JOB (XX/07)/ **OCTOBER, 2007**

SUBMISSION BY SMALL, VULNERABLE ECONOMIES ON MODALITIES TO APPLY IN NON AGRICULTURE MARKET ACCESS[1],[2]

PRINCIPLES

1. SVEs have signalled their willingness to contribute to the current Doha Development Round, consistent with their ability so to do, and taking into account their trade, economic and social realities. SVEs should neither be penalized for their liberalization decisions taken thus far, nor be required to undertake reductions that are disproportionate to the marginal level of benefits likely to accrue from this Round.

2. SVEs have verbally, and in written submissions, articulated the principles which have guided their proposals. These principles emanate from work in the WTO Committee on Trade and Development over the years as well as from paragraph 35 of the Doha Ministerial Declaration, the July 2004 Framework Agreement and the Hong Kong Ministerial Declaration.

MODALITIES APPLICABLE TO SMALL, VULNERABLE ECONOMIES

3. The current modalities proposed for SVEs do not conform to the principle of less than full reciprocity in reduction commitments as these modalities require higher levels of contributions from SVEs, in comparison to other developing countries, and even some *developed* countries. These results are inconsistent with the various mandates in this Doha Development Round on the flexibilities to be accorded to developing countries in general, and the enhanced flexibilities to be provided to SVEs, in particular, and are therefore unacceptable.

4. The SVEs have, in the past, submitted proposals based on 5 bands, taking into account the tariff dispersion of the proponents. It should be noted that the Chair's proposal effectively restricts the SVEs proponents to two (2) bands, with the 3rd band accommodating SVEs RAMs. However, consistent with the constructive engagement that has characterized the approach of SVEs thus far; the Group is willing to work within the 3 band approach outlined by the Chair, so long as such bands adhere to the principles outlined in the various mandates, including the principle of less than full reciprocity. Acceptance of a 3 band approach is contingent on adequate flexibilities afforded to SVEs, including the requirement for maximum average reductions that are less than those of developed countries and which are consistent with the economic, social, trade and development needs of SVEs.

5. The flexibility to exempt, at their discretion, 10% of tariff lines from reduction commitments is also an integral aspect of the flexibilities required by SVEs. This flexibility is independent of the maximum tariff reduction required of SVEs.

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1 Bolivia will not be able to accompany the present proposal.

2 This proposal is without prejudice to the rights of those Recently Acceded Members (RAMs) that are Small, Vulnerable Economies, and the proposals submitted by that Group to specifically address their concerns.

6. The specific tariff reduction modalities to apply to SVEs are outlined in Annex 1 of this paper.

Annex 1

Revised Textual Proposal on the Provisions Applicable to Small, Vulnerable Economies

(a) Members with a bound tariff average of non-agricultural tariff lines:

  (i) at or above 50 percent shall bind their non-agricultural tariff lines at an average level of [32] percent. Where this average results in reductions that are greater than [40] percent, the Member concerned would be entitled to apply lesser reductions, at its discretion, in keeping with this maximum average reduction of [40] percent.

  (ii) at or above 30 percent but below 50 at percent shall bind their non-agricultural tariff lines at an average level of [28] percent. Where this average results in reductions that are greater than [30] percent, the Member concerned would be entitled to apply lesser reductions, at its discretion, in keeping with this maximum average reduction of [30] percent.

Fiji shall be deemed to fall under (i).

In addition, 90 percent of all non-agricultural tariff lines shall be subject to a minimum cut of 5 percent.

(b) SVEs with a binding coverage of 50 percent or less shall have the flexibility to maintain [10%] of tariff lines unbound.

(c) The implementation period for Small, Vulnerable Economies shall be [2] years longer than that for other developing countries.