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Trade: New NAMA Chair proposed, meeting on 2 October
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Geneva, 23 Sep (Martin Khor) -- The Swiss Ambassador to the WTO, Mr. Luzius Wasescha, is being nominated to be the new Chair of the WTO's negotiating group on market access for non-agricultural products (NAMA), replacing the former Canadian Ambassador, Mr. Don Stephenson.

According to a trade official, the Chair of the General Council, Australian Ambassador Bruce Gosper, has consulted with the WTO membership and it has been proposed that Ambassador Wasescha be the new Chair.

There is "initial consensus" for the appointment of Wasescha, said the official. The formal appointment is expected to be made at a formal meeting of the negotiating group which is scheduled for 2 October.

The first agenda item at the meeting will be to confirm the appointment, and the second item will be "Other Business."

The former NAMA negotiations Chair, Don Stephenson, ended his term as Canadian Ambassador to the WTO after the mini-Ministerial meetings at the WTO at the end of July.

Stephenson's chairmanship had been marked by controversies over many of his statements and proposals, which earned the anger of many developing countries and their groupings, including the NAMA-11.

Among his controversial proposals was a set of coefficients for developed countries (7-9) and developing countries (19-22) in the tariff-cutting Swiss formula, which experts and developing countries had said would require many developing countries to reduce their industrial tariffs very sharply, while being lenient on developed countries, which would be obliged to cut their tariffs by much lower rates.

This was counter to the principle of less than full reciprocity in tariff reductions, which had been mandated by the Doha Ministerial Declaration.

Also controversial were the meager flexibilities for developing countries to deviate from the full formula cuts, and Stephenson's facilitating of developed countries' last-minute proposal on anti-concentration (that the developing countries' flexibilities cannot be used in a way that they be used above a certain percentage of a sector's imports) and on pressures put on certain developing countries to take part in the "sectoral initiatives" (in which participants agree to eliminating tariffs in specified sectors).

As his final act as NAMA chair, Stephenson issued a report of his view on what happened in NAMA negotiations at the July mini-Ministerial meeting, providing various texts and figures which in his view enjoyed agreement.

There is some controversy over some of the points in his report. In particular, the United States has shown displeasure over the text in his paper on the sectoral approach which Stephenson indicated had been agreed on at the meeting of G7 members at the mini-Ministerial. The US reportedly prefers the language on sectorals in a paper given to the G7 meeting by Director General Pascal Lamy on 25 July as the basis for future negotiations.

The issue of greatest contention in the NAMA negotiations has been the coefficients in the Swiss formula. Several developing countries (especially in the NAMA-11 grouping) and organizations have pointed out that the coefficients proposed by Stephenson would reduce tariffs of major developing countries (like Brazil, India, Indonesia) by 50-60 per cent while the tariff reduction of major developed countries (like the US, EU and Japan) would be around 25-30 per cent.

This would put the less than full reciprocity principle on its head, according to the critics. But Stephenson tried to get around this criticism by stating that there are different views on how to define the less than full reciprocity principle.

A paper circulated last week by the UNCTAD Secretariat at the on-going 55th session of the Trade and Development Board contains data that confirms that developing countries would have to reduce their NAMA tariffs at far higher rates than major developed countries.

The UNCTAD paper, "Evolution of the international trading system and of international trade from a development perspective" (TD/B/55/4), contains a Table 3 entitled "NAMA tariff cuts."

The table shows that the Swiss formula with a coefficient 8 would reduce the tariffs of the following four developed countries as follows:

- Japan would have an average tariff cut of 16.6% (from an initial bound tariff of 2.9% to new bound tariff of 1.3%).
- The US would have an average tariff cut of 21.7% (from 3.3 to 1.7 per cent).
- The EU average tariff cut would be 27.4% (from 4 to 2.2 per cent).
- Canada's average tariff would be cut by 32% (from 5.4 to 2.6 per cent).

With a coefficient of 26 with no flexibility allowed, the cuts by 5 developing countries are as follows:

- Argentina's cut would be 54.4% (from an initial bound tariff of 31.9% to a new bound tariff of 14.1%).

- Brazil's cut would be 53.4% (from 30.8 to 13.9%).
- India's cut would be 57.8% (from 38.6 to 15 per cent).
- South Africa's cut would be 34.3% (from 16.7 to 8.9 per cent).
- China's cut would be 24% (from 9.1 to 6.2 per cent).

With a coefficient of 19 and with the use of flexibility allowed, the cuts by the developing countries would be as follows:

- Argentina's cut would be 58.2% (from an initial bound tariff of 31.9% to a new bound tariff of 13.0%).
- Brazil's cut would be 56.7% (from 30.8 to 13.0%).
- India's cut would be 60.5% (from 38.6 to 14.2 per cent).
- South Africa's cut would be 36.5% (from 16.7 to 9.2 per cent).
- China's cut would be 26.3% (from 9.1 to 6.4 per cent).

The UNCTAD data confirms the complaints by developing countries and independent experts that some major developing countries like Brazil, India and Argentina would be required to reduce their NAMA tariffs by rates that are two to three times higher than the rates required of major developed countries like Japan, US and the EU.

The UNCTAD paper remarked that the modalities in the NAMA Chair's July paper were controversial. "At the source of contention was the question of whether the proposed modalities fully met the agreed principle of less than full reciprocity and comparably high level of ambition between agriculture and NAMA. Developing countries applying the formula would make higher average cuts in bound tariffs than developed countries..."

"Developing countries pointed to the lack of a tariff cap even at the level of 100-150% in agriculture negotiations, in support of higher coefficients. The current NAMA proposal would effectively cap their tariffs at 19-26 per cent. Possible average tariff cuts of around 60% for developing countries and 30% for developed countries compare with proposed target maximum/minimum cuts in agricultural tariffs of 54% for developed countries and 36% for developing countries."

UNCTAD also remarked that developing countries are "concerned over abrupt open of their industrial sectors to international competition to risk causing de-industrialisation and labour displacement, government revenue loss or lesser flexibility in tariff policies." +