

CONTRIBUTION BY CANADA, EUROPEAN COMMUNITIES AND UNITED STATES

Non-Agricultural Market Access: Modalities

The Chairman of the General Council and the Director-General have received the attached paper from Canada, the European Communities and the United States with the request that it be made available to participants.

1. *[Framework:]* Building on the objectives contained in the Doha Ministerial Declaration and reflecting our intention to achieve commercially significant market access improvements, we recognise the work done by the Negotiating Group on Market Access and agree that modalities shall apply to all Members in accordance with the elements below.

2. *[Formula]* We agree that these elements shall be finalised by [dd mm yyyy] and shall include a simple, ambitious, non-linear, harmonizing formula applied on a line-by-line basis to all non-agricultural tariff lines, with a single coefficient of [x].

- Product coverage shall be comprehensive and without a priori exclusions;
- base rates for bound items shall be final UR or accession bound rates, and for unbound items base rates shall be [n times] applied rates existing on 14 November 2001 or a level thereto related;
- the base year shall be 2001 with its MFN applied rates;
- negotiations shall be conducted on the basis of the HS 96 nomenclature, with results of the negotiations converted into HS 2002;
- the reference period for import data shall be 1999-2001;
- credit for autonomous liberalization since the conclusion of the Uruguay Round.

3. We agree that the formula will incorporate special and differential treatment and give effect to less than full reciprocity. In keeping with these principles, and consistent with their trade, development, competitiveness and finance needs, developing country Members shall benefit from a base increase in the single coefficient of the formula of [y]. Additionally, the single coefficient will be further increased as a result of Members fully binding their tariffs and participating meaningfully through reductions in their binding overhang which effectively enhance market access.

4. *[Sectoral Initiatives]* As an integral part of the modalities applying to all Members, sectoral initiatives to eliminate or harmonize tariffs shall be undertaken, in particular for products of export interest to developing countries, for instance textiles and apparel. The sectors, their product coverage and participation will need to be defined. Sectoral modalities shall, as appropriate, address the reduction or elimination of non-tariff barriers. We renew our determination to achieve the outcome specified for environmental goods under paragraph 31 (iii) of the Doha Ministerial Declaration.

5. *[Additional provisions for Developing Countries]* Additional provisions shall be included for least developed countries and those IDA-only eligible Members as well as Members with a binding coverage of non-agricultural tariff lines that is less than 35%. These Members would be exempted from making tariff reductions arising from the application of the formula. These Members, with the exception of the least developed countries, would be expected to bind 100 percent of non-agricultural tariff lines at the overall level of the average bound tariffs of all developing countries after full implementation of current concessions.

6. Negotiations shall also aim at identifying additional means of enhancing market access opportunities for LDCs.

7. *[Newly Acceded Members]* Newly acceded Members will benefit from additional time to implement the results of the round (e.g., normal period of time plus [x]).

8. *[Supplementary Modalities]* Supplementary elements such as additional sectoral harmonization and elimination, request and offer, and elimination of low duties may be included to ensure the maximum possible liberalization.

9. *[Non-Tariff Barriers]* The elimination or reduction of non-tariff barriers is an integral part of the negotiations. In this respect, we note that Members have agreed to provide updated notifications of the non-tariff barriers they wish to pursue by no later than 31 October 2003. We recognize that Members have identified categories that shall enable us to fulfill our mandate and we instruct the Negotiating Group to elaborate an effective procedure to complete the negotiations in time.

10. *[Operational Guidance]* We agree that draft schedules presented to reflect modalities should be tabled no later than [dd mm yyyy]. Members may further refine final non-tariff requests until this date, so that tariff and non-tariff elements can be advanced simultaneously. The sectoral initiatives referred under paragraph 4 above shall be defined at the same time as details on the formula are agreed, and we direct work to identify the final list of sectors to begin immediately after Cancun. The subsequent negotiating process based on the draft schedules and on other supplementary approaches as agreed shall commence thereafter to ensure completion of all negotiations by no later than 31 December 2004.

11. *[Implementation/Staging]:* Implementation of tariff reduction commitments shall generally be completed over a [period of ...] for developed countries, and over a [period of ...] for developing countries in equal annual reductions unless alternative staging is determined for individual sectoral agreements. Staging for newly acceded Members shall be determined in keeping with paragraph 7 above.

12. *[Preference erosion]:* We shall work with Bretton Woods Institutions to establish or enhance programmes to address adjustment needs of Members whose exports are significantly affected by erosion of preferences.
