

WORKING DOCUMENT No. 9

TIERED FORMULA FOR TARIFF REDUCTIONS

Basis for reductions

1. Subject to such other specific provisions as may be made, all final bound tariffs¹ shall be reduced using the tiered formula set out in the paragraphs below.
2. In order to place final bound non-*ad valorem* tariffs in the appropriate band of the tiered formula, Members shall follow the methodology to calculate *ad valorem* equivalents (AVEs), along with associated provisions, set out in Annex A to TN/AG/W/3 of 12 July 2006. All AVEs so calculated shall be listed in an annex to these Modalities.

Tiered formula

3. Developed country Members shall reduce their final bound tariffs in equal annual instalments over five years in accordance with the following tiered formula:
 - (a) where the final bound tariff or *ad valorem* equivalent is greater than 0 and less than or equal to 20 per cent, the reduction shall be [48-52] per cent;
 - (b) where the final bound tariff or *ad valorem* equivalent is greater than 20 per cent and less than or equal to 50 per cent, the reduction shall be [55-60] per cent;
 - (c) where the final bound tariff or *ad valorem* equivalent is greater than 50 per cent and less than or equal to 75 per cent, the reduction shall be [62-65] per cent; and
 - (d) where the final bound tariff or *ad valorem* equivalent is greater than 75 per cent, the reduction shall be [66-73] per cent.
4. Developing country Members other than those specified in paragraph 6 below shall reduce their final bound tariffs in equal annual instalments over eight years in accordance with the following tiered formula:
 - (a) where the final bound tariff or *ad valorem* equivalent is greater than 0 and less than or equal to 30 per cent, the reduction shall be $\frac{2}{3}$ of the cut for developed in 3(a) above;
 - (b) where the final bound tariff or *ad valorem* equivalent is greater than 30 per cent and less than or equal to 80 per cent, the reduction shall be $\frac{2}{3}$ of the cut for developed in 3(b) above;
 - (c) where the final bound tariff or *ad valorem* equivalent is greater than 80 per cent and less than or equal to 130 per cent, the reduction shall be $\frac{2}{3}$ of the cut for developed in 3(c) above; and
 - (d) where the final bound tariff or *ad valorem* equivalent is greater than 130 per cent, the reduction shall be $\frac{2}{3}$ of the cut for developed countries in 3(d) above.

