DOHA
DEVELOPMENT
AGENDA

The DDA Negotiations

- Trade Round launched in Doha (Qatar) at Fourth WTO Ministerial Conference, November 2001
- Previous failure in Seattle, USA in December 1999
- Concerns of developing countries – marginalisation in the MTS, lack of transparency and inclusiveness
- Members resolved to place needs and interests of developing countries at heart of negotiations
- Work Programme: 2 tracks – negotiating issues under the TNC, and non-negotiating issues under the General Council – work being carried out in various WTO bodies

Areas Under The Negotiations

- Agriculture (Including Cotton)
- Services
- Non- Agricultural Market Access
- TRIPS (GIs Register)
- WTO Rules (AD, Subsidies, RTAs)
- DSU → outside *Single-Undertaking*
- Trade and Environment
- *Special and Differential Treatment*
- Trade Facilitation

*Single Undertaking – Nothing is agreed until everything is agreed

DDA Negotiations: Key Reference Materials

- Doha Declaration (WT/MIN/(01)/DEC/1)
- August 2004, General Council Decision (WT/L/579)
- Hong Kong Declaration (WT/MIN(05)/DEC)
- Draft Agriculture Modalities (TN/AG/W/4/Rev.3; 10 July 2008)
- Draft NAMA Modalities (TN/MA/W/103/Rev.2; 10 July 2008)
- DG Lamy's Proposals – 25 July 2008

Overview of Negotiations

- Negotiations should have been concluded by 1 January 2005
- Modalities for agriculture and NAMA were to have been agreed by March 2003
- Deadline missed. Efforts to agree on the modalities in Cancun, Mexico in September 2003 also failed
- A framework agreement reached in July 2004
- Efforts to reach agreement on full modalities in July 2005 failed
- Objective to achieve full modalities also proved elusive at the Hong Kong Ministerial Conference in December 2005

Overview of Negotiations

- After intensive consultations in the first half of 2006, the negotiations were suspended in July 2006
- Negotiations resumed in Feb 2007, but agreement on modalities for agriculture and NAMA still proved elusive
- Members' positions on the key issues in agriculture and NAMA have evolved but not significantly
- Members currently working on the draft texts circulated on 10 July 2008 by the Ag and NAMA Chairpersons
- DG Lamy tabled compromise proposals on Ag and NAMA during the July 2008 mini/Ministerial (25 July 2008)

Overview of Negotiations

- Whereas considerable progress was made during the July 2008 mini-Ministerial, some difficult issues remain
- In Ag, SP and SSM remain problematic
- In NAMA, more precision needed as regards the formula and flexibilities for developing countries
- Anti-concentration etc
- Not certain what the next steps would be at this stage
- US domestic political considerations etc.,

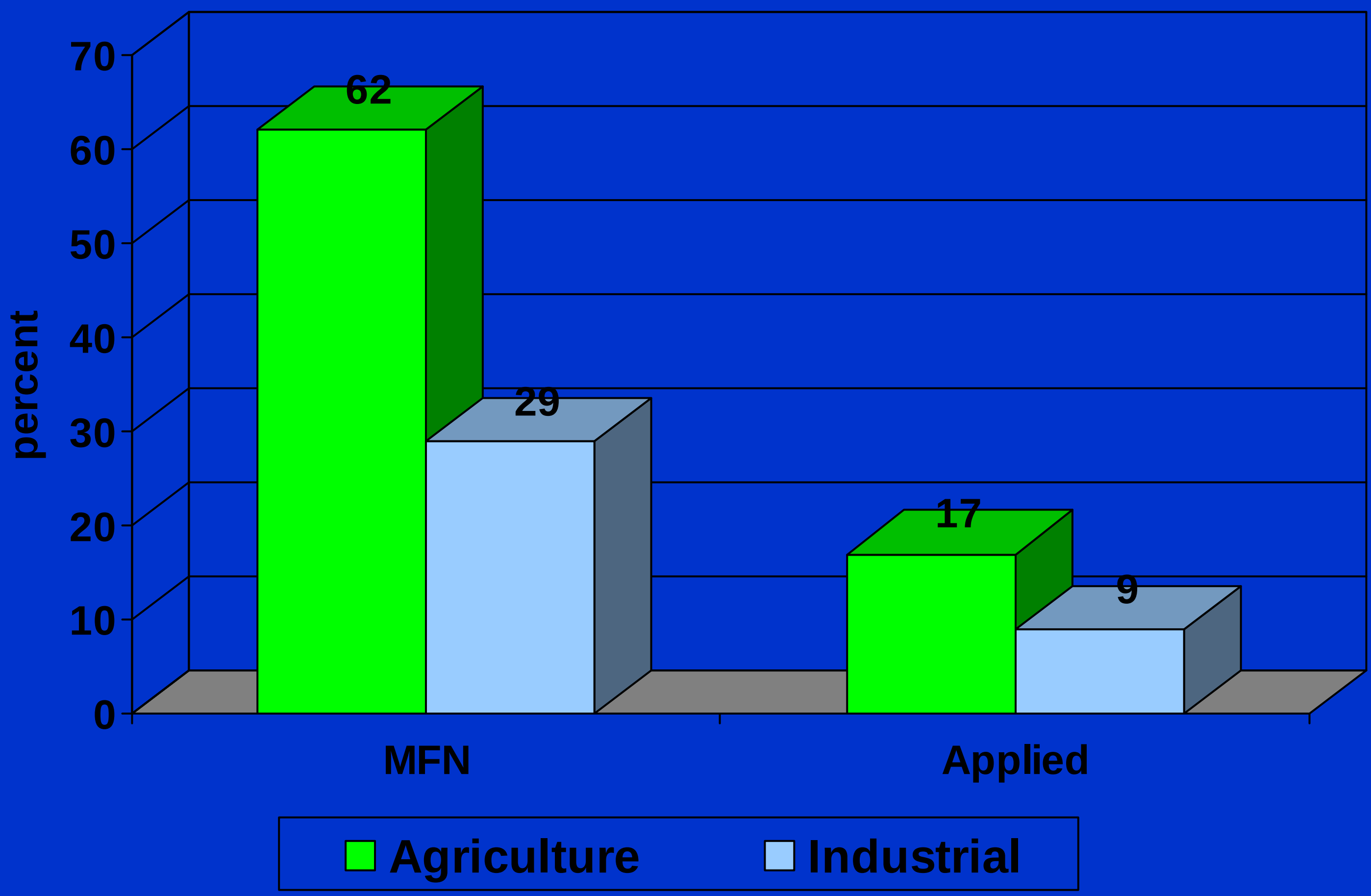
Key Issues in Agriculture under the three pillars

- Market Access
- Domestic Support
- Export Competition

Agriculture-Market Access

- Substantial improvement for all agricultural products
- Agreement in HK that a tiered formula would be used to reduce tariffs – 4 tiers
- Progressivity – higher tariffs to be reduced by a greater percentage
- Lack of progress on the tariff bands (thresholds) and the cuts to be made within each band

World Average Tariffs



Tariff Reduction Proposal: Chairman Crawford – TN/AG/W/4/Rev.3; 10 July 2008

Bands	Developed – cuts in 5 instalments (Average cut - 54%)		Developing – cuts in 8 instalments (Average cut – 36%)	
	Levels	**cuts**	**Levels**	**cuts**
1	0-20	50%	0-30	33.3%
2	20-50	57%	30-80	38%
3	50-75	64%	80-130	42.7%
4	75+	66-73% **[*70%*]**	130+	44-48.7%

Other Market Access Issues – Chair's Draft Modalities

- Sensitive Products
  - Number: **[4] [6]** per cent of [dutiable] tariff lines or **[6] [8]** per cent where over 30 per cent of the developed-country tariff lines are in the top band or where tariff concessions have been scheduled at the 6 digit level
  - Developing countries can designate one-third more of tariff lines as sensitive
  - Treatment: ⅓, ½ or ⅔ deviation from envisaged normal cuts. Thus if developed countries have to reduce their tariffs by 66%, the resulting cuts would be 44%, 33% and 22%, respectively.

Other Market Access Issues – Chair's Draft Modalities

- Tariff Quota Expansion
  - Where ⅔ deviation is used, the TQ shall result in new access opportunities equivalent to no less than **[<u>4</u>] [6]** per cent of domestic consumption
  - Where ½ or ⅓ deviation is used, the TQ shall result in new access opportunities equivalent to no less than **[3.5][5.5]** and **[3][5]** per cent of domestic consumption, respectively
  - Members can choose to designate more sensitive products (by **<u>2</u>** percentage points – 6% or 8%). In that event, additional access of 0.5% of domestic consumption has to be granted
  - If after the application of the formula, a Member has some its tariff lines in excess of 100%, it shall apply a further expansion of [0.5%] of domestic consumption for those sensitive products
- Tariff Simplification – Bound in-quota tariffs and TQ administration – strengthened disciplines

Other Market Access Issues – Chair's Draft Modalities

- Tariff Simplification
  - No tariff should be bound in a form more complex than the current binding
  - Simplified bound tariffs should not result in an increase of their current levels
  - All bound tariffs to be expressed as simple *ad valorem* tariffs. In any event, highly complex form of tariffs such as complex matrix tariffs shall be converted into ad valorem tariffs or specific tariffs
  - SDT for developing countries – 2 additional years for developing countries to effect such changes. LDCs exempted from this obligation
- Bound in-quota tariffs
  - To be reduced by either 50-70 per cent or to 0-15 per cent whichever results in a lower tariff
  - Reduction to be effected in the same timeframe as final bound tariffs
- Tariff quota administration
  - Subject to the Agreement on Import Licensing
  - Transparent administration of quota regimes

Other Market Access Issues – Chair's Draft Modalities

- Special Products
  - Developing countries entitled to self-designate between 10-18 per cent of their tariff lines as special on the basis of the agreed indicators – food security, livelihood security and rural development
  - Up to six percent of the designated tariff lines will not be subjected to any cuts.
  - The overall average cut shall be 10-14 per cent
  - **Under Lamy's 25 July 2008 proposal, developing countries can designate 12% of tariff lines as special products. No cuts on 5% of the tariff lines but an overall average cut of 11%**
- SVEs and RAMs – Flexible treatment : **Under Lamy's proposal, RAMs will be able to designate 13% of their tariff lines as SPs and make an overall cut of 10%**

Other Market Access Issues – Chair's Draft Modalities

- **Special Agricultural Safeguard** (SSG)
  - Developed-country Members ***not*** to have the right to use SSG
  - Reduction to 1.5% of scheduled tariff lines – the number of tariff lines eligible for SSG [**Under Lamy's 25 July 2008 proposal, it will be 1%]. To be phased out within 7 years. Remedy not to exceed UR bound rates**
  - Developing countries - to be reduced to no more than 3 per cent; or
  - Terms and conditions of the SSG to remain unchanged from the URAA terms and conditions. However, tariff rates to be updated to reflect Doha outcome

Other Market Access Issues – Chair's Draft Modalities

- **<u>Special Safeguard Mechanism</u>** (SSM): To be available for all products in principle. *However, not to be invoked for more than [3][8] products in any given 12-month period (no language in the 10 July text)*
- TRIGGERS: Both price and volume-based SSM will be available. The two may not be imposed at the same time. Neither can any one of them be imposed in respect of a product which is the subject of a safeguard measure, including under Art 5 of the AoA, an anti-dumping or countervailing measure
- Detailed rules on volume and price triggers and their remedies.
- In principle, remedy not to exceed pre-Doha bound tariff. Flexibility for LDCs and SVEs – could exceed pre-Doha rates but not by 40% and 20%, respectively

Other Market Access Issues – Chair's Draft Modalities

- Under Lamy's 25 July 2008 Text:
  - SSM for above bound rate trigger is 140% of base imports
  - Remedy for above bound is applicable with a ceiling of 15% of current bound tariff or 15 *ad valorem* points, whichever is the greater
  - That remedy is not normally applicable if prices are not actually declining
  - Maximum number of tariff lines for above bound 2,5% in any year

TROPICAL PRODUCTS – Annex G

- Deeper tariff cuts
  - [Where the scheduled tariff is less or equal to 25% ad valorem, it shall be reduced to zero
  - [Where the scheduled tariff is greater than 25% ad valorem, the applicable tariff cut shall be 85%]
  - [Where the scheduled tariff is greater than or equal to 10%, the applicable tariff cut shall be [66][73]%], except for tariffs in the top band, which shall be reduced by the tariff escalation tariff cut for that band increased by 2%
  - [Where the scheduled tariff is less than 10%, it shall be reduced to zero]
- [Tropical products shall not be designated as sensitive]
- [Implementation by developed-country members in 4 equal instalments]
- Developing countries in a position to do encouraged to do more

PREFERENCE EROSION – Annex H

- [No tariff cuts on the items listed in Annex for 10 years
- Tariff cuts to be implemented thereafter over 5 years in equal instalments]
- [Where a product is listed in the Annex and the ff conditions are met, the implementation period will be 10 years (8+2)
  - [the pre-Doha MFN tariff is greater than 10% ad valorem]
  - [the total value of trade over a 3 year representative period is greater than $50,000 or constitutes [3]% of the long standing preference-receiving country's total agricultural trade to the market concerned]
  - [there is unlimited long-standing preference eligibility in the market concerned]
- Provisions to prevail where there is overlap with provisions on tariff escalation / tropical products
- Targeted technical assistance

TARIFF ESCALATION

- [Tariffs on processed products to be reduced more steeply. Instead of taking the cut that would otherwise apply to final bound tariffs in the band to which the processed product belongs (with the exception of the top band), the processed product shall take the cut applicable to tariffs that fall in the next highest band
- [Products falling in the top band to be reduced by a cut that would otherwise have been applicable according to the tiered formula increased by 6 ad valorem points]
- Supplementary cuts to be moderated in two situations: First, where the absolute difference between the processed and primary product after the application of the normal tariff formula would be 5 ad valorem percentage points or less in any given tier except the bottom tier – no additional tariff escalation adjustment to be required
- Second, the application of adjustment formula should not lead to a higher tariff on the primary product than the processed product

COMMODITIES

- Where problems persist after the application of the formula, including the tariff escalation adjustment formula, Members are to engage with commodity-dependent producing countries to ensure satisfactory solutions
- Identification of products for the purpose of applying the tariff escalation formula – specific targets; non-ad valorem duties to be converted and bound
- Elimination of NTBs
- Joint action – intergovernmental commodity agreements etc

LDCS

- LDCs: No reduction commitments
- DFQF – 100% : By 2008 or the start of the implementation period; where there are difficulties, 97% at the beginning to be increased gradually to 100%
- Developing countries in a position to do so encouraged to grant DFQF – phase in of commitments
- Cotton Market Access: DFQF for LDCs

SVEs

- The term SVEs to apply to Members with economies that, in the period 1999 to 2004, had an average share of:
  - World merchandise trade of no more than 0.16% or less
  - World trade in non-agricultural products of no more than 0.1%
  - World trade in agricultural products of no more than 0.4%
- SVEs could moderate the two-thirds cut by developing countries by a further 10 *ad-valorem* points in each band
- Flexibility in the designation of special products – SVEs can deviate from the tiered formula cut for as many tariff lines as they choose to designate as SPs provided they meet the overall average cut of 24%
- Products designated as SPs need not be subject to a minimum tariff cut nor designation be guided by the indicators

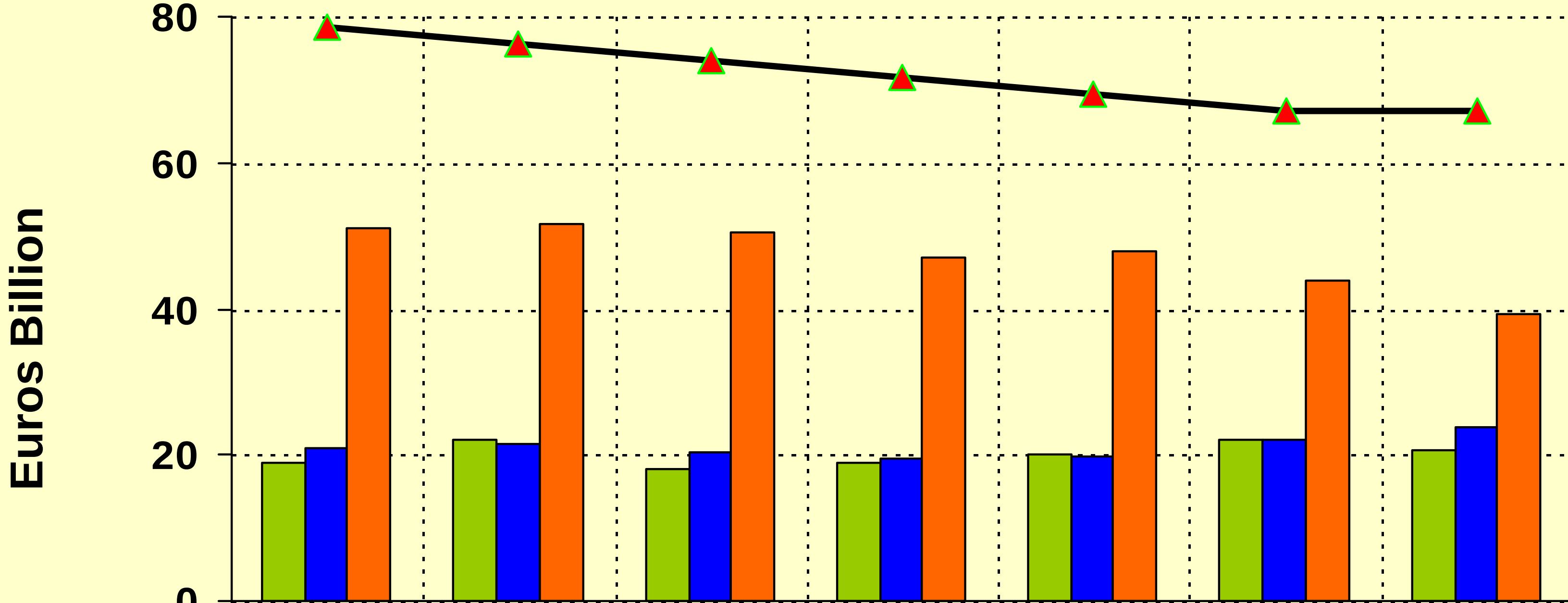
RAMs

- Entitled to moderate tariff cuts in the top 2 bands by 10 ad-valorem percentage points and by 5 ad valorem percentage points in the bottom two bands
- Saudi Arabia, Macedonia, Vietnam and Tonga exempted from undertaking cuts
- For other RAMs, where there is an overlap between accession commitments and commitments associated with modalities, the start of the IP shall be one year after the end of the accession commitment
- Implementation period shall be 10 years (8+2)
- Flexibility in the designation of special products – one tenth greater than the amount to be designated by developing countries. Relevant cust for the designated tariff lines may be further reduced by 2 ad-valorem points

Domestic Support

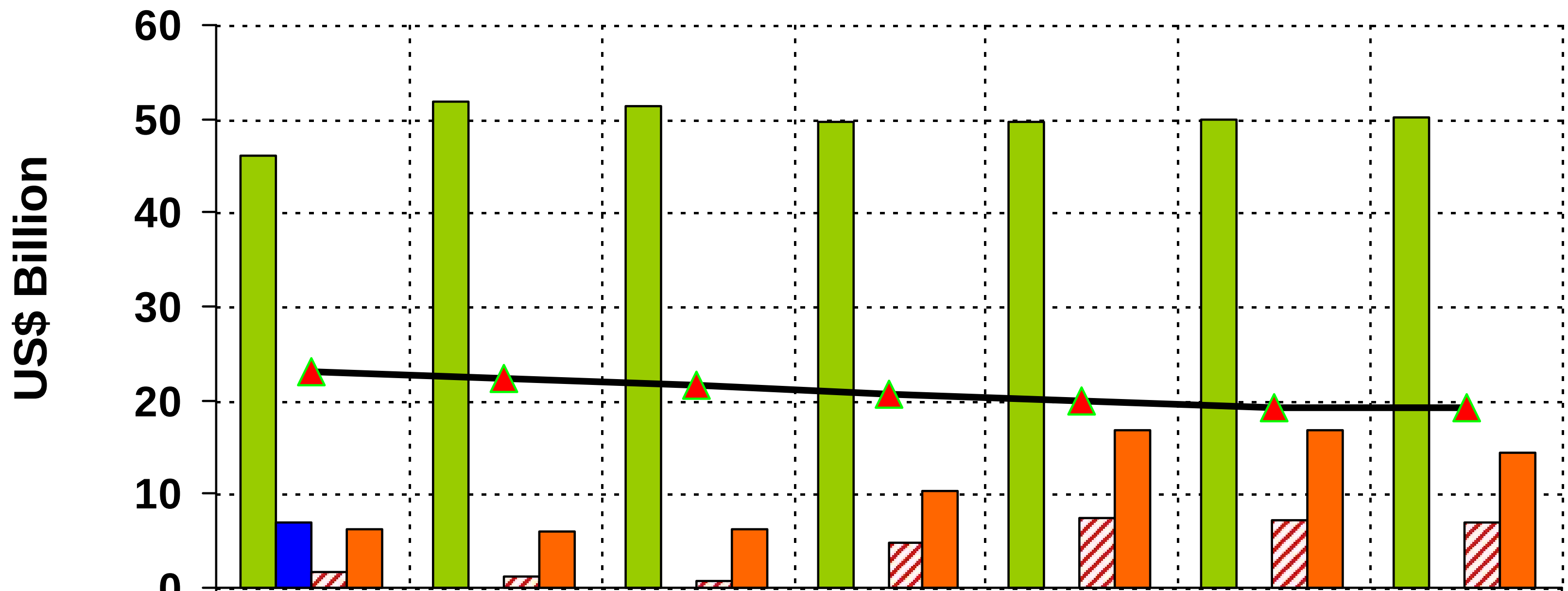
- High levels of support by developed countries
- Few developing countries provide subsidies and have AMS commitments
- Amounts provided by ***most*** developing countries not substantial- justifiable as de minimis or under Article 6.2 of the AoA
- Agreement in HK that there will be three bands for the reduction of Overall Trade-distorting Domestic Support (OTDS) – EC in top band, Japan and US in second band, all others (including developing-country Members) in third band

Domestic Support - European Communities



	1995	1996	1997	1998	1999	2000	2001
Green	19	22	18	19	20	22	20.7
Blue	21	22	20	20	20	22	23.7
Amber	51	52	51	47	48	44	39.3
WTO limit	78.7	76.4	74.1	71.8	69.5	67.2	67.2

Domestic Support - United States



	1995	1996	1997	1998	1999	2000	2001
Green	46	51.8	51.3	49.8	49.7	50	50.1
Blue	7	0	0	0	0	0	0
De minimis	1.6	1.2	0.8	4.8	7.4	7.3	7
Amber	6.2	5.9	6.2	10.4	16.9	16.8	14.4
WTO limit	23.1	22.3	21.5	20.7	19.9	19.1	19.1

Chairman's Draft Modalities-TN/AG/W/4/Rev.3

- Base overall trade-distorting domestic support (OTDS) shall be the sum of:
  - (i) final bound total AMS;
  - (ii) 10% of value of production in the 1995-2000 base period – representing 5% for product-specific support and 5% for non-product specific support; *for developing countries 10% each: base period either 1995-2000 or 1995-2004*
  - (iii) the higher of average Blue Box payments or 5% of the average total value of production (1995-2000)
  - Thus for some developed countries, the base level would be Amber box commitment plus 15% of production

Chair's Proposed Draft Modalities - OTDS

Bands	Range	Proposed Cuts
1 - EC	≥ $60 billion	[75] [85] % *[80%]*
2 – US and Japan	≥$10 billion and ≤ 60 billion	[66] [73] % [*70%]*
3 –Others – Developed and Developing	≤ $10 billion	[50] [60] %

DOMESTIC SUPPORT
Chair's Draft Modalities

- Under the Chairman's proposal, US OTDS will be reduced from $48.2 billion to between $13 and $16.4 billion. Under its own proposal, it will be reduced to $22.5 billion. Offered in July 2008, to reduce to $14.5 billion
- According to the recent notification by the US, its payments on OTDS amounted to $ 16.3 billion in 2002, $10.2 billion in 2003, $18.1 billion in 2004 and $18.9 billion in 2005
- Estimated that because of high commodity prices in 2007, the US payments on OTDS amounted to no more than $9 billion. Figure not confirmed by the US

DOMESTIC SUPPORT
Chair's Draft Modalities

- The current ceiling of the EC (15 Members) is estimated at €110.3 billion ($152 billion). Cut will bring the ceiling down to €27.6 billion or €16.5 billion. Cut of 80 per cent will bring it down to €22.06 billion (around $35 billion).
- Japan expected to do more, as its overall support is more than 40 per cent of the total value of its agricultural production – a cut halfway between the cuts of the top and the second tiers

DOMESTIC SUPPORT
Chair's Draft Modalities

- Implementation period and staging:
  - Developed countries: six steps over 5 years. For the EC, US and Japan, the base OTDS will be reduced by one-third on the first day of implementation and the remainder to be reduced in five equal instalments
  - For developed Members in the third tier, the base OTDS will be reduced by 25 per cent on the first day of implementation and the remainder to be reduced in five equal instalments
- Developing countries with no Final Bound Total AMS commitments exempted from undertaking reduction commitments with respect to their base OTDS. Those with AMS commitments will undertake two-thirds of the reduction made by developed countries
- Reductions by developing countries shall be implemented in nine steps over 8 years. The base OTDS shall be reduced by 20 per cent on the first day of implementation and the remainder in eight equal instalments
- RAMs which recently acceded exempted, so also are small low-income RAMs with economies-in-transition. For other RAMs, treatment comparable to that of other developing countries – two-thirds cut and a transitional period of 8 years

Chair's Proposed Draft Modalities - AMS

Bands	Range	Proposed Cuts
1	≥ $40 billion	[70] %
2	≥$15 billion and ≤ 40 billion	[60] %
3	≤$15 billion	[45] %

Domestic Support
Chairman’s proposals

- Under the Chairman’s proposal, the amber box limit of the EC will be reduced from €67.1 billion ($92.5 billion) to €20.1 billion
- The amber box limit of the US will be reduced from $19.1 billion to $7.6 billion
- Developed countries whose Amber Box support is more than 40% of the value of their agricultural production to make a bigger cut, i.e. a cut halfway between the cut of their tier and the tier above
- According to figures provided by the US, AMS payments for 2002, 2003, 2004 and 2005 were $9.6 billion, $6.9 billion, $11.6 billion and 12.9 billion, respectively.
- Brazil and Canada are alleging in the dispute settlement proceedings that the US exceeded its WTO limits for most of these years, a claim the US denies.

Domestic Support
Chairman's proposals

- Implementation period and staging:
  - The EC, US and Japan to cut 25% from the start. All other cuts to be made over 5 years in 5 equal instalments
  - For other developed countries, reductions to be implemented in six equal instalments over 5 years, commencing on the 1st day of implementation
  - Developing countries expected to reduce their support by two-thirds of the formula cut. Implementation in nine equal instalments over 8 years, commencing on the 1st day of implementation
- RAMs which recently acceded exempted from cuts, so also are small low-income RAMs with economies-in-transition. Some allowed to exclude investment subsidies from Amber Box calculations. Other RAMs to make two-thirds of the normal cut

Domestic Support

- ***PRODUCT-SPECIFIC AMS CAPS*** – average applied during the UR implementation period (1995-2000)
- *For the US – average between 1995-2004 and 1995-2000*
- *S&D for developing countries – base period (1995-2000 or 1995-2004)*
- ***DE MINIMIS***: to be reduced by [50] [60] per cent by developed countries – i.e. cap at 2.5 or 2 per cent of the value of production
- *S&D for developing countries: some exempted, others to make two-thirds of the cuts of developed countries*
- ***BLUE BOX****:* maximum permitted value not to exceed 2.5 per cent of the average total value of agricultural production
- *Lesser cut if over 40% of Member's support placed in the blue box*
- Deeper cut in AMS support for cotton

Export Competition – Chair's Draft Modalities

- Elimination of all forms of export subsidies by 2013. Budgetary outlays- 50% reduction by 2010 and the rest in equal instalments
- Reduction commitments also on quantity of exported products
- S&D for developing countries - 2016
- Developing countries to benefit from the provisions of Article 9.4 until 5 yrs after the end of the implementation period
- Proposed strengthened disciplines on agricultural exporting STEs and international food aid
- Elimination of all forms of export subsidies for cotton

NAMA – Chair’s Draft Modalities

- Key issues
  - Formula to be applied- Swiss formula or Swiss-type formula (ABI formula)
  - Treatment of unbound tariffs – non-linear mark up
  - Flexibilities for developing countries
  - Flexibilities for countries with low bindings, i.e. countries which have bound less than 35% of tariff lines
  - Sectoral approach
  - NTBs
  - Flexibilities for LDCs, SVEs, RAMS

Formula

- Adoption of a simple Swiss Formula
  - [7-9] for developed countries; Lamy-[**8**]
  - [19-21] [21-23] [23-26] for developing countries
- Product coverage to be comprehensive without *a priori* exclusions
- Reductions or elimination on the basis of bound rates

Formula

- For unbound rates, a constant non-linear mark up of 25% to the MFN applied rate in the base year (14 November 2001)
- Conversion of non *ad-valorem* duties into *ad valorem* equivalents
- Reference period for import data: 1999-2001
- First reduction to be implemented on 1 January of the year following the entry into force of the DDA results. Thereafter on 1 Jan of each of the following years.
- Developed-country and developing-country Members shall implement, respectively in 5 years (i.e. 6 equal instalments) and 10 years (i.e. 11 equal instalments)

Flexibilities for developing countries subject to formula

- Three options
- OPTION ONE: Co-efficient of 19-21 [***Lamy 20***]
  - Less than formula cuts for up to [12-14%] ***[14%-Lamy]*** of tariff lines provided that (i) the cuts are no less than half of the formula cuts; and (b) the value of the tariff lines do not exceed [12-19%] ***[16%-Lamy]*** of the total value of a Member's imports
  - Keeping tariff lines unbound for up to [6-7%] ***[Lamy 6.5%]*** of tariff lines provided that the value of the excluded tariff lines do not exceed [6-9%] ***[Lamy 7.5%]*** of the total value of a Member's imports

Flexibilities for developing countries subject to formula

- OPTION TWO: Co-efficient of 21-23[***Lamy 22***]
  - Less than formula cuts for up to [**10%**] of tariff lines provided that (i) the cuts are no less than half of the formula cuts; and (b) the value of the tariff lines do not exceed **[10%]** of the total value of a Member's imports
  - Keeping tariff lines unbound for up to **[5%]** of tariff lines provided that the value of the excluded tariff lines do not exceed **[5%]** of the total value of a Member's imports

Flexibilities for developing countries subject to formula

- OPTION THREE: Co-efficient of 23-26 [***Lamy 25***]
  - Member does not avail itself of the flexibilities.
  - Protection spread around equally for all industries
- OTHER FLEXIBILITIES:
  - South Africa could have recourse to [1-6] additional percentage points under option two
  - Venezuela to apply SVEs formula
  - *Additional points […]for participating in a sectoral* - deleted in the 10 July text but included in the Lamy Text of 25 July 2008

Flexibilities for developing countries subject to formula

- Flexibilities not be used to exclude entire HS Chapters. To ensure tariff reduction in every Chapter, without substantially limiting the flexibilities provided to developing Members, full formula tariff reductions shall apply to a minimum of either [Lamy- 20%] percent of national tariff lines or [Lamy – 9%] percent of the value of imports of the Member in each HS Chapter.

Flexibilities for developing countries subject to formula

- Argentina, Brazil, Paraguay and Uruguay to include a common list of flexibilities in their schedules and each to calculate the percentage for the value of trade limitation in paragraph 7 using the total value of Brazil's non-agricultural imports

Flexibilities for developing countries with low binding coverage

As an exception, participants with a binding coverage of non-agricultural tariff lines of less than 35 percent would be exempt from making tariff reductions through the formula. Instead, they are expected to bind [70 - 90 percent of non-agricultural tariff lines at an average level that does not exceed the overall average of bound tariffs for all developing countries after full implementation of current concessions which is at 28.5%.

(Developing Members concerned are: Cameroon; Congo, Côte d'Ivoire; Cuba; Ghana; Kenya; Macao, China; Mauritius; Nigeria; Sri Lanka; Suriname; and Zimbabwe.)

Flexibilities for developing countries with low binding coverage

TWO OPTIONS:

(i) Where a Member has bound below [15%], it shall bind [70-90] percent of its tariff lines

(ii) Where a Member has bound at or above [15%], it shall bind [75-90] percent of its tariff lines

Flexibilities for LDCs

- LDCs exempted from applying the formula for tariff reduction and the sectoral approach. However, as part of contribution to this Round of negotiations, LDCs expected to substantially increase the level of tariff binding commitments.
- Individual LDCs to determine the extent and level of tariff binding commitments in accordance with their individual development objectives.
- New bindings – *ad valorem* tariffs. Encouraged to convert existing tariffs as well
- Implementation by Members of Duty-free, quota-free access for LDCs; simple and transparent rules of origin, etc

Flexibilities for LDCs

- Developed-country Members to inform WTO Members, by a date to be agreed (before adoption of DDA results), of the products that will be covered under the commitment to provide duty free and quota free market access for at least 97 percent of products originating from LDCs defined at the tariff line level.
- Monitoring role for the Committee on Trade and Development

Flexibility for Small Vulnerable Economies

- Search for benchmarks of vulnerability abandoned. Single eligibility criterion based on value of NAMA trade from 1999-2001: 0.1%
- Two options: a formula tariff reduction with expanded flexibilities or a target average tariff reduction as proposed by SVEs
- Chair's recommendation: tariff average approach, 4 tiers based on average bound tariffs, and including a minimum line-by-line tariff reduction

Flexibility for SVES

- The overall average tariff of Members with a bound tariff average of **50%** or more shall not exceed [**28-32%**]
- Fiji – special consideration on account of its low level of binding coverage and the fact that SVEs will be expected to bind 100% of their tariff lines. Also entitled to keep 10% of its tariff lines unbound.
- Bolivia – […]
- The overall average tariff of Members with a bound tariff average of between 30% and 49% shall not exceed [**24-28%**]

Flexibility for SVEs

- The overall average tariff of Members with a bound tariff average of between 20% and 29% shall not exceed [**18%**]
- As an exception, Gabon shall be deemed to fall under this provision. It shall engage in GATT Article XXVIII negotiations to reach the overall target average of 18%
- Where the SVE has bound less than **20%** of its tariff lines, it shall apply a minimum line-by-line reduction of 5 percent on 95 percent of all non-agricultural tariff lines or bind at the overall average that would result from that line-by-line reduction

Flexibility for SVEs

- All tariff lines to be bound on 1 January following the entry into force of the DDA results at initial bound rates. (* Fiji)
- For bound tariff lines, existing bindings will be used. For unbound tariff lines, SVE to determine the level of the initial binding of those tariff lines
- Overall binding target average to be made effective at the end of the implementation period through 11 equal rate reductions. First reduction to be made 1 year after the implementation of the DDA results except for eligible tariff lines of RAMs - a grace period of 3 years where accession commitments not fully implemented before the entry into foce of DDA results
- All duties to be bound on an *ad-valorem* basis

Flexibility for Recently Acceded Members

- Potential list of RAMs: Ecuador, Bulgaria, Mongolia, Panama, Kyrgyz Republic, Jordan, Georgia, Albania, Oman, Croatia, Moldova, China, Chinese Taipei, Armenia, Former Yugoslav Republic of Macedonia, Saudi Arabia, Vietnam, Tonga and Ukraine. [Cape Verde?]
- RAMs have to apply the formula, with the exception of Armenia, Former Yugoslav Republic of Macedonia, Saudi Arabia, Vietnam, Tonga and Ukraine. [Cape Verde?]
- A grace period of 3 years which shall be applied on those lines on which accession commitments are not fully implemented before entry into force of the DDA results. This grace period shall begin as of the date of full implementation of the accession commitment on that tariff line.

Flexibility for RAMs

- An extended implementation period of [3-4] equal rate reductions to implement commitments (i.e. in addition to the 6 or 11 equal instalments foreseen)(5yrs/10 yrs)
- First reduction to be implemented on 1 January of the year following the entry into force of the DDA results except for the tariff lines covered above
- In respect of those tariff lines, the first reduction shall be implemented on 1 January of the year following completion of the grace period
- In both cases, each successive reduction to be made effective on 1 January of each of the following years

Sectorals

- Key element in fulfilling the Doha mandate
- Participation on a non-mandatory basis
- Objective: reduce, harmonize or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, over and above that which would be achieved by the formula modality
- Discussions to date have focussed on defining critical mass, scope of product coverage, implementation period and SDT for developing countries

Sectorals

- Members participating in sectorals to intensify their work:
  - By the establishment of modalities (EOM), the proponents of each sectoral to propose the specific modalities to be applied to the products covered in each initiative
  - By EOM plus 2 months, Members intending to participate in a sectoral shall so indicate to the proponents of the relevant sectoral initiative and the Secretariat
  - By EOM plus 3 months, participants in the sectoral initiatives to incorporate any outcomes of such negotiations on a conditional basis in their comprehensive draft schedules

Sectorals – Lamy's Text

- Recognising the non-mandatory nature of sectoral initiatives, at the time of establishment of modalities, the Members listed in Annex Z have committed to participate in negotiating the terms of at least two sectoral tariff initiatives likely to achieve critical mass. Other Members are encouraged to participate in order to assist in reaching critical mass. Any developing country Member participating in final sectoral initiatives will be permitted to increase its coefficient (in such increment as will be determined no later than 2 months from the date of establishment of these modalities) commensurate with its level of participation in sectoral initiatives."

Non-reciprocal preferences

- Assessment of the scope of the preference erosion problem greatly assisted by a Secretariat analysis of the key products, key countries and key markets concerned. Element in fulfilling the Doha mandate
- Suggested possible solutions:
  - Aid-for-Trade to address the underlying challenges faced by beneficiary countries – diversification of exports and strengthening competitiveness;
  - Possible longer implementation periods;
  - Correction coefficient – opposed by several Members, who argue that trade measures are not apposite for addressing the problem

Non-reciprocal preferences

- Recognition that MFN liberalization will erode preferences
- Reduction of tariff on eligible products to be implemented in 7-9 equal rate reductions instead of 5-6 equal rate reductions by preference-giving countries
- First reduction to be implemented two years following the entry into force of DDA results

Non-reciprocal preferences

- Increased assistance to be given to preference-receiving countries, including targeted technical assistance – Enhanced Integrated Framework for LDCs, Aid for Trade Initiatives etc
- Simplification of rules of origin
- Monitoring of these in the CTD

Non-reciprocal preferences

- Recognition that some developing countries (Pakistan, Sri Lanka (Bangladesh) might be disadvantaged. Reductions to be fast-tracked in preference-giving countries. Waiver of sufficient duration to cover IP to be granted.
- Reductions in 6 equal instalments, with first reduction on 1 January of the year following the entry into force of the DDA results.

Others

- Supplementary modalities: Request and offer approach
- Low Duties: elimination encouraged
- NTBs: Members encouraged to merge proposals to facilitate text-based negotiations; resolution of bilateral requests; intensification of work
- Capacity-building measures
- Non-agricultural environmental goods

Services

- Number of offers on the table quite satisfactory, but problem is their quality. In some cases, the offers do not match prevailing access granted by countries
- Key issue is how to get improved offers. Plurilateral request/offer approach as a supplementary modality to achieve a higher level of ambition.
- Twenty-one collective requests submitted by co-sponsors to other groups of Members in the ff sectors and modes: Air transport; Architectural, Engineering and Integrated Engineering Services; Audiovisual Services; Computer and Related Services; Construction Services; Distribution Services; Education services; Energy-related services; Environmental services; financial services;

Services

- Legal Services; Logistics Services; Maritime Transport Services; Postal and Courier Services; Services Related to Agriculture; Telecommunication Services; Tourism Services; Cross-Border Supply (Modes 1 and 2); Mode 3; Mode 4; and MFN Exemptions.
- On the basis of these requests, four rounds of meetings have been held. Since the HKMC, six rounds of bilateral request-offer meetings have been held by participants
- Some developed-country Members would want an express linkage to the level of ambition in services to those in agriculture and NAMA
- At the signalling conference held on 26 July 2008, participants indicated their preparedness to improve offers

Services

- Chairman circulated draft text on 17 July proposing elements which could guide negotiations
- Broad support for text but strongly objected to by Bolivia, Cuba, Nicaragua and Venezuela who believe that the elements proposed go beyond the Doha mandate and the negotiating guidelines agreed to by Members and reconfirmed in the HKMC
- Issues of concern to developing countries: Mode 4 (Temporary movement of persons); improved access, particularly for LDCs; mode 3 particularly for developed countries
- GATS rules – progress should be made to conclude negotiations. Considerable progress on domestic regulation disciplines – draft being discussed by Members

Services –Elements in Chair's Text

- Reaffirmation of negotiating mandates and objectives
- Services negotiations integral part of the DDA – ambitious and balanced outcome integral to overall balance in the results of the DDA single undertaking – high level of ambition and political will required
- Members to respond to bilateral/plurilateral requests by offering deeper and/or wider commitments
- Offers to reflect current levels of market access and NT and provide new market access and NT in areas where significant impediments exist
- Commitments to be commensurate with the levels of development, regulatory capacity and national policy objectives of individual developing countries
- Development of disciplines on domestic regulation before end of this Round. Need to intensify negotiations on emergency safeguards, subsidies and government procurement

Services

- Revised offers to be submitted by 15 October 2008
- Final draft schedule of commitments to be submitted by 1 December 2008
- Possibility of a waiver from Article II obligations to grant preferential treatment to LDCs. Specific principles and characteristics of waiver to be finalised before the tabling of revised offers
- SVEs – further liberalization to be in accordance with development needs
- SDT provisions - clear recommendations for a decision by the GC prior to the conclusion of the DDA negotiations
- Special situation of RAMs to be taken into account
- Targeted technical assistance

Rules

- Chairman’s text circulated in November 2007. Widely criticised by many Members for legalizing the practice of “zeroing” in anti-dumping calculations, even though the practice has been found to be inconsistent with the ADA by the AB
- Demand by some Members that the Chair revise his text before commencement of the horizontal process start in the week of 21 July. Chairman insisted that the gaps in Members’ positions too wide to enable him to revise the document.
- Chair issued a working document on 28 May 2008 (A/D SCM and FS) and submitted a report to the TNC on 17 July.

Rules

- Chairman’s revised text to be circulated possibly in September 2008?
- Regarding AD and horizontal subsidies, moved from Chair’s text to draft texts. Bottom-up approach taking into account texts submitted by Members
- With respect to fisheries subsidies, situation more complex. No guidance from earlier GATT/WTO Agreements. How to achieve a balanced outcome – one the one hand, strengthening disciplines by outlawing some subsidies and on the other providing effective SDT to developing countries
- With respect to RTAs, initial review of the Transparency Mechanism yet to be completed – not enough experience (CRTA -17 Agreements; CTD – none)
- Substantive disciplines – no substantive progress. Text-based proposals expected

Special and Differential Treatment

- Not much progress since the Cancun Ministerial Conference
- Impasse over whether the 28 Agreement-specific proposals agreed in Hong Kong should be harvested or revisited to make them more enforceable?
- African Group not in a hurry to adopt the decisions on the grounds that they lack economic value
- Decisions on 5 Agreement-specific LDCs proposals in HK, the most significant being the decision on duty-free, quota-free access for products of export interest to LDCs

Special and Differential Treatment

- Issues about implementation of the DFQF decision remain. Specific language in the Ag and NAMA texts to ensure effective implementation. Need for simple and transparent rules of origin
- Category II proposals – not much progress in the relevant WTO bodies. The African Group wants the CTD Special Session to examine these proposals but opposed by developed-country Members
- 16 remaining category I and III proposals – focus on 7 proposals. Out of the seven proposals, progress being made on six.
- New language needed on the remaining 9 proposals as Members' positions are widely divergent
- Monitoring mechanism – possible elements for effective monitoring of SDT provisions

Trade Facilitation

- Good progress in the negotiations
- Text-based contributions from Members covering Articles V, VIII and X of the GATT 1994 as complied in TN/TF/W/43/Rev.15
- Proposals have focussed on, *inter alia*, inter alia, publication and availability of information, time periods between publication and entry into force of rules/regulations, consultations and possibility to provide comments on draft rules/regulations, information on policy objectives, advance rulings, appeals procedures and due process, impartiality and non-discrimination, import/export fees and documentation, consular transactions, cooperation between customs authorities and relevant officials, transit matters

Trade Facilitation

- Bottom-up approach has provided the Chairperson of the NGTF inputs to prepare a draft text for Members' consideration
- Main challenge would be how to come up with effective disciplines while at the same time giving effect to the broad provisions on SDT for LDCs and developing countries
- On implementation of obligations, two approaches – a staged approach and a tailor-made approach which takes into account the circumstances of each developing-country Member. Emphasis on building the technical and financial capacities to implement any new disciplines
- Linkage with needs assessments being conducted at the country level
- Timing of the Chair's text dependent on developments in other areas – Ag, NAMA, Services, Rules etc

Other Issues

- Dispute Settlement (outside the single undertaking) – Progress has been made on a number of issues, including third party rights, sequencing, remand authority, post-retaliation
- Chair circulated consolidated draft legal text (Job(08)/81 on 18 July 2008. Further work dependent on progress on developments in other areas of the negotiations, even though the DSU negotiations are outside of the single undertaking
- Trade and Environment: Progress has been uneven across the three parts of the mandate. With respect to <u>paragraph 31(i),</u> work has primarily focused on the identification of specific trade obligations (STOs) in Multilateral Environmental agreements (MEAs).
- Text-based negotiations to begin in September on the basis of Members' proposals

Other Issues

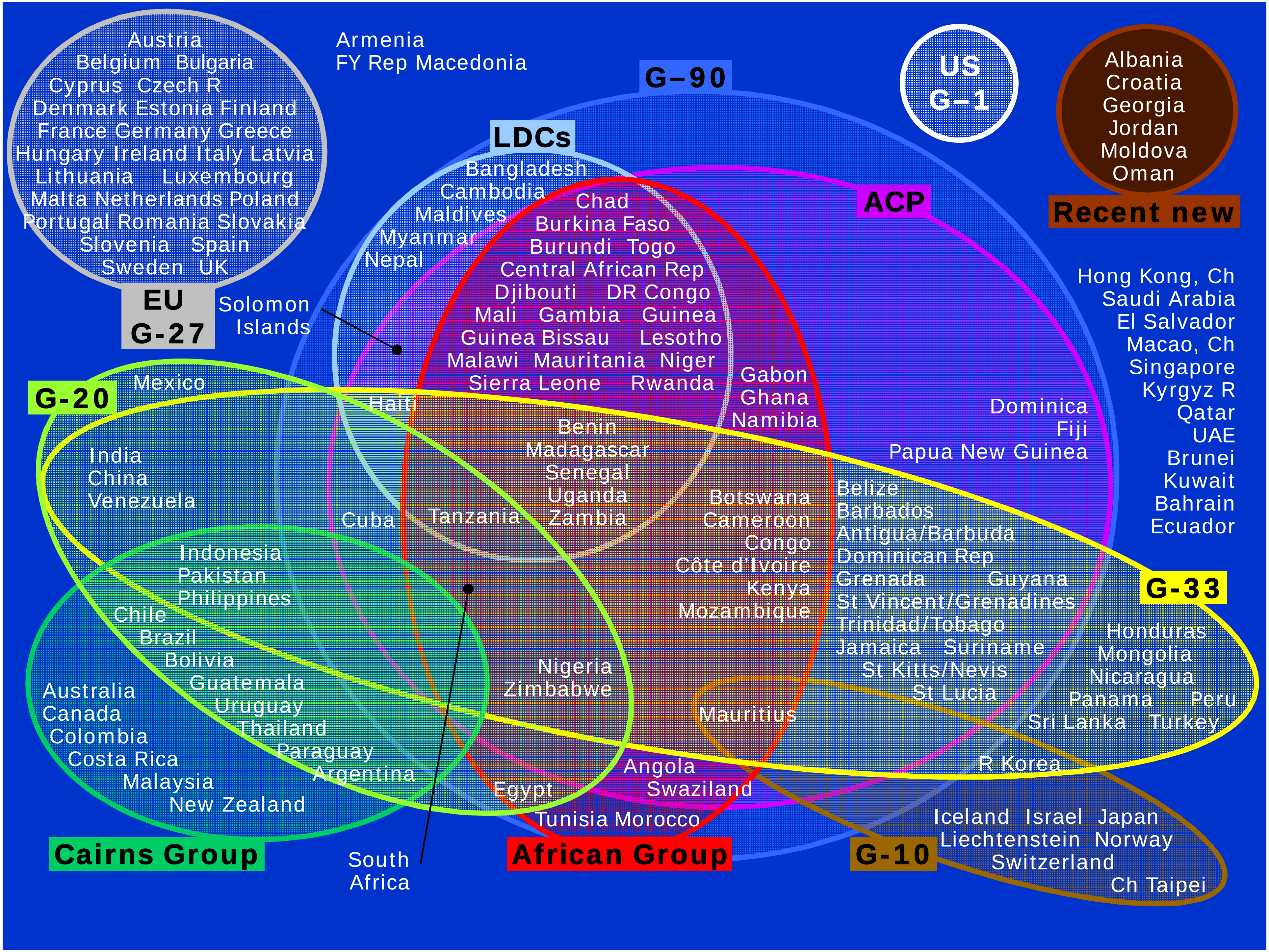
- With respect to paragraph 31(ii), work has progressed significantly. Concrete suggestions have been put forward regarding information exchange sessions with MEAs to be held under the auspices of the CTE; document exchange; future collaboration in the context of TACB activities
- Some outstanding issues, including the issue of observer status in the CTE. Should the Secretariats of MEAs which participate in the work of the CTE be granted observer status automatically?
- Regarding paragraph 31(iii), some progress has been made. Proponents of the list approach have submitted a “potential convergence set” of environmental goods”
- Some alternatives approaches put forward: “integrated approach”; “a request and offer approach”; combination of proposals thus far submitted

Other Issues

- Work has proceeded on parallel tracks: determination of the universe of eligible goods on the basis of the following criteria: air pollution control; renewable energy; waste management; environmental technologies etc.,
- Work on the elaboration of modalities has also picked up some pace – how account should be taken of SDT in any new disciplines
- Next meeting scheduled for 15-17 September – will decide next steps in the negotiations.
- TRIPS Issues – Extension of the additional protection provided to wines and spirits to other products. Members' positions are widely divergent. Progress dependent on the results of the agriculture negotiations and overall balance
- TRIPS Register – Legal effects: should it be automatic? Issue of participation- should it be mandatory or voluntary?

Process Forward

- Establish modalities in Ag and NAMA: in the last quarter of 2008?
- Preparation of schedules based on modalities
- Verification of schedules
- Concluding negotiations in other areas including services, rules, development etc
- Legal drafting
- Signing of Final Act
- Domestic ratification processes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