THE MAY 2008 NAMA MODALITIES TEXT MADE SIMPLE

The new NAMA modalities text, issued by the chair of the negotiation on Non-Agriculture Market Access, makes the options clearer and provides greater room for members to negotiate, thus reflecting new positions and proposals of the last weeks of intensive consultations. This takes us a step closer to full modalities.

Here are the key elements of the document:

Formula and flexibilities

Tariff reductions for industrial products would be made uyd be4*“simb4owiss”

up would be added to their applied rate in effect on 14 November 2001 and would form the basis for the formula cuts.

Recently acceded members (RAMs)

Albania, Armenia, The Former Yugoslav Republic of Macedonia, the Kyrgyz Republic Moldova, Saudi Arabia, Tonga, Viet Nam and Ukraine shall not be required to undertake tariff reductions beyond their accession commitments.

RAMs such as China, Chinese Taipei, Oman and Croatia subject to the formula would have a grace period of two to three years on those lines on which accession commitments are still being implemented, before commencing their Doha cuts. In addition, they would have an extended implementation period on all lines of two to five years to phase in their Doha commitments. The remaining RAMs qualify as small, vulnerable economies (SVEs) and may apply the modality envisaged for such members.

Modalities for other developing members (around 75)

The 32 poorest countries (Least-developed countries or LDCs) are exempt from tariff reductions; there are special provisions for 31 SVEs and for 12 developing countries with low levels of binding. As a result, relatively weaker developing economies will retain higher average tariffs and greater flexibility on how they structure their tariff schedules. But they will nevertheless contribute to the market access outcome, significantly increasing the number of bindings and reducing "the water" (the difference between bound rates and those actually applied) and binding a high number of their tariffs. Bolivia and Fiji are singled out as a special case. There are also proposed solutions for members with preferential access to developed country markets who would see their preferences erode because of the overall tariff reductions. As well, there are provisions for other developing members who would be impacted by such a solution.

Sectors for deeper tariff reduction or elimination

The Chair's text also notes that some members have been engaged in negotiations which would envisage undertaking deeper tariff reductions in some non-agricultural sectors. Through such agreements, tariffs might be reduced to zero in some developed countries, and in some cases with smaller reductions in participating developing countries as “special and differential treatment”. These negotiations are voluntary, and would require a "critical mass" of countries joining the initiative for it to take off. There are 13 sectors currently under negotiation: Automotive and related parts; Bicycles and related parts; Chemicals; Electronics/Electrical products; Fish and Fish products; Forestry products; Gems and Jewellery products; Raw materials; Sports equipment; Healthcare, pharmaceutical and medical devices; Hand tools; Toys; Textiles, clothing and footwear.

Non-tariff barriers (NTBs)

NTBs, restrictive measures unrelated to customs tariffs that governments take (such as technical, sanitary and other grounds), are also part of the negotiation.