

A simple guide - NAMA Negotiations

What are NAMA products?

NAMA refers to all products not covered by the Agreement on Agriculture. In other words, in practice, it includes manufacturing products, fuels and mining products, fish and fish products, and forestry products. They are sometimes referred to as industrial products or manufactured goods.

Why is NAMA so important?

Over the past years, NAMA products have accounted for almost 90% of the world merchandise exports.

What did the Uruguay Round achieve on tariffs for NAMA products?

The Uruguay Round produced significant improvements in market access for NAMA products in the developed country markets, as tariff averages were reduced from 6.3% to 3.8%. In the case of developing countries, the most important contribution was made in the form of new tariff bindings. Binding coverage for NAMA products in developing countries increased from 21% to 73%, which has considerably increased the predictability of trade.

What do tariff bindings mean and how do they work?

A tariff binding is a ceiling level above which a Member cannot apply a tariff. In other words, it is the maximum tariff that may be applied by a Member. However, such rates are not cast in stone. They may be increased or withdrawn subject to compensation being provided to the WTO Members affected by such action.

The applied tariff is the tariff effectively applied. It can be lower than the bound rate and the difference has been called "water" or the "binding overhang".

Why are there NAMA negotiations in the DDA?

Despite the significant improvements in market access for NAMA products that previous GATT rounds and the Uruguay Round produced, tariffs continue to be an important barrier to world trade, as tariff peaks, high tariffs, and tariff escalation remain.

How were tariffs cut in the previous Rounds?

In the first GATT rounds, tariffs were cut on a selective product-by-product basis through requests and offers made between participants. However, subsequently contracting parties decided to use formulas to cut tariffs across-the-board. For example, during the Kennedy Round (linear cut formula) and in the Tokyo Round (Swiss formula) developed countries applied formulas, but with several exceptions. In the Uruguay Round developing and developed participants negotiated their tariff cuts using a variety of methods to reach a reduction average target comparable to that of the Tokyo Round (1/3 cut).

Why has a formula approach been agreed to in the NAMA negotiations?

Following intensive discussions, participants recognized the advantages of the formula approach. A formula approach provides transparency (every Member will know how the other will reduce its tariffs); efficiency (simpler process than request/offer approach), equity (tariff reduction depends on rules rather than "bargaining power"); predictability (easy to foresee the results of the negotiations).

How will flexibilities will be applied to developing countries and LDCs?

Flexibility provisions for developing countries: According to the July 2004 Framework, developing countries would enjoy longer implementation periods for their tariff reductions; and choose between : 1) less than formula cuts for up to [10%] of their tariff lines representing up to [10%] of their import value; or 2) not apply formula cuts, or leave unbound tariff lines, for up to [5%] of their tariff lines representing up to [5%] of their import value.

Least Developed Countries: The least-developed country participants are not required to apply the formula or participate in the sectorial approach, their contribution being to substantially increase their binding coverage at levels in accordance with their needs and development.

Other S & D treatment: developing countries with a binding coverage of less than [35%] would be exempt from formula reductions, but instead would contribute by binding their tariffs at an average level that does not exceed the overall average of the post-Uruguay Round bound tariffs for all developing countries.

Newly Acceded members: These members will also be provided with special tariff reduction provisions.

What is a non-tariff barrier?

There is no official definition but, in general terms, it refers to any measure other than a tariff which protects domestic industry. Many non-tariff measures are based on a legitimate goal (such as the protection of human health) and can be introduced in a WTO consistent manner. Agreements such as the SPS and TBT aim at allowing governments to take due care of these legitimate goals while minimizing the impact on trade and avoiding the temptation to use them as disguised protectionism.

How are NTBs being addressed in the NAMA negotiations?

The negotiating group has been identifying, categorizing and examining the various NTBs. Many NTBs are being resolved bilaterally, others are being addressed on a sectoral basis. Some are also part of other existing multilateral NTB Agreements. Results on NTBs are also expected from other Negotiating Groups such as Trade Facilitation. NTB outcomes will have multilateral effect and therefore benefit all Members.

How will the Doha NAMA result improve the market access conditions for products of export interest to developing countries?

Important to note that developing Members have a diverse export base. As a result of the formula, tariff peaks, high tariffs and tariff escalation will diminish or disappear altogether. Consequently, market access opportunities will open up both in the markets of developed Members, but also of other developing Members. Such access will be further improved through the sectorial initiatives which will be implemented on an MFN basis by those Members joining such initiatives. Addressing NTBs in this Round is also expected to improve the access into the markets of Members. Market access for LDC products has improved and is expected to improve both into developed as well as developing country markets. In this regard, the Doha mandate calls on developed Members as well as others in a position to do so to grant duty free and quota free access to LDC products on a date to be determined. Additionally, through increased binding coverage and reduction of the binding overhang, market access conditions will be made more secure.