

OVERVIEW OF OUTSTANDING MARKET ACCESS ISSUES

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MARKET ACCESS: MOST SENSITIVE, LEAST PROGRESS

CONTEXT

- Expectation US Congress will renew trade negotiating authority – provided good Doha Round result emerging, particularly agricultural market access
- “Good” agricultural access result for US is one which: maximizes tariff formula cuts and minimizes dilution effects of sensitive/special products and special safeguard mechanism
- “Good” agricultural result for many also includes much deeper cuts in total US trade distorting domestic support

MAIN POINTS OF CONTENTION

- General tariff formula – coalescing around minimum G-20, possibly more
- Sensitive products – converging but still difficult
- Special products – most difficult issue, little convergence
- Special agricultural safeguard mechanism – dependent on quality of market access

TARIFF FORMULA

Coalescing around G-20/G-20 plus average: minimum cuts for developing two-thirds of developed , but minimal effect on applied rates in many developing countries

Possible Solutions: if tariff cap applies special safeguard continues; if no tariff cap can buy open ended safeguard continuation by additional TRQ expansion, otherwise termination in [x] years; in limited cases (request/offer) create TRQ's (using Article XXVIII) when formula insufficient to bring bound rates down to applied

Deeper than formula cuts to get at applied/ceiling binding problem

Outside of limited request/offer what would it take?

- Developed countries moving towards G-20 domestic support cuts (80/75/70%)
- Linkages to other parts of Doha Round, e.g., anti-dump, industrial tariffs, services
- Commitment to work towards elimination of all trade distorting support in next Round
- Would demandeurs be willing to pay such a price?

SENSITIVE PRODUCTS

- Converging: greater deviation from tariff formula, greater TRQ access; lower existing TRQ access, greater new access; maximum number of tariff lines 4-5%?
- Minimum reduction of 40-60% of formula, TRQ increases in order of 3-5% of consumption?
- Longer implementation period for formula tariff cut alternative to TRQ creation or expansion, possible second tier for sensitive products

SPECIAL PRODUCTS

- Most difficult issue, little convergence
- G-33 want to exclude some products and only minimal tariff reductions on others
- Large numbers of small farmers asked to compete against treasuries of developed
- Possible role of TRQ's to get larger tariff reductions, at least for some products
- Special safeguard mechanism applies, provided real access improvements
- Number should be limited, use sensitive for less critical products

Tariff cut flexibility paid for by offsetting access opportunities

- Accepted for sensitive products, how appropriate for special products?
- Role for TRQ's in some special product cases, could use Article XXVIII as guideline
- Better access for special products could be linked to multi-year donor commitments on agricultural development assistance, delayed/extended implementation of tariff cuts

SPECIAL SAFEGUARD MECHANISM (SSM)

- G-33 believe UR special safeguard remedy inadequate
- Snap-back to pre-Doha tariff (maximum) appropriate remedy in context of ambitious market access result
- Should apply to special products if real access improvements provided

SPECIAL AGRICULTURAL SAFEGUARD

- Uruguay Round inducement to tariffy, tightly disciplined, minimal dilution of market access gains
- In Doha most willing to eliminate partly or completely, G-10 main exception
- Useful balancing issue, the bigger the market access package, the greater the justification for continuing, terminate after [x] years unless willing to pay by providing additional TRQ access or accepting tariff cap
- If SSM limited to (graduated) pre-Doha tariff snap back, so should special agricultural safeguard

CONCLUDING COMMENTS

- Only allow access to tariff formula deviations (sensitive/special, special safeguards) when in full conformity with modalities
- No unilateral deviations in offers, flexibility yes but must be disciplined
- Given flexibilities, difficult to judge overall depth of cut, desirable to have rough benchmark for quality control, such as [50][33] % reduction in average tariff
- Average tariff reduction for tariff formula products does not include special/sensitive; deeper cuts on small tariffs could be used to achieve G-20 plus average reduction