

8 June 1999

**PRELIMINARY UNICE POSITION ON MARKET ACCESS IN VIEW OF A NEW
ROUND OF WTO MULTILATERAL TRADE NEGOTIATIONS**

Background

The European Union has stated that there should be a common interest among WTO members to seek significant market access improvements through the substantial further reduction of industrial tariffs across all sectors. The aim is to obtain greater harmonisation of tariff structures among members. The EU has also proposed that industrialised countries must be prepared to show the way in a new round of multilateral trade negotiations.

Concretely, the EU has proposed to follow an approach which aims at greater harmonisation of tariff structures among WTO Members. Such an approach could include deep tariff cuts or tariff elimination for certain products or product categories. This tariff harmonisation approach is aimed at establishing a general tariff structure with high, medium and low tariffs. Alternatively it has suggested a tariff rationalisation approach, entailing an overall trade-weighted / simple-average reduction combined with final maximum rates.

The EU has further indicated that in the new round elimination will be sought of those non-tariff measures that nullify the impact of tariff liberalisation and prevent effective market access.

General principles

In order to offer a better chance for a balanced outcome of the round for all WTO members, UNICE favours a comprehensive round that ties together a package of issues.

As stated in its position paper of July 1998, UNICE's overall priorities for improving access for European goods to the markets of third countries include:

- bound reduction of high tariffs and in particular tariff peaks with a view to securing greater tariff harmonisation between countries,
- binding of unbound tariffs at commercially acceptable levels,
- improved geographical coverage of zero-duty sectoral agreements and sectoral tariff harmonisation agreements

It is furthermore of utmost importance to UNICE that in a new round all tariff reductions, either general or sectoral, become part of a single undertaking, i.e. that all WTO members accept and implement the results of the negotiations.

European industry also stresses that the tariff liberalisation process must be accompanied by significant progress in the area of non-tariff barriers. Indeed, tariff liberalisation should not be nullified or impaired by maintaining or increasing non-tariff measures.

Finally, co-operation between WTO, the International Monetary Fund and the World Bank must be further strengthened in order to ensure coherence between commercial, economic and monetary policies.

Proposed approach to market access in the new round

UNICE's specific proposals with regard to improving market access in the new round are the following:

- Although a new round is expected to bring further tariff reductions, UNICE insists that it should not inhibit securing the full and effective implementation of all the Uruguay Round agreements. UNICE would welcome an advance WTO report to establish progress with the implementation of agreed reductions and bindings.
- UNICE favours a tariff liberalisation approach that is comprehensive in scope, covering all sectors. Whatever tariff reduction method is used, it should clearly address the problem of tariff peaks, it being understood that the reduced tariffs will be bound in a single undertaking and that all sectors will be covered. UNICE considers that a tariff peak of 15% should be the absolute maximum acceptable. UNICE also favours a substantial tariff reduction on products for which industrial countries agreed to zero-tariffs in the Uruguay Round by those countries which did not commit themselves at that time.
- However, specific tariff liberalisation provisions should be developed for the least-developed countries to take ~~into~~ account of their specific ~~specific situation of the least-developed countries~~ specific tariff liberalisation provisions should be developed for them. In particular, the WTO should help ~~these countries~~ to ~~developing~~ alternative revenue systems allowing them to lower their tariffs in the future. UNICE also supports proposals aiming at the unilateral dismantling of all tariffs for industrial imports from least-developed countries by all developed WTO members. The most economically advanced developing countries should also contribute to this special effort. Such proposals should be accompanied by the strengthening of administrative co-operation and promotion of trade facilitation.
- In view of the importance marginal tariffs levels can represent for certain sectors of EU industry, UNICE opposes the automatic suppression of tariffs below certain limits. Elimination of tariffs should only occur with the consent of the sectors concerned.
- Provided a critical mass of countries participate and without exceptions for individual products, balanced sectoral initiatives to eliminate or harmonise tariffs should be possible. Such agreements should in due course become part of the single undertaking.
- The important differences between applied and bound tariffs, especially in emerging markets, make import duties unpredictable and are an important barrier for European business. UNICE therefore suggests the immediate binding of all applied tariffs by all WTO members, which would foster a climate of confidence among WTO members.
- The tariff liberalisation process should be accompanied by substantial progress to improve market access in other areas, including elimination of existing non-tariff measures and prevention of the formation of any new non-tariff measures. These include especially, but not exclusively, excessive technical requirements, quantitative restrictions, abuse of customs valuation procedures, pre-shipment inspection- or export taxes, quotas or equivalent restrictions. UNICE therefore strongly supports the European Commission's market access initiative as well as its endeavours in the area of trade facilitation. It also supports a more harmonised approach in implementation of the anti-dumping instrument as a necessary complement to tariff liberalisation.

- UNICE has published a separate position paper on "European Agricultural Policy and World Trade" on 1 March 1999 in which it pleads for a gradual further liberalisation of world trade in agricultural products.

Conclusions

To enable all WTO members to gain from the new round, UNICE favours an encompassing approach with regard to market access improvement, covering all sectors, combined with progress in the non-tariff area.

The main priority should be the lowering of peak tariffs, aimed at a maximum bound level of 15%. In view of their specific problems, special provisions should be developed for least developed countries.

UNICE opposes the principle of the automatic suppression of marginal tariffs by the EU in view of the importance these represent for certain sectors of European industry.

Any sectoral or general tariff agreement reached should then become part of ~~the~~ a single undertaking.

As the ongoing debate on market access progresses UNICE might complement/review the above-mentioned preliminary comments. It is examining various possible approaches to tariff reduction and will submit its position on that subject as soon as possible.
