

Non Agricultural Market Access (NAMA) actual situation of the negotiations

General orientation:

- The current text contains the values of the coefficient reached in the December 2008 partial modalities X=20 with flexibility 6.5% of lines to be exempted, or 14% of tariff lines to apply half formula and 16% of volume of trade, Y=22 with flexibility 5% of lines to be exempted, or 10% of tariff lines to apply half formula and 10% volume of trade, in addition to coefficient Z=25 that has no attached flexibility.
- Whereas for developed countries the text contains a value of 8 for the coefficient of developed countries.
- The African Group still supports the text as the basis for further negotiations. In this regards, the African Group refutes any back tracking on this issue.

Anti-concentration:

- The anti-concentration clause (ACC) is a late inclusion in the negotiations that the African group objects to link with flexibilities. The ACC restricts developing countries from using the flexibilities by completely excluding an entire sector or near a whole sector from full formula tariff cuts. In fact, the December draft modalities state on ACC, that “full formula tariff reductions shall apply to a minimum of either 20% of national tariff lines or 9% of the value of imports of the Member in each HS Chapter”. This is considered to pose a further constraint to the already limited flexibilities afforded so far to developing countries, and the Group believes that more debate is necessary on the whole concept of ACC and its applicability to African developing countries.

Less than full reciprocity (LTFR):

- The African Group stresses that the final outcome of NAMA negotiations must respect the negotiating mandate, particularly with respect to the application of “less than full reciprocity”. The Group further believes that this key principle is not reflected in the draft NAMA modalities, particularly with regards to the application of the proposed range of coefficients & flexibilities.

Sectorals:

- The mandate for participation in the Sectoral initiatives is on a voluntary basis. However, some developed countries insist that some developing countries must take part in at least one or two sectoral initiatives from among key sectors such as chemicals, industrial machinery and electronics, etc.
- The African Group insists that participation in such sectoral initiatives should remain voluntary.

Non-tariff barriers (NTBs)

- The proposals on NTBs are classified into Horizontal and Vertical proposals (addresses specific sectors). Horizontal proposals include the Horizontal Mechanism; Work Program on Remanufactured Goods; the Export duties and export restrictions proposals. Vertical NTB proposals include proposals on textiles and clothing, electronics, automotive... etc.
- Currently, the talks on NTBs are rather of a Q&A and explanatory nature. However, there are no signs on which proposals are maturing and gaining consensus. Only one proposal has the support of the majority of members which is the Horizontal Mechanism, but opposed by the US and Israel.

Non-reciprocal preferences:

- Preference receiving countries will experience substantive tariff preference erosion as a consequence of tariff reduction by the developed countries. This will result in a drastic fall in the preferential margins that they currently enjoy on those markets. The ACP Group of countries have been raising serious concerns about preference erosion and have fought hard to have some key product lines shielded from further liberalization for a transition period.
- Pakistan and Sri Lanka argue that they are “disproportionately affected” from preferences granted by the US and EC, and managed to secure an understanding with those countries to phase in tariff cuts on exports of interest to them. Asian LDC’s like Bangladesh, Cambodia and Nepal, that do not receive preferences in the US market, demanded similar treatment. The NAMA December text presented a compromise by identifying 5 tariff lines for each of the three Asian LDCs for which the US would phase tariff cuts over five years instead of ten. There is no consensus to date on this compromise.
- It is the position of the African Group that no attempt should therefore be made to re-open annexes 2 and 3 which are considered stabilized; in order not to undermine the delicate balance that was painstakingly agreed upon.

Country specific solutions:

- Special consideration should be given to take regional integration initiatives such as the SACU into account. The African group has supported South Africa and SACU on their position for gaining additional flexibilities in applying the Swiss Formula, beyond those accorded to other developing members as it is based on genuine developmental concerns that are shared by the group.

Results of the meetings of senior officials

- During 2009 the Negotiating Group on Market Access for Non Agricultural Goods (NAMA) focused its discussions on two topics (1) Non Tariffs Barriers, (2) Sectoral Initiatives, none of the other issues were discussed in open ended meeting.
- NTBs: it is worth mentioning that discussions concentrated on the details of the different proposals through extensive technical discussion and exchange of questions and answers in oral and written form between opponents and proponents. The NTB proposals appear to be at different levels of maturity, with one or even a few almost ready for a text-based discussion. It seems that the proposal on the horizontal mechanism gathers a wide support from members, however some members still reiterate their concerns mainly over the scope of coverage (on NAMA goods only or to be extended on agricultural goods).
- Sectorals negotiations: were left to the initiatives of the proponents, whom conducted informal workshops and technical sessions at the margin of the formal NAMA meetings to further explain the details of their proposals, then they informed the multilateral process concerning the results of their efforts, which didn’t go beyond notifying that some members gave positive consideration to their proposal and are still considering to join sectoral initiatives.

- To summarize NTB and Sectoral discussions, there was progress on the technical level, however no progress at all on closing the gaps in the main areas of divergence.
- Country specific flexibilities: the NAMA chair conducted some informal small group consultations on that topic related to the request of Argentina, Venezuela and South Africa to obtain additional flexibilities to face specific trade or economic national and regional situations. It seems that members are more open to the case of South Africa, however they still ask for more elaboration on the specificities of the request and rationale behind it, despite the extensive explanations and documentation provided, arguing that it is needed to assess the situation in order to look into possible solutions.
- Erosion of preferences: the NAMA chair conducted some consultations on the issue of erosion of preferences and it was discussed again during the open ended meetings. It seems that – although of the divergent positions – members seem to agree on avoiding the reopening of the annexes to circumvent any backsliding.
- The recent meeting of Senior Officials that were held concerning NAMA negotiations didn't go beyond taking stock of the state of play, no real discussions or negotiations occurred except for the reiteration of positions. Members were of the view that more technical work needs to be done on NTBs and Sectorals, and that both issues of preference erosion and country specific flexibility will be better dealt with at the final stages of the negotiations.