding the levels of those coefficients. As a guideline for the determination of the levels of the coefficients, the Declaration includes two parameters which were in reality already contained in the Doha Ministerial Declaration. These are, first, the objective to reduce tariffs,

Paragraph 14: We adopt a Swiss Formula with coefficients at levels which shall inter alia:

– Reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, in particular on products of export interest to developing countries; and

– Take fully into account the special needs and interests of developing countries, including through less than full reciprocity in reduction commitments.

including peaks and escalation, and, second, the need to take into consideration the special needs and interests of developing countries.

17. The inclusion of the two parameters provides a useful reference for developing country negotiators. However, the parameters are quite difficult to operationalise in negotiating terms, as negotiations prior to Hong Kong revealed. They provide sufficient leeway both for advocates of steep tariff cuts (first indent) and for those requesting sufficient

flexibilities (second indent).

18. Moreover, the paragraph suggests that other parameters could be used to determine the levels of the coefficients (“*inter alia*”). Ergo, objectives claimed by some developed countries such as “harmonization”, “cuts into applied rates” and “real new market access” are not entirely excluded by the paragraph.

19. Finally, paragraph 14 instructs the Negotiating Group to continue discussions for the finalisation of all elements of the formula “*as soon as possible*”, but no actual date is provided.

IV. Flexibilities

20. Paragraph 15, on the flexibilities, may seem as a victory for it reaffirms the importance of special and differential treatment, including through less than full reciprocity, in favour of developing countries. The mere presence of a paragraph on S&D is in fact salutary considering that earlier versions of the declaration omitted any mention of it. Nevertheless, paragraph 15 does not contain operational language for the effective delivery of S&D provisions. It could thus be considered as a missed opportunity to dissipate the controversies concerning the operationalisation of S&D treatment.

21. In essence, the paragraph paraphrases the mandate already contained in the Doha Declaration (in addition to recalling paragraph 8 of the July 2004 Framework). However, it does not clarify how the principle of less than full

reciprocity should be operationalised (i.e. by considering the relative effort made by individual members as reflected in the percentage tariff cuts). Neither does it untangle the flexibilities from a linkage with the coefficient used in the formula. Consequently, the controversies surrounding the flexibilities, particularly paragraph 8, remain and will need to be dealt with in 2006.

22. Similarly, the paragraph does not reassert other items of flexibilities in favour of developing countries, such as the exemption from making formula cuts for paragraph 6 and 9 countries - those whose binding coverage is below 35% and LDCs, respectively. It is plausible to assume, however, that these flexibilities (enshrined in the July 2004 Framework) will continue to be available.

23. Finally, it is worthwhile noting that modalities for the treatment of least developed countries that were previously discussed under NAMA have been laid down outside the NAMA section of the Declaration, in paragraph 47 and in Annex F. Of paramount importance for NAMA is the fact that developed countries, and developing countries in a position to do so, have agreed to grant duty-free and quota-free market access for at least 97% of all products originating in LDCs by 2008. The benefits of this decision will depend, among other things, on whether the products actually exported by LDCs are included or not in the tariff lines where the concessions will be granted. In fact, the exclusion of three percent tariff lines from the concessions would suffice to cover the bulk of products exported by LDCs.

V. Sectoral initiatives

24. The Hong Kong Declaration confirms that sectoral tariff reduction initiatives will be part of NAMA modalities. It builds on paragraph 7 of the NAMA 2004 Framework and takes stock of the fact that sectoral discussions are already taking place among a number of members in spite of opposition from several developing countries.

25. The effects of the paragraph are somewhat ambiguous and, as in other areas, it leaves scope for considerable debate in 2006. First, the paragraph asserts that only proposals that could gather sufficient support will be pursued, without, however, defining what the minimum level of support for each initiative should be. Second, the paragraph does reiterate that participation to the initiatives should be “non-mandatory”, raising the question of whether or not non-mandatory is tantamount to a strictly voluntary participation. Proponents of the sectoral approach will most likely continue to argue for some type of critical mass, however defined or phrased, which could lead to considerable pressure and arm-twisting of recalcitrant developing countries.

Paragraph 16: *In furtherance of paragraph 7 of the NAMA Framework, we recognize that Members are pursuing sectoral initiatives. To this end, we instruct the Negotiating Group to review proposals with a view to identifying those which could garner sufficient participation to be realized. Participation should be on a non-mandatory basis.*

VI. Treatment of unbound duties

26. Unlike most other paragraphs under the NAMA section of the Hong Kong Declaration, paragraph 17 on the treatment of unbound duties is unambiguous. It positively affirms that a “*non-linear mark-up approach will be used to establish base rates for commencing tariff reductions*” of unbound duties. As a consequence, it flows from the paragraph that unbound duties will be simultaneously bound and reduced during this Round of negotiations, despite the disproportionate burden that this approach will place upon developing countries.

27. There are multiple implications from this paragraph. First, developing countries whose level of binding coverage is comprised between 35% and 95%⁸ will have to bind the totality of their tariff lines. Second, developing countries will have no discretion as to the level at which to bind these tariffs. Instead, the new bound tariff rates will be the result of the application of reductions upon marked-up base rates. Third, delegations of developing countries that will bind new tariffs will be placed in a double defensive negotiating position. These delegations will in fact need to negotiate both a convenient mark-up approach and a convenient formula for subsequent tariff reductions. And they will need to make sure that the combination of respects the sensitiveness of the products concerned.

28. In addition, there are a number of elements that will require work in 2006 for the finalisation, “*as soon as possible*”, of the treatment of unbound duties. The critical element is, obviously, the formula that will be used to reduce newly bound duties. Arguably, the same tariff reduction formula being negotiated for bound lines would also apply to newly bound duties, although that is implicit in the Hong Kong Declaration. If this is in fact the case, then the most important element in the treatment of unbound duties becomes the tariff reduction formula, and not the mark-up approach.

29. For instance, since the coefficient of the Simple Swiss formula operates as a maximum ceiling, whatever the initial base rate, the resulting tariff after the application of the formula will always be lower than the coefficient used. Both mark-up approaches used in the example in Table 1 (highly unlikely) reveal that

Table 1	Results after the application of a Swiss Formula (using a coefficient of 20)
Initial tariff rate (unbound line): 30%	
Base rate after mark up 1 (x2): 60	Using Mark up 1: 20%
Base rate after mark up 2 (x10): 600	Using Mark up 2: 28.5%

however favourable the mark-up approach, what really determines the cuts and final rates are the coefficient and formula used. In fact, in the example provided,

⁸ Paragraph 6 exempt developing countries with a binding coverage level below 35% from making tariff reductions and the flexibilities of paragraph 8 apply to countries binding new tariff lines. Hence, paragraph 8 (b) would allow developing countries to maintain a maximum of 5% of their tariff lines unbound. Furthermore, paragraph 9 also exempts LDCs from making tariff reductions. Given their level of binding coverage, the following countries would be comprised in these ranges: Pakistan, Hong Kong, Turkey, Fiji, Tunisia, Philippines, Singapore, India, Thailand, Bahrain, Malaysia, Korea, Dominica, and Brunei.

there were cuts into the applied rates irrespective of the mark-up approach used.

VII. Technical elements

30. Paragraphs 18 and 19 of the Declaration take stock of discussions concerning the conversion of non ad valorem duties into ad valorem equivalents (AVEs) and discussions concerning product coverage. While the mechanism to convert non ad valorem duties into ad valorem equivalents has already been the subject of guidelines adopted in September 2005⁹, the issue of product coverage still requires further work but is close to being settled.¹⁰

VIII. Preference erosion

31. Paragraph 21 reflects the radically polarised views that oppose WTO members in the Negotiating Group on Market Access regarding the issue of preference erosion. The paragraph supplements paragraph 16 of Annex B of the July 2004 Framework but does not go as far as enumerating detailed options to assist the developing countries that will be affected by the erosion of their trade preferences as a result of NAMA. It merely recommends an intensification of work to that end.

32. Interestingly, the declaration instructs the Negotiating Group to deepen its understanding of the actual scope of the problems resulting from the erosion of preferences, implying that the Group should now move from general discussions concerning the nature of the problem to more concrete discussions about the quantification of the problem, and the enumeration of possible solutions.

IX. Small, vulnerable economies

33. Paragraph 21 formally introduces a new element into the work programme of the Negotiating Group, namely, the need to consider the difficulties faced by small, vulnerable economies as a result of NAMA tariff reductions. The Declaration instructs the Group to consider options to provide flexibilities to these countries, without however creating a new sub-category of WTO members.

34. This recommendation is in line with the results of the work undertaken in the Special Sessions of the Committee on Trade and Development, where the problems faced by small economies have been discussed in pursuance of paragraph 35 of the Doha Declaration. After the recognition of the specificity of the problems of small economies by the CTD-SS, it has been decided that more concrete solutions to their problems would be sought and crafted under the

⁹ JOB(05)/166/Rev.1

¹⁰ Discussions were held before the Hong Kong Ministerial Conference between around 15 countries whose schedules contain divergences in tariff definition and classification.

various negotiating groups.

35. The scope of the paragraph is broad and will require considerable work in 2006 for the definition of detailed modalities for the treatment of small economies.

X. Non-tariff barriers (NTBs)

36. Non-tariff barriers continue to be one of the most challenging areas of the work programme under NAMA, as is reflected in Paragraph 22 of the Ministerial Declaration. The Paragraph acknowledges the fact that more concrete and specific proposals would be necessary to move NTB discussions to a greater level of detail. However, contrary to what the paragraph affirms, the mere identification, let alone the examination, of NTBs continues to constitute a major challenge for the bulk of developing countries participating in NAMA negotiations.

37. The paragraph seems to suggest that the first stage of the negotiating process of NTBs (“*identification, categorisation and examination*”) is now over, and that negotiations should now move towards the formulation of more concrete solutions for the barriers already identified. In addition, the paragraph mentions that solutions could also be crafted in other negotiating bodies the work of which includes discussions of certain NTBs (e.g. Trade Facilitation and WTO Rules). The paragraph seems to suggest that a combination of both tracks would suffice to discharge the mandate on NTBs.

Paragraph 22: *We note that the Negotiating Group has made progress in the identification, categorization and examination of notified NTBs. We also take note that Members are developing bilateral, vertical and horizontal approaches to the NTB negotiations, and that some of the NTBs are being addressed in other fora including other Negotiating Groups. We recognize the need for specific negotiating proposals and encourage participants to make such submissions as quickly as possible.*

38. Developing countries should refuse to read the paragraph in this way, and should continue to see the mandate on NTBs as an open opportunity to discuss barriers that impede their trade. In fact, the approaches confirmed by Paragraph 22 - “*bilateral, vertical and horizontal*” - have worked to the detriment of delegations lacking the capacity to identify barriers that hinder their exports or those lacking the political leverage to negotiate the barriers of their interest. For instance, there have been no discussions or submissions yet on how to remove barriers related to the Sanitary and Phyto-Sanitary Agreement (SPS) and to the Agreement on Technical Barriers to Trade (TBT).

XI. Deadlines

39. One of the most noticeable contributions of the Ministerial Declaration to NAMA was the decision to set a deadline for the finalisation of detailed negotiating modalities (30 April 2006) and for the submission of draft schedules

based on the negotiated modalities (31 July 2006). Both dates constitute an optimistic, if not daunting, objective. The former, because of the number of divergences opposing WTO Members. The latter, because of the complexity of the exercise, particularly for developing country delegations. While an acceleration of the negotiations seems to be a sine qua non condition for the timely completion of the Round, there is little doubt that sped up negotiations would work against the interests of developing countries.

40. The first meetings of the Negotiating Group on Market Access will provide greater clarity on how the work programme of the Group will have to be adjusted to meet these deadlines and on whether those deadlines can be met at all.

XII. Proportionality between NAMA and Agriculture

41. Another significant new element introduced by the Hong Kong Ministerial Declaration can be found in Paragraph 24 (formally separated from the NAMA session). It consists in the establishment of an explicit relationship between the level of liberalisation achieved in NAMA and that achieved in Agriculture negotiations. While the linkage between NAMA and Agriculture is by no means new, it had hitherto been followed either informally, or only by those delegations with a distinct interest in both negotiations. The new paragraph transforms that linkage into a formal obligation of parallelism.

42. The new linkage is positive in the sense that it intends to lower the level of ambition – particularly that of developed countries – in NAMA, to match the level of liberalisation being offered in Agriculture. Tariff reductions being requested in NAMA would thus be lowered. This is how the paragraph was intended by its developing country proponents and this is how it should be read.

43. Nevertheless, it is also likely that developed countries, chiefly the United States, will deem this paragraph to require a higher level of ambition in both NAMA and Agriculture negotiations. Similarly, there is also a risk that some developed countries, chiefly the European Communities, use this paragraph as a bait to require greater concessions in NAMA as a “price” for minimal movements in Agriculture.

44. Developing countries must make sure that the intention of Paragraph 24 is not distorted and emptied from its promises as was the case with other principles, such as less than full reciprocity. Developing countries can insist that this paragraph establishes a link not only with the market access pillar of Agriculture negotiations, but with all three pillars (and very importantly the pillar on domestic support). This would make the paragraph more efficient, both in lowering ambitions in NAMA and in creating greater momentum in Agriculture.

Conclusion

45. In sum, the assessment that the only contribution of the Hong Kong

Ministerial Declaration was to keep WTO trade talks alive does not completely apply to NAMA negotiations. While it is true that negotiators will resume work where they had left it before the Ministerial Conference with relation to several elements, it is also true that new elements have added serious constraints to the delivery of a pro-developmental NAMA package.

46. On the substance there are two important issues to be explored in the very short term. First, the use of the plural in “coefficients” for the formal recognition of the Swiss formula with multiple coefficients for tariff reductions. Second, the relationship between the level of ambition in NAMA and in Agriculture.

47. With relation to the former, developing countries will need to articulate more concretely their interests with respect to the formula and the flexibilities.

48. With relation to the latter, a linkage with the domestic subsidies pillar of the Agricultural negotiations could prove more effective both to counter pressure in NAMA and to favour additional efforts in Agriculture.

49. Both options pose the strategic question of whether tariff cuts in NAMA should be protracted until meaningful concessions are obtained in Agriculture, or whether there are significant developmental reasons, intrinsic to NAMA, that would justify a rejection of tariff cuts beyond the level that may be sustained by developing countries’ industries.

50. These objectives will require concerted efforts and solidarity among developing countries delegations and reveal the urgency to strengthen the cohesion and impact of existing alliances (African Group) and new alliances (NAMA 11). The fact that most developing countries are not demandeurs of NAMA should not be seen as an impediment to their more offensive positioning in the negotiations. In fact, developing countries have distinct and specific interests in these negotiations that merit to be articulated in a more offensive, concerted, consistent and systematic manner.

Annex: Hong Kong Ministerial Declaration, Paragraphs 13 to 24

1. We reaffirm the Declarations and Decisions we adopted at Doha, as well as the Decision adopted by the General Council on 1 August 2004, and our full commitment to give effect to them. We renew our resolve to complete the Doha Work Programme fully and to conclude the negotiations launched at Doha successfully in 2006.

2. We emphasize the central importance of the development dimension in every aspect of the Doha Work Programme and recommit ourselves to making it a meaningful reality, in terms both of the results of the negotiations on market access and rule-making and of the specific development-related issues set out below.

3. In pursuance of these objectives, we agree as follows:

x x x

13. We reaffirm our commitment to the mandate for negotiations on market access for non-agricultural products as set out in paragraph 16 of the Doha Ministerial Declaration. We also reaffirm all the elements of the NAMA Framework adopted by the General Council on 1 August 2004. We take note of the report by the Chairman of the Negotiating Group on Market Access on his own responsibility (TN/MA/16, contained in Annex B). We welcome the progress made by the Negotiating Group on Market Access since 2004 and recorded therein.

14. We adopt a Swiss Formula with coefficients at levels which shall *inter alia*:

- Reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, in particular on products of export interest to developing countries; and
- Take fully into account the special needs and interests of developing countries, including through less than full reciprocity in reduction commitments.

We instruct the Negotiating Group to finalize its structure and details as soon as possible.

15. We reaffirm the importance of special and differential treatment and less than full reciprocity in reduction commitments, including paragraph 8 of the NAMA Framework, as integral parts of the modalities. We instruct the Negotiating Group to finalize its details as soon as possible.

16. In furtherance of paragraph 7 of the NAMA Framework, we recognize that Members are pursuing sectoral initiatives. To this end, we instruct the Negotiating Group to review proposals with a view to identifying those which could garner sufficient participation to be realized. Participation should be on a non-mandatory basis.

17. For the purpose of the second indent of paragraph 5 of the NAMA Framework, we adopt a non-linear mark-up approach to establish base rates for commencing tariff reductions. We instruct the Negotiating Group to finalize its details as soon as possible.

18. We take note of the progress made to convert non *ad valorem* duties to *ad valorem* equivalents on the basis of an agreed methodology as contained in JOB(05)/166/Rev.1.

19. We take note of the level of common understanding reached on the issue of product coverage and direct the Negotiating Group to resolve differences on the limited issues that remain as quickly as possible.

20. As a supplement to paragraph 16 of the NAMA Framework, we recognize the

challenges that may be faced by non-reciprocal preference beneficiary Members as a consequence of the MFN liberalization that will result from these negotiations. We instruct the Negotiating Group to intensify work on the assessment of the scope of the problem with a view to finding possible solutions.

21. We note the concerns raised by small, vulnerable economies, and instruct the Negotiating Group to establish ways to provide flexibilities for these Members without creating a sub-category of WTO Members.

22. We note that the Negotiating Group has made progress in the identification, categorization and examination of notified NTBs. We also take note that Members are developing bilateral, vertical and horizontal approaches to the NTB negotiations, and that some of the NTBs are being addressed in other fora including other Negotiating Groups. We recognize the need for specific negotiating proposals and encourage participants to make such submissions as quickly as possible.

23. However, we recognize that much remains to be done in order to establish modalities and to conclude the negotiations. Therefore, we agree to intensify work on all outstanding issues to fulfill the Doha objectives, in particular, we are resolved to establish modalities no later than 30 April 2006 and to submit comprehensive draft Schedules based on these modalities no later than 31 July 2006.

24. We recognize that it is important to advance the development objectives of this Round through enhanced market access for developing countries in both Agriculture and NAMA. To that end, we instruct our negotiators to ensure that there is a comparably high level of ambition in market access for Agriculture and NAMA. This ambition is to be achieved in a balanced and proportionate manner consistent with the principle of special and differential treatment.



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