

JOINT PAPER BY CANADA, EUROPEAN COMMUNITIES AND UNITED STATES

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NON-AGRICULTURAL MARKET ACCESS: MODALITIES

1. Building on the objectives contained in the Doha Ministerial Declaration, we agree that the Chair's document Draft Elements of Modalities (TN/MA/W/35) provides an acceptable broad framework for the negotiations.
2. We agree that modalities should be finalised by [dd mm yyyy] and shall include a simple, ambitious, harmonising formula applied on a line-by-line basis (e.g. Swiss Formula), with a single coefficient of [x].
3. We agree that the formula will incorporate special and differential treatment. In this respect, Members should devise appropriate mechanisms to deliver flexibility for developing countries through, for example, a system of credits to accommodate objective differences in the economic situation of these countries.
 - i. Less than full reciprocity by developing countries will be achieved by reducing the formula cut applicable to their tariffs by a factor of [X] on the basis of credits. Credits could be given for instance for:
 - bindings greater than 95%, which will reduce the overall obligation to reduce by y%;
 - narrowing the margins between bound and applied tariff levels.
 - ii. In addition to this system of credits, Members could agree to other elements of flexibility for developing countries:
 - Less than formula cuts for a limited number of tariff lines/value of trade, not to be concentrated in any one sector but subject to a minimum required cut [x%];
 - level at which unbound tariffs are bound (e.g. X times applied);
 - longer staging of reduction commitments;
4. Less than comprehensive bindings of all tariff lines by least-developed and IDA-only Members.
5. Negotiations shall aim at identifying additional means of enhancing market access opportunities for least developed countries.
6. Newly acceded countries: additional time may be provided for the implementation of the results of the round (e.g. normal period times [X]).

7. Sectoral Initiatives: As an integral part of modalities applying to all Members, sectoral initiatives, in particular for products of export interest to developing countries, for instance harmonisation or elimination for textiles and apparel and elimination for environmental goods and other sectors to be defined. Product coverage of and participation in such initiatives will need to be defined.
8. Supplementary measures: a low duty component could be included.
9. Non-tariff barriers: The Chair's paper provides a useful framework on which we can move forward.
10. We agree that offers should be tabled no later than [dd mm yyyy]. Request and offer negotiations and other supplementary approaches shall commence immediately thereafter.
11. Preference erosion: encourage Bretton Woods Institutions to establish or enhance programmes to address adjustment needs of Members whose exports are significantly affected by erosion of preferences.