

G10 PROPOSAL ON OTHER MARKET ACCESS ISSUES

I. SSG

1. The Special Safeguard Clause of (SSG) is a negotiated and integral part of the agricultural reform process enshrined in the Agreement on Agriculture (AoA). Article 5.9 of the existing AoA establishes that "*The provisions of this Article shall remain in force for the duration of the reform process as determined under Article 20.*" The reform process as determined under Article 20 is the long term-objective of "*...substantial progressive reductions in support and protection resulting in fundamental reform...*".

There is no rationale for the immediate elimination of the SSG for the following reasons:

- (1) The reform process as enshrined in Art. 20 is not linked to tariffication, but the long-term objective of substantial progressive reductions in support and protection. In other words, as long as the reform process continues, the SSG measures are allowed to continue,
 - (2) SSG is clearly stipulated as a special measure applicable to exceptional cases. This exceptional nature, not unlimited scope of SSG, contributes to the integrity of GATT principle, and cannot undermine its necessity and legitimacy.
 - (3) We should not underestimate the positive effects of SSG for importing countries to manage the difficulty caused by reduced tariff level and its similar effects on the going negotiations.
2. Notwithstanding our scheduled rights to use SSG, as described above, and in a context where everybody moves from their positions, we would be prepared to reduce the percentage of tariff lines covered by SSG also taking into account the present coverage of SSG in different countries. Special consideration will be given to countries that were subject to ceiling binding during the UR.
 3. The extent of reduction depends on the overall outcome of the market access pillar, such as tariff reduction formula and the number and treatment of sensitive products, and of other pillars.
 4. Members must be free to self-designate which tariff lines currently covered by SSG that shall no longer be eligible for this instrument.

II. TROPICAL AND DIVERSIFICATION PRODUCTS

Selection

1. In the process of scheduling negotiations Member countries will designate products to be addressed as tropical products on the basis of the indicative Uruguay Round-list for tropical products.

2. An indicative list offers Member countries the possibility to address their sensitivities while accepting that products of particular concern remain on the list. This will allow these products to be treated as tropical products by countries which are in a position to do so. This will result in more products being accepted on the list than would be the case for an agreed definitive list.
3. The 'diversification products' should be identified separately from the 'tropical products' list. For the selection of these products, Members must provide documentation proving that these products are genuinely grown and particularly important for diversification purposes, or which clearly associate them to actual diversification programs in the related countries.
4. Products in the list of tropical products can be designated as sensitive products or as SPs. Preferences should also be taken into account.

Treatment

5. The G10 supports the approach proposed by EC in JOB(06)/190.
6. On the basis of the identification of diversification products, as described in Paragraph 3 above, Members shall in a transparent manner offer appropriate treatment to products clearly identified in Members having operational diversification programmes in place.

III. IN-QUOTA TARIFF RATES

According to paragraph 35 of the Framework Agreement, the issue of in-quota tariffs is an element that shall contribute to reaching a final balanced outcome.

1. The issue of IQTR reductions is to be negotiated in connection with other components of the market access pillar, including the outcome of the formula and the treatment of sensitive products in addition to the scope of TRQ commitments for sensitive products.
2. An across-the-board elimination of in-quota duty rates is not acceptable.
3. Bound in-quota duties should be reduced for both sensitive and other products. The reductions will be negotiated.
4. If a Member chooses to reduce an IQTR of sensitive products by more than the rate envisaged in Paragraph 3 above, the TRQ expansion will be less than what is generally applicable for sensitive products taking into account the contribution of such additional IQTR reduction.

IV. TARIFF ESCALATION

The application of the tariff reduction formula with its strong harmonising effect will solve most of the tariff escalation where it may exist today. For the residual escalation, a few guiding principles should apply only to products which are of special interest to developing country Members.

Moreover, tariff escalation should only be taken into account when this escalation is substantial and clearly identified as specified by the criteria below.

Identification

1. With the severe time constraint before us, we should limit ourselves in this work by focusing on the relationship between primary products and first-processed products. In that sense, G10 supports the idea to produce a list of tariff escalation products which deals only with the first-stage processed products.
2. This exercise should by no means prejudice the discussion on the tariff reduction formula and the selection of sensitive products and SPs.
3. Tariff escalation should only be taken into account when the escalation is substantial (e.g. where the tariff on the processed product is at least 10 % higher than the primary product after the application of the tiered formula).
4. Tariff escalation shall only be considered for products where developing countries represent more than 50% of world trade.
5. Live animals of all kinds cannot be considered as primary products. Most Members, and especially net importers, do not import animals for immediate consumption but for breeding purposes. Meat, not the live animal, is the primary product which is traded and subject to further processing.
6. The list should include processed products that are made directly from one primary products and do not contain any other raw materials as its ingredients. Composite products cannot be considered as their components vary and cannot be easily identified. The list should include only those tariff lines which can clearly identify primary products concerned at HS6-digit level.
7. G10 further considers that there is an obvious link between the scope of the products considered and the treatment that will be applied to tariff escalation.
8. In cases where more than one unit of the primary product is needed to make one unit of the processed products (e.g. flour), adjustments should be made when determining whether or not tariff escalation has occurred.

Treatment

For products identified above the following provisions shall apply:

1. if the tariff lines for both products are in the same tier (except for the highest tier), the bound duty for the processed tariff lines shall be reduced by the cut rate that would otherwise be applied for the tier immediately above, as long as the tariff rate on the processed product will not fall below the tariff rate for the primary products.
2. if they both belong to the highest tier, the bound duty for the processed tariff lines shall be subject to an additional reduction equal to the difference between the two highest tiers, as long as the tariff rate on the processed product will not fall below the tariff rate for the primary products.

V. TARIFF QUOTA ADMINISTRATION

Tariff quotas represent export opportunities, not export guarantees. A host of exogenous factors may cause fill rates to vary. The main objective of reviewing the TRQ administration methods should therefore be to allow for quota fill under competitive market conditions and prevailing terms of trade. This should be understood as a contribution to the objective of substantial improvements in market access. To this end the G10 propose the following:

1. Tariff concessions in Part I of a Member's Schedule which are limited to specified quantities or value of a product or products ("tariff quota commitments") shall be administered in conformity with the provisions of this Article and, subject to these provisions, in accordance with other relevant WTO provisions, including those of the Agreement on Import Licensing Procedures.
2. Tariff quota commitments shall be administered in a transparent manner which ensures that the market access opportunities represented by such commitments are made fully and effectively available.
3. Meaningful S&D shall be provided to developing countries, inter alia in the area of trade-related technical assistance, in order to enable developing countries to capture the trading opportunities that are flowing from Members' TRQ regimes. In fact para. 6 of TN/AG/W/1/Rev.1 provides appropriate language on S&D for further work.
4. To this end the following general principles shall apply to administration of all TRQ commitments, except as otherwise provided in the Members' schedules
 - (a) A tariff quota commitment shall not be administered in a manner which precludes the importation of any product or tariff line within the tariff-rate quota (TRQ).
 - (b) Members shall provide timely initial allocations of import licenses and mechanisms for re-allocation or tradability of tariff quota allotments to facilitate that the annual tariff quota quantity is imported within the quota year.
 - (c) Members shall not impose unfavorable commercial terms or requirements which act to restrict products eligible for importation under a TRQ such as:
 - domestic purchasing requirements;
 - non-viable quota allotments; and
 - export or re-export requirements which restrict imports.
 - (d) Members may credit preferential imports, including existing preferential TRQs, against currently scheduled WTO tariff quota commitments. TRQ quantities scheduled as a result of Market Access negotiations in the Doha Round will be allocated on an MFN basis.
 - (e) Members shall publish all relevant information sufficiently in advance in relation to their administration of tariff quota commitments, including information regarding administrative requirements and procedures, the contact details of importers to whom tariff quota allocations have been attributed and current tariff quota fill rates.

- (f) Members shall establish a mechanism of redistribution and/or tradability of unused licenses in order to ensure that the system is operating according to its intentions. Reallocated quota shares must be valid until the end of the quota period in question.
- (g) S&D provisions to be developed using Para. 6 of TN/AG/W/1/Rev.1 as a reference.

VI. TARIFF SIMPLIFICATION

1. AVE calculations were made in order to place all products in bands for the purpose of the tariff reduction formula. There is no commitment to bind those AVEs.
2. By "simplification" the G-10 understands the need to have transparent, calculable and foreseeable tariffs. This objective can be achieved both by *ad valorem* and specific duties, and combinations of these.
3. Tariff cuts shall be made on the basis of existing bound duties forms and commitments, including all specific duties, compound and mixed duties
4. Highly complex forms of bound duties, such as complex matrix tariffs, shall be simplified.

VII. LONGSTANDING PREFERENCES AND PREFERENCE EROSION

The G10 believes that the solution to the issue of products benefiting from long-standing preferences could include providing a longer implementation period for the tariff reductions. The Group also supports the provision of accompanying measures that will enable preference beneficiary countries to diversify their economic base and build competitiveness.