

## MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

### Communication from the European Communities

#### Addendum

The following communication, dated 31 March 2003, has been received from the European Communities.

1. In this submission to the negotiating group, the European Community wishes to specify further the elements on which its compression mechanism is based.

2. In the addendum to its second submission (TN/MA/W/11/Add.1), the European Community proposed the following formula for line-by-line cuts to Members' tariffs:

$$f(x) = B_1^L + (x - B_0^L) * \frac{(B_1^U - B_1^L)}{(B_0^U - B_0^L)}$$

with  $B_0^L$  and  $B_0^U$  as lower and upper limits in base interval,

and  $B_1^L$  and  $B_1^U$  as same limits in the new interval,

and where  $x$  = initial duty.

3. Following are the values that the EC proposes to use in the formula for three different intervals of duties:

Compression Formula			
		Base	Final
Interval 1	lower	0.00	0.00
	upper	2.00	0.00
Interval 2	lower	2.00	1.60
	upper	15.00	7.50
Interval 3	lower	15.00	7.50
	upper	50.00	15.00
Interval 4	lower	50.00	15.00
	upper	∞	15.00

4. By applying these values to the formula, Members will achieve the ambitious objectives set by Ministers in the Mandate agreed in Doha. Not only are high tariffs reduced and peaks eliminated,

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but also tariff escalation will be considerably reduced through the compression of tariff duties for headings corresponding to products at different stages of processing.

5. As mentioned in our second submission we propose to adopt bolder approaches for products of interest to developing and least developed countries. In particular, we propose that all Members agree to deeper cuts for textiles, clothing, and footwear, with a view to bringing these tariffs within a narrow common range as close to zero as possible. We reiterate that, in order for the benefits of the initiative not to be frustrated, all non-tariff barriers as well as export restrictions on raw materials for the products included in the initiative must equally be removed.

6. The European Community considers that this single, common tier of basic commitments will in itself respond to many of the development objectives of the Doha Mandate. The mechanism will require that developing countries contribute on the basis of their current levels of bound tariffs. This means that in most cases their participation will not only be less than reciprocal – because of the higher rates prevailing in developing countries' schedules of tariff commitments – but will also offer those which have a large gap between bound and applied duties the flexibility needed to protect industries for which they have particular sensitivities.

7. In order to take further into account the interests, needs and different levels of development of developing and least developed countries (including development, infant industry and revenue concerns), the European Community reiterates its willingness to consider adding the following non-reciprocal or asymmetric elements in the global package: unilateral tariff and quota elimination for all products from least developed countries, elimination of lower duties and a gradual phasing-in of commitments for developing and least developed countries. Furthermore, we recognise that it may be difficult for some developing countries to pursue some of their development objectives if their tariffs were to be "harmonised" with those of the developed countries. We are therefore ready to examine requests for the appropriate modulations of the application of the compression formula in such cases.

8. We consider that all developed members must grant tariff and quota-free access to products originating in least developed countries, and that the most advanced developing countries should also join in this initiative.

9. We reiterate our desire for a substantial increase in the scope of bindings. All WTO Members other than least developed countries should achieve a situation where they have full bindings. Although considerations concerning effective market access obtained through these bindings will be of the utmost importance to us, we are willing to consider flexibility in terms of the difference between bound and applied duties for those sectors that developing Members identify as particularly sensitive.

10. The European Community proposes that for least developed countries, on the other hand, the contribution to the round be mainly assessed on the basis of bindings at rates that reflect the effective need of protection that these countries have for some of their sectors.

11. Finally, we restate our desire to negotiate cuts that are deeper than the ones attained through the formula we are proposing for those goods that are identified by the negotiating group as environmental goods.

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