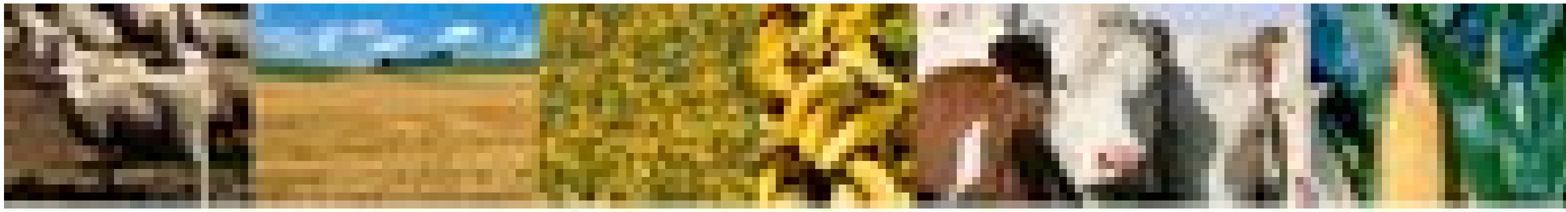


MARKET ACCESS:

CURRENT PROVISONS

New Delhi

9-11 September 2009

Diwakar DIXIT

Agriculture and Commodities Division

Structure of the Agreement

Market access

Å All agricultural Tariffs are bound (with very limited window of exceptions)

Å Prohibition on Non-tariff measures (tariffication, few exceptions)

Tariffication

Special safeguards   Tariff Quotas

WTO OMC

Market access

A Change to Tariffs Only

- How? ï Need to establish a tariff equivalent of the non-tariff measure

Tariffication

- Tariffication Formula:

$$E = (P_i - P_e) / P_e * 100$$

E = Tariff equivalent

P_i = Internal price (representative wholesale)

P_e = External price (c.i.f. unit values)

Base period average: 1986-88

- Option of ceiling bindings for developing countries

WTO OMC

MFN Tariffs To Be Reduced

Uruguay Round Reduction Commitments

	DEVELOPED	DEVELOPING
Implementation period	6 years 1995-2000	10 years 1995-2004
Average cut	36%	24%
Minimum cut	15%	10%

No reduction commitments for LDCs

WTO OMC

Towards tariff-only regimes

Prohibition to maintain, resort or revert to (Art.4.2)

Å Quantitative restrictions

Å Variable levies

Å Minimum import prices

Å Discretionary import licensing

Å NTM maintained by STE

Å Voluntary export restraints

Å Similar border measures [...]

WTO OMC

Towards tariff-only regimes But with certain exceptions!

- measures under BOP provisions
- Measures under general, non-agriculture-specific provisions of GATT or of the other WTO agreements on goods
- **special safeguard**
- **Special treatment "Annex 5"**

WTO OMC

Tariff bindings resulting from tariffication !

	Product	Binding (%)
Colombia	maize	194
Morocco	beef	239
Canada	chicken cuts	249
Norway	beef	344
Switzerland	butter	16420 SFr / t (≈ 700 %)

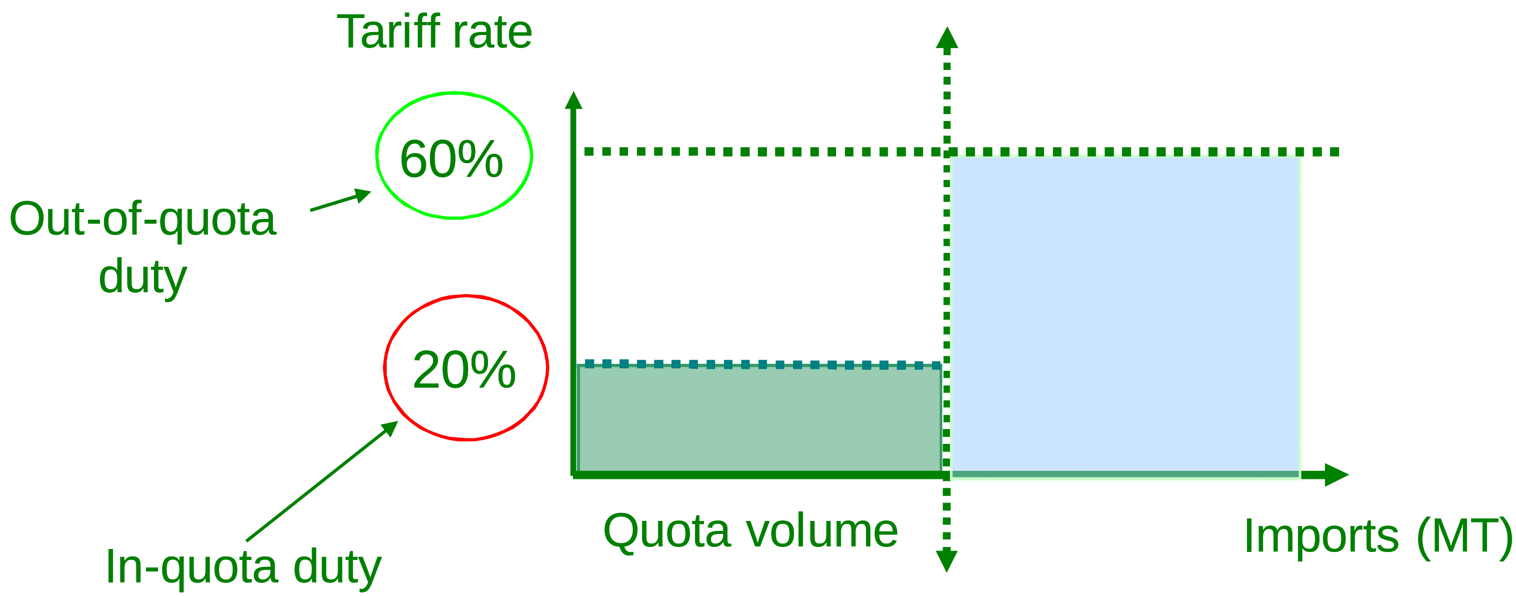
Concept of bound tariff quotas

WTO OMC

Tariff Quotas

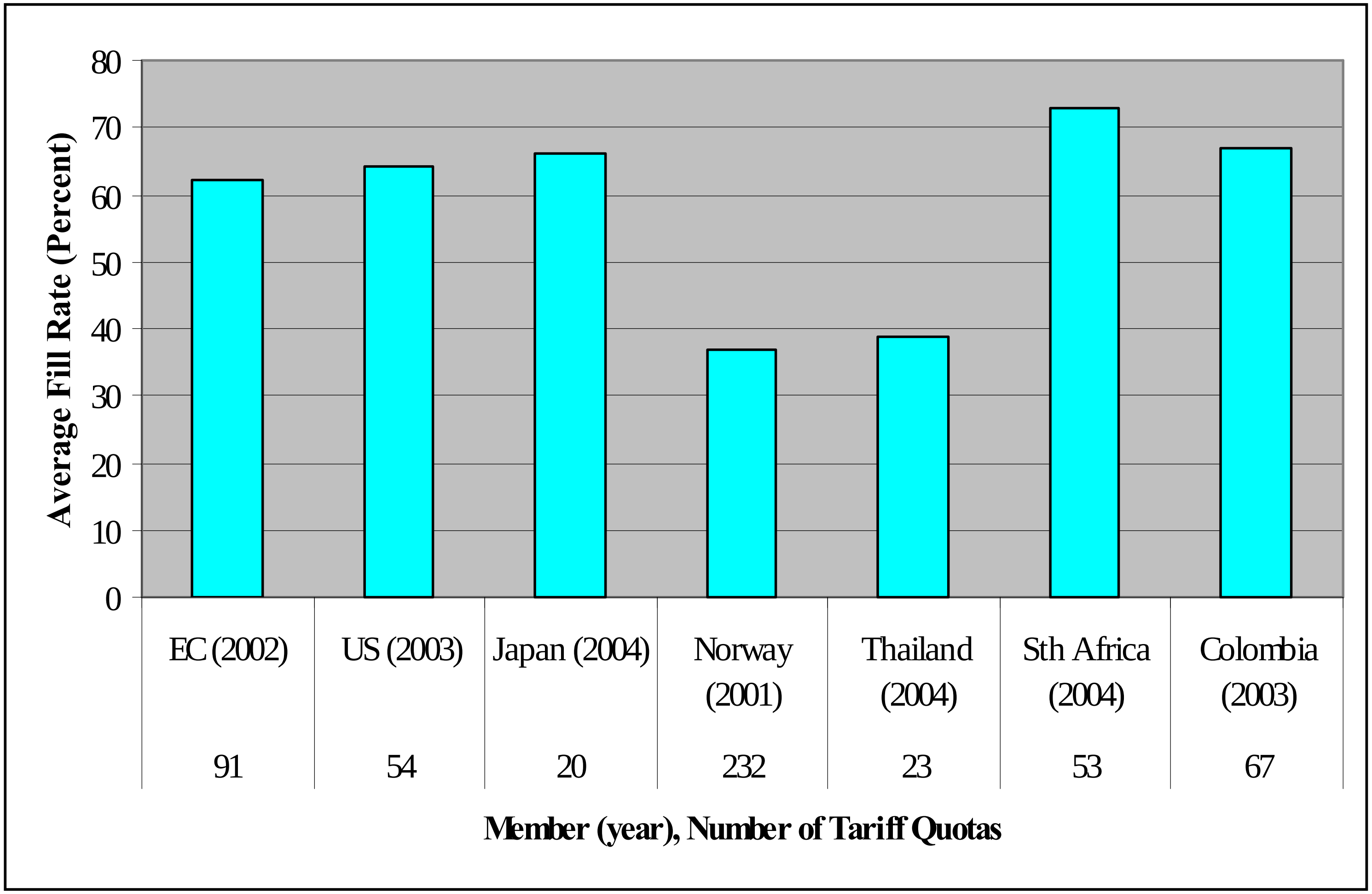
- Current and Minimum Access Opportunities

  3% - 5% of domestic consumption
- Low tariff for limited volumes ï in-quota tariff rate
- High tariff for imports outside the quota volume ï out-of-quota tariff rate (MFN rate)



WTO OMC

Unfinished agenda:
Tariff Quotas but Fill Rates…



WTO OMC

Special Safeguard – Article 5

Additional import duty on over-quota imports, temporarily, if:

ÅTariffication actually done
ÅSSG right reserved in Schedule

33 Members have reserved the right

Volume-based SSG
Trigger: import surges
Extra duty: 1/3 of the then applicable customs duty

Price-based SSG
Trigger: price falls
Extra duty depends on price

Option available only for ñtariffiedòproducts (Option of ceiling bindings for developing countries)

Volume or price triggers (notification)

WTO OMC

Volume-based special safeguard

Base trigger (% of average imports during the three preceeding years):

125%; or
set according to market access opportunities ("import penetration") (x) element - (a) less than or equal to 10 per cent - 125%; - (b) between 10 and 30 per cent - 110 %; - (c) greater than 30 per cent - 105 %. plus (y) element the absolute volume change in domestic consumption in the most recent year. Note: the trigger level shall not be less than 105%

WTO OMC

Remedy: additional duty not exceeding one-third of the tariff in effect

How SSG actually works

(Volume-based)

Average imports in the 3 preceding years: 562 tonnes

Consumption in the 3 preceding years:

year 1:	990	tonnes
year 2:	1000	tonnes
year 3:	1010	tonnes
Average:	1000	tonnes

Import penetration	=	562/1000
	=	56% (base trigger = 105%)
Trigger level	=	(x)+(y)
	=	(105% x 562 tonnes) + (1010 tonnes - 1000 tonnes)
	=	590 + 10 tonnes
	=	600 tonnes

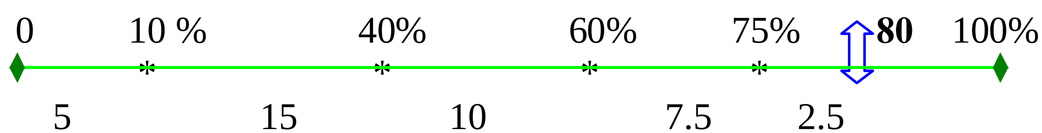
WTO OMC

How SSG actually works

(Price-based)

(1) Trigger price (average cif price of the product during 1986, 1987 and 1988)= **50** USD/t
(2) Import price **of a <u>shipment</u>** = **10** USD/t
(3) Difference [(1)-(2)] = **40** USD/t
(4) Difference as a percentage of Trigger Price(TP) = **80%**

Distribution of "Difference"(**3**) (as a percentage of TP)		% Duty on portion of the "Difference"(3)	Additional duty
0-10% =	5	0%	0
10-40% =	15	30%	4.5
40-60% =	10	50%	5
60-75% =	7.5	70%	5.25
75-**<u>80</u>**% =	2.5	90%	2.25
Total	**40**		**17**



WTO OMC

Implementation issues - *SSG*

- **Use in case of tariff quota underfill**
- **Use on negligible quantities (e.g. zero volume triggers)**
- **Guidance from DSB**

Å“the price at which imports … may enter the customs territory … falls below a trigger price …”

market entry price - c.i.f. price of the shipment, <u>not</u> including customs duties

Å“if the difference between the <u>c.i.f. import price of the shipment….</u> and the trigger price...is less than …….”

<u>Only</u> the c.i.f. import price of <u>the shipment</u> is to be used to calculate additional duties.

WTO OMC

Market Access:

What are the main issues....

Tariff Peaks

Morocco:	Minimum tariff 0%	Maximum tariff 289%
Japan:	Minimum tariff 0%	Maximum tariff 1700%

Tariff Escalation

Chinese Taipei: Tomatoes 10%; Tomato juice 30%

EC: Cocoa beans 0%; Cocoa paste 9.6%; Chocolate 18.7%+

Tariff simplification

Ad valorem (15%)

Non-*ad valorem*: Specific (2$ per kg);

Compound (10% plus 2$ per kg);

Mixed (10% or 2$ per kg, whichever is higher);

Technical (9% plus EA MAX 18.7% plus ADS/Z)

Tariff Quota related issues

TQ administration

In-quota tariff rate

WTO OMC

THANK YOU

WTO OMC