

## Duty-Free Quota-Free State of Play

In a revised document dated June 20, 2011, the G-20 high level development working group provide the state of play in the duty-free quota-free discussion by highlighting key Member contributions in that category following the commitment adopted in Qatar on November 2001 and reiterated in Hong Kong in December 2005.

The working group said all WTO developed countries except one (the United States) currently provide DFQF market access to at least 97% of least developed countries' (LDC) products. The document cites as examples Australia, Canada, the EU, Japan, New Zealand, Norway and Switzerland (See Table 1 below). The working group meanwhile acknowledged the U.S. contribution through the African Growth and Opportunity Act (AGOA) where a "significant degree of DFQF market access" is provided to some 40 African countries, many of which are listed LDC. As for the Hong Kong commitment, the U.S. said it is contained within the full Doha Development Agenda (DDA) agreement.

Table 1: Status of DFQF access to developed country markets

Country	Coverage	Percentage of LDC exports (2010) <sup>a</sup>
Australia	All products	0.20
Canada	All products, except dairy, eggs and poultry	2.30
EU	All products, except arms and ammunitions (as of October 2009)	17.5
Japan	All products, except rice, sugar, fish products, and leather products	2.30
New Zealand	All products	0.01
Norway	All products (as of 2008)	0.10
Switzerland	All products (as of September 2009)	0.20
United States	DFQF access granted to 82.4 per cent of tariff lines for all LDCs. Some 1800 tariff lines are excluded from GSP scheme for LDCs, which include sugar, cocoa, cotton, leather, textile products, apparel and clothing, clocks and watches. The AGOA scheme offers duty-free treatment to nearly 90 per cent of US tariff lines. The exceptions are sugar, cotton, dairy, peanuts, tobacco and some textile items.	16.20

a: These shares should be considered approximations, due in particular to different valuation method for exports (fob basis) and imports (cif basis).

b: 2009 instead of 2010

Source: WTO

Regarding emerging countries, the working group said the likes of Brazil, China and India provide preferential access to LDC via multiple programs (i.e. multilateral, bilateral and regional agreements). India, it says, will grant duty-free access on 85 per cent of tariff lines by 2013, covering 92.5 per cent of LDC exports to India.

The Chinese, at present, grants access to 60 per cent of its tariff lines, with a gradual increase to 95 per cent coverage in a few years. At the June 22<sup>nd</sup> TNC China said it has been the LDC largest export destination since 2008, receiving 23% of LDC total exports thanks to China's DFQF program, which currently grants unilateral preferences to 60% of tariff lines and 98.2% export value. China said it is prepared to offer LDC 98% of tariff lines.

Brazil meanwhile, is nowhere near China's numbers. At the 2009 MC7, Brazil said it will grant 80% market access to all LDC tariff lines. This commitment is currently being finalised for adoption by the Brazilian government (see Table 2 below).

Table 2: Status of DFQF market access to selected developing country markets

Country	Coverage	Percentage of LDC exports (2009) <sup>a</sup>
Brazil	80 per cent of all tariff lines to be covered, with gradual integration towards full DFQF access.	0.40
China	60 per cent of all tariff lines are currently covered, with gradual phasing-in of up to 95 per cent in a few years	21.40
Hong Kong, China	Mostly MFN duty-free	0.40
India	85 per cent of tariff lines by 2013, covering 92.5 per cent of LDC exports	6.60
Republic of Korea	Nearly 20 per cent of tariff lines are duty-free exclusively for the LDCs	1.30
Singapore	Mostly MFN duty-free	0.70
Chinese Taipei	Nearly 33 per cent of tariff lines are duty-free exclusively for LDCs	1.40

a: These shares should be considered approximations, due in particular to different valuation method for exports (fob basis) and imports (cif basis)

Note: The schemes and the levels of depth and coverage of preferences differ from one developing country to another.

Source: WTO

## NAMA

The negotiating group on industrial products is set to resume its work in July with the hope of providing a contribution to go in the December 2011 early harvest. The Chair, Swiss Ambassador Luzius Wasescha, announced on June 30, his plan for the next 4 weeks, stressing that he wanted to identify areas where there is readiness to make progress. As such, he suggested pursuing the work undertaken on Non-Tariff Barriers (NTBs) and non-NTBs issues, and floated the idea of engaging in “early scheduling”, based on the modalities on the table.

However, not all Members agreed with that plan. Some opposed the idea of pursuing an “early scheduling”, claiming being hesitant to start this exercise given the current state of the negotiations. The U.S. said the main problem with “early scheduling” is that it will be based on modalities that are considered “theoretical”. It also showed concern about engaging on such an exercise without agreement on modalities and moving separately from other market access issues. Both Brazil and India said the time was not right for this exercise, partly because the issue is linked to market access, India said.

The EU, however, showed eagerness to start work on drafting schedules, saying that this is normally work that could take up to two years to complete. Since the modalities are not yet approved, the schedules would be provisional, said the EU, but work would have already begun in this area in case of an agreement on modalities.

Ambassador Wasescha said the NAMA Group has to provide something to be included in the December package. It is believed that NTBs could be one of those “products” to be considered as deliverable at the MC8. The U.S. wants to focus work on NTBs for the December package, but expressed the need to be realistic and focused on areas where work has advanced and where consensus could be reached. The chair meanwhile said he would only consider areas where there is already enough maturity for December.

## Upcoming Events

- Third Global Review of Aid for Trade, July 18-19, 2011
- WTO General Council, July 27-28, October 12-13, December 1-2, 2011
- Regular Agriculture Committee, September 29, and November 2011
- Cairns Group Ministerial Meeting, September 7-9, 2011 Saskatoon (Canada)
- WTO Public Forum, September 19-21, 2011
- G-20 Summit, November 3-4, 2011, Cannes (France)
- APEC Ministerial Meeting, November 11, 2011
- WTO Ministerial Conference (MC8), December 15-17, 2011

Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.

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