



Government of India  
Department of Commerce



### ***Brief Summary on How Negotiations Progressed Since The Doha Ministerial Declaration Till The Latest Modalities on Non-Agriculture Market Access (NAMA)***

<b>Doha Mandate</b>	<b>Hong Kong 2005</b>	<b>July 2007</b>	<b>May 2008</b>	<b>July 2008</b>
<p>Members agreed to negotiations which shall aim, by modalities to be agreed, to reduce or as appropriate eliminate tariffs, including:</p> <p>(i) Reduction or elimination of tariff peaks, high tariffs, and tariff escalation,</p> <p>(ii) Reduction in non-tariff barriers, in particular on products of export interest to developing countries</p> <p>(iii) The negotiations shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction</p>	<p><u>Formula</u> On the non-linear formula, there has been considerable movement since July 2005 and Members have been focusing on Swiss formula. Two variations on the negotiating table at this stage:</p> <p>(i) a formula with a limited number of negotiated coefficients and</p> <p>(ii) a formula where value of each country's coefficient would be based essentially on the tariff average of bound rates of that member, resulting in multiple coefficients.</p>	<p><u>Formula</u> Tariff reduction for industrial products would be made using "Swiss Formula" with 2 coefficients one for developed and another for developing countries. Swiss coefficient of 19-23 for developing countries and 8-9 for developed countries.</p> $t_1 = (a \text{ or } b) \times t_0 / (a \text{ or } b) + t_0$ <p>Where, t<sub>1</sub> = final bound rate of duty t<sub>0</sub> = base rate of duty a = [8-9]; coefficient of developed countries b = [19-23]; coefficient of developing countries</p>	<p><u>Formula</u> The following formula shall apply on a line-by-line basis</p> $t_1 = \{a \text{ or } (x \text{ or } y \text{ or } z)\} \times t_0 / \{a \text{ or } (x \text{ or } y \text{ or } z)\} + t_0$ <p>Where, t<sub>1</sub> = final bound rate of duty t<sub>0</sub> = base rate of duty a = [7-9]; coefficient for developed countries x = [19-21] y = [21-23] z = [23-26] to be determined as in para 7 = coefficients for developing countries</p>	<p><u>Formula</u></p> <ul style="list-style-type: none"> <li>• Same as May 2008</li> </ul>

<p>commitments, in accordance with the relevant provisions of Article XXVIII bis of GATT 1994.</p> <p>To this end, the modalities to be agreed will include appropriate studies and capacity-building measures to assist least-developed countries to participate effectively in the negotiations</p>				
<p>It is agreed that Members agree to negotiate on the issue that Product coverage shall be comprehensive and without a priori exclusions</p>	<p><u>Elements regarding the formula</u></p> <p>(a) Members made progress to establish a list of non-agricultural products reflected in JOB (05)/226/Rev2. Main issue is whether the outcome of this exercise should be agreed list or guidelines.</p> <p>(b) Agreement reached to convert non-ad valorem duties to ad valorem equivalents.</p>	<p><u>Elements regarding the formula</u></p> <p>(a) Product coverage shall be comprehensive without a priori exclusions.</p> <p>(b) Tariff reductions or elimination shall commence from the bound rates after full implementation of current concessions; however, for unbound tariff lines, a constant, nonlinear mark-up of 20 percentage points to the MFN applied rates in the base year to establish base rates for commencing tariff</p>	<p><u>Elements regarding the formula</u></p> <p>(a) Product coverage shall be comprehensive without a priori exclusions.</p> <p>(b) Tariff reductions or elimination shall commence from the bound rates after full implementation of current concessions; however, for unbound tariff lines, a constant, nonlinear mark-up of [20] or [30] shall be applied to establish base rates for commencing tariff reduction.</p>	<p><u>Elements regarding the formula</u></p> <p>(a) Same as May 2008.</p> <p>(b) Tariff reductions or elimination shall commence from the bound rates after full implementation of current concessions; however, for unbound tariff lines, a constant, nonlinear mark-up shall be applied to establish base rates for commencing tariff reductions as follows: applied rate plus 25 percentage points</p> <p>(c) Same as May 2008.</p> <p>(d) All non-ad valorem</p>

		<p>reductions.</p> <p>(c) The base year for MFN applied tariff rates shall be 2001 (applicable rates on 14 November)</p> <p>(d) All non-ad valorem duties to be converted to ad valorem equivalents on the basis of specified methodology</p> <p>(e) Reference period for import data shall be 1999-2001</p> <p>(f) The tariff reduction for developed members shall be implemented in [5] equal rate reductions and for developing members in [9] equal rate reductions.</p>	<p>(c) The base year for MFN applied tariff rates shall be 2001 (applicable rates on 14 November)</p> <p>(d) All non-ad valorem duties to be converted to ad valorem equivalents on the basis of specified methodology outlined in document TN/MA/20</p> <p>(e) Reference period for import data shall be 1999-2001</p> <p>(f) The tariff reduction for developed members shall be implemented in [5] equal rate reductions and for developing members in [9] equal rate reductions.</p>	<p>duties to be converted to ad valorem equivalents on the basis of specified methodology.</p> <p>(e) Same as May 2008.</p> <p>(f) The tariff reductions for developed members shall be implemented in 5 years (i.e. 6 equal rate reductions) and for developing members in 10 years (i.e. 11 equal rate reductions) except as otherwise provided.</p>
	<p><u>Flexibilities for developing members subject to the formula</u></p> <p>A central issue concerning the paragraph 8 has been the question of linkage or non-linkage between the flexibilities and the coefficient in the formula.</p>	<p><u>Flexibilities for developing members subject to the formula</u></p> <p>Para 8 of framework agreement envisages</p> <p>(a) Upto 10% (both in terms of numbers and volume of 1999-2001 import value) sensitive tariff lines to at least</p>	<p><u>Flexibilities for developing members subject to the formula</u></p> <p>Developing members subject to the formula shall be given the following flexibility</p> <p>(a) Coefficient x in the formula and either:</p> <p>(i) Less than formula cuts</p>	<p><u>Flexibilities for developing members subject to the formula</u></p> <p>Developing members subject to the formula shall be given the following flexibility</p> <p>(a) Same as May 2008</p> <p>(b) Coefficient y in the formula and either</p>

	<p>While some countries said that current flexibilities provided in para 8 are equivalent to 4-5 additional points to the coefficient in the formula; Developing countries suggested that those flexibilities are stand alone provisions and should not be linked to the coefficient</p>	<p>50% of formula cuts; or          (b) Keeping 5% (both in terms of numbers and volume) sensitive tariff lines either rebound and/or with no tariff cuts</p>	<p>for upto [12-14] % of non-agricultural national tariff lines provided that the cuts are no less than half the formula cuts and that these tariff lines do not exceed [12-19] % of the total value of a members non-agricultural imports; or          (ii) Keeping, as an exception, tariff lines unbound or not applying formula cuts for upto [6-7] % of non-agricultural national tariff lines provided they do not exceed [6-9] % of the total value of member's non-agricultural imports.          (b) Coefficient y in the formula and either          (i) Less than formula cuts for upto [10] % of non-agricultural national tariff lines provided that the cuts are no less than half the formula cuts and that these tariff lines do not exceed [10] %</p>	<p>(i) Less than formula cuts for upto 10 % of non-agricultural national tariff lines provided that the cuts are no less than half the formula cuts and that these tariff lines do not exceed 10 % of the total value of a members non-agricultural imports; or          (ii) Keeping, as an exception, tariff lines unbound or not applying formula cuts for upto 5 % of non-agricultural national tariff lines provided they do not exceed 5 % of the total value of member's non-agricultural imports.          (c) Same as May 2008</p>
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			<p>of the total value of a members non-agricultural imports; or</p> <p>(ii) Keeping, as an exception, tariff lines unbound or not applying formula cuts for upto [5] % of non-agricultural national tariff lines provided they do not exceed [5] % of the total value of member's non-agricultural imports.</p> <p>(c) Coefficient z in the formula without recourse to flexibilities</p>	
	<p><u>Flexibilities for developing members with low binding coverage (Para 6 of framework)</u></p> <p>Proposal that Members falling under this paragraph should be encouraged to substantially increase their binding coverage, and bind tariff lines at a level consistent with their individual development trade, fiscal and strategic needs.. It appeared in this round of talks that the concern to some of the paragraph 6</p>	<p><u>Flexibilities for developing members with low binding coverage</u></p> <p>(a) There is a consensus on the benchmark for the application of these flexibilities that is less than 35 % binding coverage. There is also wide acceptance of the target rate at which the tariffs of these developing members should be set, that is 28.5 %, based on a calculation of the average tariff of</p>	<p><u>Flexibilities for developing members with low binding coverage</u></p> <p>(a) As an exception, developing members with a binding coverage of non-agricultural tariff lines of less than 35 % will be exempt from making tariff reductions through the formula. Instead, developing members with a binding coverage of non-agricultural tariff lines:</p>	<p><u>Flexibilities for developing members with low binding coverage</u></p> <p>(a)As an exception, developing members with a binding coverage of non-agricultural tariff lines of less than 35 % will be exempt from making tariff reductions through the formula. Instead, developing members with a binding coverage of non-agricultural tariff lines:</p> <p>(i) below 15 % shall bind [70-90] % of no-</p>

	<p>Members is not related so much to full binding coverage, but rather to the average level at which these members would be required to bind their tariffs.</p>	<p>developing members (excluding least developing countries) after full implementation of current concessions. The outstanding issues was the number of tariff lines that should be bound, between the 100 % proposed but not agreed in the NNAMA framework and the 70 % proposed by the members with low binding coverage.</p> <p>(b) Proposed that 90 % of tariff lines be bound at an average tariff of 28.5 %. This proposal offers very considerably flexibility to members with low binding coverage, allowing them the freedom to structure their tariff schedules as best suits their development needs. It will also fully protected their tariff revenues and will have no negative effect on the operation of custom unions. At the same time, this will</p>	<p>(i) below [12] % shall bind [70-90] % of non-agricultural tariff lines;</p> <p>(ii) at or above [12] % but below [25] shall bind [75-90] % of non-agricultural tariff lines; and</p> <p>(iii) at or above [25] % but below [35] % shall bind [80-90] % of non-agricultural tariff lines.</p> <p>(b) These tariff lines shall be bound on 1 January of the year following the entry into force of the DDA results at initial bound rates.</p> <p>(c) The initial bound rates shall be established as follows: for bound tariff lines the existing bindings shall be used, and for unbound tariff lines the member subject to this modality will determine the level of the initial binding of those tariff lines.</p> <p>(d) The overall binding target average shall be made effective at the end of the implementation period</p>	<p>agricultural tariff lines;</p> <p>(ii) at or above 15 % shall bind [75-90] % of non-agricultural tariff lines; and</p> <p>(iii) each member shall bind at an average level that does not exceed [28.5] %</p> <p>(b) Same as May 2008.</p> <p>(c) Same as May 2008.</p> <p>(d) [The overall binding target average shall be made effective at the end of the implementation period as follows: the tariff reductions shall be implemented in 11 equal rate reductions. The first reduction shall be implemented on 1 January of the second year following the entry into force of the DDA results and each successive reduction shall be made effective on 1 January of each of the following years].</p> <p><b>OR</b></p> <p>[The overall binding + average shall be made</p>
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		<p>contribute a high level of certainty for exporters and a solid basis for future tariff reduction negotiations.</p> <p>(c) Proposes that the new bindings required to reach the total of 90 % of tariff lines be made immediately upon the entry into force of the modalities, at any tariffs rates deemed appropriate by the member subject to this modality. These members would then be given the standard implementation period to achieve the average tariff of 28.5 %.</p>	<p>as follows: the tariff reductions shall be implemented in [9] equal rate reductions. The first reduction shall be implemented on 1 January of the second year following the entry into force of the DDA results and each successive reduction shall be made effective on 1 January of each of the following years.</p> <p>(e) All duties shall be bound on an ad valorem basis.</p>	<p>effective at the end of an implementation period of 10 years.</p> <p>(e) Same as May 2008.</p>
	<p><u>Sectoral Negotiations</u> Work in the informal meetings focused on inter alia identification of sectors, product coverage, participation, end rates for developing countries. Sectoral initiatives identified are: automotive and related parts; bicycles and related parts; chemicals; electronics/electrical</p>	<p><u>Sectoral Negotiations</u> Sectoral initiatives currently proposed are: automotive and related parts; bicycles and related parts; chemicals; electronics/electrical products; fish and fish products; forest products; gem and jewellery; hand tools; open access to enhanced health care; raw materials; sports</p>	<p><u>Sectoral Negotiations</u> Sectoral initiatives currently proposed are: automotive and related parts; bicycles and related parts; chemicals; electronics/electrical products; fish and fish products; forest products; gem and jewellery; hand tools; open access to enhanced health care; raw materials; sports</p>	<p><u>Sectoral Negotiations</u></p> <ul style="list-style-type: none"> <li>• Same as May 2008</li> </ul>

	products; fish and fish products; forest products; gem and jewellery; hand tools; open access to enhanced health care; raw materials; sports equipment; toys and textiles, clothing and footwear.	equipment; toys and textiles, clothing and footwear.	equipment; toys and textiles, clothing and footwear.	
<u>Non-tariff barriers (NTBs)</u> The reduction or elimination of NTBs is an integral and equally important part of the objectives of paragraph 16 of the DDA. More specifically, initiatives in this area shall aim to reduce or eliminate, as appropriate, NTBs, in particular on products of export interest to developing Members and to enhance market access opportunities achieved through these modalities.	<u>Non-tariff barriers (NTBs)</u> Since adoption of the July 2004 framework, Members have focused their attention on the non-tariff barriers (NTB), which became part of NAMA negotiations. Work focused on identifying, categorizing and examining the notified NTBs. NTBs proposed at this stage for negotiations in the NAMA are contained in document JOB (05)/85/Rev.3	<u>Non-tariff barriers (NTBs)</u> Real progress has been made in giving shape to the vertical and horizontal proposals on NTBs. However, these negotiations are not yet sufficiently advanced to propose either the adoption or rejection of modalities for specific proposals.  As regards bilateral NTB proposals, the negotiations are Member-driven and, until Members advise of a mutually agreed outcome, I cannot take these issues into modalities.  There is consensus on this language and a commitment to assist LDCs and other Members at an early stage of	<u>Non-tariff barriers (NTBs)</u> Members agree that text-based negotiation should continue on the following proposals, with a view to finalizing them as early as possible before the submission of final comprehensive draft schedules [Ministerial Decision on Procedures for the Facilitation of Solutions to Non-Tariff Barriers]; [Negotiating Proposal on Non-Tariff Barriers in the Chemical Products and Substances Sector]; [Understanding on the Interpretation of the Agreement on Technical Barriers to Trade as Applied to Trade in Fireworks]; [Understanding on the Interpretation of the	<u>Non-tariff barriers (NTBs)</u> Members take note of the ongoing work on the proposals in Annex 5. Members consider that the following proposals merit particular attention in text-based negotiations in order to achieve substantive NTB results:  (a) The horizontal proposals on: (i) Ministerial Decision on Procedures for the Facilitation of Solutions to Non-Tariff Barriers; and (ii) Ministerial Decision on Trade in Remanufactured Goods.  (b) The vertical proposals on:



		<p>development to take advantage of the market access that these negotiations will provide.</p>	<p>Agreement on Technical Barriers to Trade as Applied to Trade in Lighter Products]; etc</p> <p>Negotiations on bilateral requests should proceed in tandem. This will allow for sufficient time to multilateralise the outcomes through <i>inter alia</i> incorporating them where appropriate into Part III of the schedules.</p>	<ul style="list-style-type: none"> <li>(i) Negotiating Proposal on Non-Tariff Barriers in the Chemical Products and Substances Sector;</li> <li>(ii) Understanding on the Interpretation of the Agreement on Technical Barriers to Trade as Applied to Trade in Electronics;</li> <li>(iii) Agreement on Non-Tariff Barriers Pertaining to the Electrical Safety and Electromagnetic Compatibility (EMC) of Electronic Goods;</li> <li>(iv) Understanding on the Interpretation of the Agreement on Technical Barriers to Trade with Respect to the Labelling of Textiles, Clothing, Footwear, and Travel Goods; and</li> <li>(v) Agreement on Non-Tariff Barriers pertaining to Standards, Technical Regulations and Conformity</li> </ul>
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				<p>proposed legal texts in Annex 5;</p> <ul style="list-style-type: none"><li>• no later than two months from the date of the establishment of these modalities Members shall table any revised legal text suggestions; and</li><li>• members shall finalize the negotiating texts for the purpose of legal revision as early as possible before the submission of final comprehensive draft schedules.</li></ul>
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