

**Statement by South Africa to the Negotiating Group on Market Access
(NGMA)
20 February 2008**

1. South Africa's statement should be read in the context of the statement I just made on behalf of the NAMA 11, which we fully endorse. In November 2005, South Africa and a group of developing countries, Argentina, Brazil, Egypt, India, Indonesia, Namibia, Pakistan, Philippines and Venezuela (in TN/MA/W/65), made a submission on the need for additional flexibilities. With the NAMA-11 we argued that the numbers in the brackets of paragraph 8 should be a bare minimum and that we sought to adjust these numbers upwards. This position has been argued by the NAMA-11 in several statements since then.
2. South Africa argued its own need, and that of the Southern African Customs Union (SACU), for these additional flexibilities in several sessions of the NGMA (see Job (07)/86), in bilateral discussions with the major players, and in several confessionals held with the chairman of the NGMA. In addition all the members of SACU, including Botswana, Lesotho, Namibia, and Swaziland made a submission to the WTO (contained in TN/MA/W/92) on the 20th of October 2007. These submissions argued the following two points:
 3. First, that the Southern African Customs Union (SACU) took deep cuts in the Uruguay Round (UR) which reduced our bound rates to almost half that of the developing country average, and that the current formula and coefficients being discussed in the NAMA negotiations will cause deep cuts in South Africa's bound and applied rates, impacting negatively on our industrial sectors and exacerbating already high levels of unemployment.
 4. Second, that SACU was a Customs Union, with an LDC and three SVEs, that will also bear the burden of these cuts, notwithstanding their rights to have no, or significantly lower tariff cuts.

Mr Chairman,

5. Whilst in your first draft text you recognized these concerns of SACU, but were "not able to conclude on this", we are somewhat comforted by the comments in your revised text that: "Many Members have expressed a willingness to consider additional flexibilities for South Africa"... and that..., "they are prepared to give consideration to the special circumstances of South Africa, including their relatively large contribution in the Uruguay Round". However, we are disappointed that once again you did not include our situation in your draft modalities text.
6. It is for this reason that we have decided to clarify our arguments with the use of some detailed simulations, utilizing the data provided by the WTO secretariat.

The table that is attached to this statement in the Annex illustrates the full impact of the proposed NAMA formula and flexibilities on the SACU tariff structure. With a coefficient of Swiss 35, at least 16% of our tariffs will be cut by more than 30% at applied rates even *after* paragraph 8a flexibilities have been applied to them. Furthermore the WTO simulation reflects that as the coefficient is reduced to Swiss 25, the impact on applied rates increases in depth, with 21% of SACU tariffs taking a cut of more than 30% at applied rates.

7. Mr Chairman, this is the most onerous burden that any developed country (taking into account the principle of Less Than Full Reciprocity) or developing country, will have to bear in NAMA in this round. It is for this reason that we have argued that SACU requires additional flexibility to compensate for the disproportionate impact of the formula on its tariff structure.

Mr Chairman,

8. SA has always been willing to make a real contribution in this Round. Indeed with almost all the coefficients that are under consideration, we will contribute more in cuts to applied rates than all other developing countries, and developed countries (taking into account the principle of Less Than Full Reciprocity), as well.
9. Thus the case for additional flexibilities that SA and SACU has made call for the principles of fairness and equity to be applied. This is not an attempt to avoid making a contribution, but to make a fair and proportionate contribution.
10. However we will need to be given the assurance that SACU will be provided with paragraph 8a (paragraph 7 in your revised text) flexibilities for 16% of tariff lines and the increase or elimination of the trade volume constraint, to compensate for the disproportionate impact of the formula on the SACU tariff structure.
11. Indeed, we have been at pains to explain the special situation of SACU, including the numbers in the Annex attached to this statement, to all our trading partners, including the US, the EU, Japan, Canada and several others, in addition to a large number of developing countries, including members of the NAMA 11.

Mr Chairman

12. We urge all interested members to engage with our delegation on this proposal. If there are no reasonable objections to this proposal brought to our attention, then we would expect the draft modalities to be amended accordingly before the horizontal process begins.