

# WORLD TRADE ORGANIZATION

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General Council

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## PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

### Negotiations on Industrial (Non-Agricultural) Tariffs

#### *Communication from New Zealand*

The following communication, dated 15 June 1999, has been received from the Permanent Mission of New Zealand.

#### **Proposal**

1. New Zealand, like many other WTO Members, proposes that the third Ministerial Conference in Seattle agree to initiate negotiations for industrial (i.e. non-agricultural) tariffs. New Zealand further proposes that the Ministerial Conference agree on negotiating modalities that would reflect the following principles:

- (a) All industrial tariff items should be the subject of liberalization negotiations with the objective of seeking reduction and, wherever possible, elimination of all tariffs on industrial products. At the end of the negotiations all industrial tariffs should be bound.
- (b) It would be accepted at the outset that developed and developing Members would be negotiating towards the same end points, but that developing Members would be allowed a longer period of time to achieve these end points.
- (c) The negotiations should seek, in addition, to tackle tariff peaks and, as a matter of priority, to deal with nuisance tariffs through the application of appropriate formulae.
- (d) The negotiations should seek to build on the extensive work that has already been undertaken on initiatives such as ATL (Accelerated Tariff Liberalization). In the event it were not possible to achieve critical mass on ATL in advance of Seattle, New Zealand suggests that the conclusion of agreements on these eight sectors – initially as plurilaterals representing a critical mass of global trade – be achieved as a matter of priority within the post-Seattle trade negotiations. It might be possible to extend this approach to other sectors identified as potential zero-for-zero candidates. Members should aim to agree in 1999 that these sectors would form the basis for an early-harvest element of the new round.
- (e) Additional to the early-harvest elements, zero-end points should also be sought for other sectors or across the board as the negotiations proceed.

2. The possible shape of an outcome of negotiations conducted on the above basis is set out in the attached annex.

### **Background**

3. Tariff reductions on industrial products remains a central concern for all WTO Members in seeking improved market access. Although major progress has been made in successive GATT Rounds in reducing tariffs on industrial products, they continue to be a significant barrier to trade in many developed and developing Members. In the case of access to developed Member markets, this is particularly evident in product areas where developing Members have a general comparative advantage over developed Members. It is reflected in tariff escalation for processed products and tariff peaks for "sensitive" products.

4. New Zealand is firmly of the view that agreement on commencing further negotiations on the reduction and, wherever possible, elimination of all tariffs on industrial products should be one of the central and priority outcomes from the third Ministerial meeting.

5. In order to facilitate that outcome and to "jump start" the negotiations, New Zealand proposes that the negotiation encompass, from its initiation, the objective of securing zero tariffs on a balanced range of product sectors that reflect the interests of, and offer real benefits to, the WTO membership as a whole. This approach could be extended to include additional zero-for-zero product areas as negotiations progress, and could be coupled with the application of a formula approach to deal with the residual balance of tariff lines. Approaching the negotiations in this way would offer the opportunity for deeper and earlier tariff cuts and would ensure a more predictable and balanced outcome than other approaches.

6. New Zealand has been heartened by the work on tariff liberalization undertaken by APEC in recent years. In 1994, APEC members committed to achieve free trade and investment by 2010 for developed members and 2020 for developing members. More recently on the sectors covered by the Accelerated Tariff Liberalization (ATL) initiative, covering 44 per cent of industrial product tariff lines, a group of developed and developing members have committed to substantial liberalization ahead of these dates, in most cases indicating a willingness to move to tariff elimination in these sectors (in this regard, WT/GC/W/138 and Add.1 refer).

7. If such a large grouping of developed and developing members can agree to tariff elimination on such a high proportion of industrial tariff lines, it suggests to New Zealand that in any forthcoming WTO negotiations serious consideration should be given to the wider elimination of tariffs wherever this is possible.

8. New Zealand supports suggestions that nuisance tariffs be removed as a matter of priority and looks forward to exploring modalities for dealing with any remaining difficulties in this area as the negotiations progress.

## **ANNEX**

### **Industrial Tariffs**

#### **Possible Shape of the New Round**

##### **Early harvest**

1. Agreement would be reached in 2000 with implementation commencing in 2001 on a balanced package of zero-for-zero/substantial reduction initiatives. These outcomes could be reversed if agreement on a single undertaking was not achieved.

##### **Other zero-for-zero arrangements**

2. To be negotiated during the normal course of the round. Implementation to begin in 2003 at the earliest.

##### **The remainder**

3. Should a zero outcome not be possible these products would be subject to a formula cut or request/offer approach.

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