

G-20 SUBMISSION GUIDELINES FOR MODALITIES IN TARIFF SIMPLIFICATION

GENERAL OBJECTIVES

1. The G-20 has proposed the simplification of all non-ad valorem tariffs. This position is predicated on political and commercial grounds. Paragraph 24 of Hong Kong Declaration clearly states that Doha Round negotiations are based on the fundamental principle of proportionality.

2. The G-20 also understands that increasing transparency in agriculture international trade is an integral element of the ongoing process of reform. All non-ad valorem tariffs will be bound into their ad valorem equivalents (AVEs) in NAMA. There seems to be no reason for agriculture trade rules lagging behind industrials trade rules, particularly in view of the fact that developed countries maintain a sizeable share of their tariffs in non-ad valorem formats. Consequently, keeping the *status quo* in agriculture will increase the gap between those two areas.

3. The experience has shown that the use of non-ad valorem tariffs has often been a form of disguised protectionism in agriculture trade, as the final tariff in ad valorem terms depends on prices and currency movements. As a consequence, maintaining additional layers of protection in market access jeopardizes the Doha Mandate for “substantial improvements in market access”.

4. The ongoing objective of full simplification, i.e., the binding of all agriculture tariffs in ad valorem terms, remains the basic position of the G-20. This Round must represent a significant step in that direction.

METHOD OF THE TARIFF SIMPLIFICATION

5. In order to contribute to the process of tariff simplification in agriculture, the G-20 is prepared to work pragmatically and realistically, particularly in view of the need to ensure that the outcome of that process will not result in increased protection levels.

6. The G-20 is prepared to explore the following method for delivering tariff simplification:

(i) The ad valorem equivalent for all non-ad valorem duties (compound, mixed and specific duties) for agriculture products shall be added to Member's final schedules;

(ii) For the purpose of the ad valorem equivalent conversion, Members should use the Paris Methodology with an adequate base period in order to ensure that protection levels will not be increased;

(iii) All non ad valorem duties shall be scheduled and subject to the reduction resulting from the formula cut;

(iv) The ad valorem equivalents shall be bound in the respective Member's schedules and will be taken as a tariff ceiling;

(v) The tariff applied on imports would be the lower between the ad valorem equivalent and the non ad valorem import duty.