

In line with the procedure set out at the Informal Heads of Delegation meetings on 8 June and 1 July 2004, the attached draft text is being presented by the Chairman of the General Council and the Director-General for Members' consideration, with the following observations.

This draft text draws on and incorporates much excellent work done by the Chairs of the negotiating bodies and other WTO bodies. However, it does not pretend to represent agreement except in those instances (Annex C on Services and the TNC's recommendations concerning the DSU negotiations) where this is indicated. Members are well aware that considerable differences of view persist in a number of important areas.

The Chairman of the NAMA negotiating group, for example, has explained clearly in his letter of 9 July (circulated to all Members) the serious divergences in positions which led him to conclude that the only practicable option was to forward the so-called Derbez Annex B to us, not as an agreed text but as a platform for the further negotiation which will obviously be necessary. He has highlighted in his letter the aspects of this text which he judges would require further work.

The attached text is a first draft, whose purpose is to provide a basis for further negotiation among Members. It will no doubt evolve before it is considered by the General Council for adoption at its meeting commencing on 27 July, and this evolution will be the focus of the intensive consultations we shall be carrying out over the very limited time remaining before the Council meets.

It is also useful to remind ourselves what purpose this text is intended to serve. As has been repeated many times in meetings over the past few months, our task is not to prepare a Ministerial Declaration as we were doing for Cancún. Instead, we are aiming to take the action necessary at this stage, at the level of the General Council, in order to ensure the continued progress of the negotiations and the work programme as a whole.

Like the outline presented on 8 June, the present draft focuses particularly on a number of areas which emerged in the discussions after Cancún as important concerns for Members and as key elements in further progress. As has been stressed repeatedly, this focus in no way lessens the importance of other aspects of the negotiations or the work programme as a whole. This text starts and ends by reaffirming the commitment of the membership to the Doha mandates in their entirety.

We urge Members to approach this draft text in a constructive spirit and with respect for the positions of others. We still have some way to go before reaching consensus on the text overall, but with hard work and good will this should be possible. We will continue to work with you all to facilitate agreement in the short time ahead of us.

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## Doha Work Programme

### Draft General Council Decision of [...] July 2004

1. The General Council reaffirms the Ministerial Declarations and Decisions adopted at Doha and the full commitment of all Members to give effect to them. The Council emphasizes Members' resolve to complete the Doha Work Programme fully and to conclude successfully the negotiations launched at Doha. Taking into account the Ministerial Statement adopted at Cancún on 14 September 2003, and the statements by the Council Chairman and the Director-General at the Council meeting of 15-16 December 2003, the Council takes note of the report by the Chairman of the Trade Negotiations Committee (TNC) and agrees to take action as follows:

a. **Agriculture:** the General Council adopts the framework set out in Annex A to this document.

b. **Cotton:** the General Council reaffirms the importance of the Sectoral Initiative on Cotton and takes note of the parameters set out in Annex A within which the trade-related aspects of this issue will be pursued in the agriculture negotiations. The General Council also attaches importance to the development aspects of the Cotton Initiative and wishes to stress the complementarity between the trade and development aspects. The Council takes note of the recent Workshop on Cotton in Cotonou on 23-24 March 2004 organized by the WTO Secretariat, and other bilateral and multilateral efforts to make progress on the development assistance aspects and instructs the Secretariat to continue to work with the development community and to provide the Council with periodic reports on relevant developments.

c. **Non-agricultural Market Access:** the General Council adopts the framework set out in Annex B to this document.

d. **Development:** development concerns form an integral part of the Doha Ministerial Declaration. The General Council rededicates and recommits Members to fulfilling the development dimension of the Doha Development Agenda, which places the needs and interests of developing and least-developed countries at the heart of the Doha Work Programme. The Council reiterates the important role that enhanced market access, balanced rules, and well targeted, sustainably financed technical assistance and capacity building programmes can play in the economic development of these countries.

In the Doha negotiations, all developing countries shall benefit from the general provisions of special and differential (S&D) treatment. In addition, the contribution of developing countries to market access reduction commitments in the non-agricultural market access and agriculture negotiations should take account of their levels of development in particular sectors, as well as their food security, rural development and livelihood concerns and recognize their prior unilateral liberalisation, in terms of criteria to be agreed in the ongoing negotiations. The specific concerns of preference dependent, commodity dependent countries and net food-importing developing countries shall be appropriately addressed, in the context of multilateral liberalization commitments undertaken in the Doha Round. In addition, the concerns of small, vulnerable developing economies shall be taken into account, without creating a sub-category of Members.

The Council reaffirms that provisions for S&D treatment are an integral part of the WTO Agreements. The Council recalls Ministers' decision in Doha to review all S&D treatment provisions with a view to strengthening them and making them more precise, effective and operational. The Council recognizes the progress that has been made so far. The Council instructs the Committee on Trade and Development in Special Session to expeditiously complete the review of all the outstanding Agreement-specific proposals and report to the General Council, with clear recommendations for a decision, by [...]. The Council further instructs the Committee, within the parameters of the Doha mandate, to address all other outstanding work, including on

the cross-cutting issues, the monitoring mechanism and the incorporation of S&D treatment into the architecture of WTO rules, as referred to in TN/CTD/7 and report, as appropriate, to the General Council.

The Council also instructs all WTO bodies to which proposals in Category II have been referred to expeditiously complete the consideration of these proposals and report to the General Council, with clear recommendations for a decision, as soon as possible and no later than [...]. In doing so these bodies will ensure that, as far as possible, their meetings do not overlap so as to enable full and effective participation of developing countries in these discussions.

The Council recognizes the progress that has been made since the Doha Ministerial Conference in expanding Trade-Related Technical Assistance (TRTA) to developing countries. In furthering this effort the Council affirms that developing countries, and in particular least-developed countries, should be provided with enhanced TRTA and capacity building, to increase their effective participation in the negotiations, to facilitate their implementation of WTO rules, and to enable them to adjust and diversify their economies. In this context the Council welcomes and further encourages the improved coordination with other agencies, including under the Integrated Framework for TRTA for the LDCs (IF) and the Joint Integrated Technical Assistance Programme (JITAP).

Concerning implementation-related issues, the Council reaffirms the mandates Ministers gave in paragraph 12 of the Doha Ministerial Declaration and the Doha Decision on Implementation-Related Issues and Concerns, and renews Members' determination to find appropriate solutions to outstanding issues. The Council instructs the TNC, negotiating bodies and other WTO bodies concerned to redouble their efforts to find appropriate solutions as a priority, and requests the Director-General to continue the consultations he has undertaken on certain issues, including issues related to the extension of the protection of geographical indications provided for in Article 23 of the TRIPS Agreement to products other than wines and spirits. The Council shall review progress and take any appropriate action no later than [...].

e. **Other negotiating bodies:** the General Council takes note of the reports to the TNC by the Special Sessions of the Council for Trade in Services, the TRIPS Council, the Dispute Settlement Body and the Committee on Trade and Environment and by the Negotiating Group on Rules.<sup>1</sup> The Council reaffirms Members' commitment to progress in all of these areas of the negotiations in line with the Doha mandates.

The Council adopts the recommendations agreed by the Special Session of the Council for Trade in Services, set out in Annex C to this document, on the basis of which further progress in the services negotiations will be pursued.

The Council also adopts the TNC's recommendation that work in the Special Session of the Dispute Settlement Body should continue on the basis set out by the Chairman of that body in his report to the TNC.

f. **Trade Facilitation:** taking note of the work done on trade facilitation by the Council for Trade in Goods under the mandate in paragraph 27 of the Doha Ministerial Declaration and the work carried out under the auspices of the General Council both prior to the Fifth Ministerial Conference and after its conclusion, the General Council decides to commence negotiations on the basis of the modalities set out in Annex D to this document.

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<sup>1</sup> Contained in the following documents: Special Session of the Council for Trade in Services - TN/S/16; Special Session of the Council for TRIPS - TN/IP/10; Special Session of the Dispute Settlement Body - TN/DS/10; Special Session of the Committee on Trade and Environment - TN/TE/9; Negotiating Group on Rules - TN/RL/9.

**Relationship between Trade and Investment, Interaction between Trade and Competition Policy and Transparency in Government Procurement:** the Council agrees that these issues, mentioned in the Doha Ministerial Declaration in paragraphs 20-22, 23-25 and 26 respectively, will not form part of the Work Programme set out in that Declaration and therefore no work towards negotiations on any of these issues will take place within the WTO during the Doha Round.

g. **Other elements of the Work Programme:** the General Council reaffirms the high priority Ministers at Doha gave to those elements of the Work Programme which do not involve negotiations. Noting that a number of these issues are of particular interest to developing-country Members, the Council emphasizes its commitment to fulfil the mandates given by Ministers in all these areas. To this end, the General Council and other relevant bodies shall report in line with their Doha mandates to the Sixth Session of the Ministerial Conference. The moratoria covered by paragraph 11.1 of the Doha Ministerial Decision on Implementation-related Issues and Concerns and paragraph 34 of the Doha Ministerial Declaration are extended up to the Sixth Ministerial Conference.

2. The General Council calls on all Members to redouble their efforts towards the conclusion of a balanced overall outcome of the Doha Development Agenda in fulfilment of the commitments Ministers took at Doha.

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## **Annex A**

### **Framework for Establishing Modalities in Agriculture**

1. The starting point for the current phase of the agriculture negotiations has been the mandate set out in Paragraph 13 of the Doha Ministerial Declaration. This in turn built on the long-term objective of the Agreement on Agriculture to establish a fair and market-oriented trading system through a programme of fundamental reform. The elements below offer the additional precision required at this stage of the negotiations and thus the basis for the negotiations of full modalities in the next phase. The level of ambition set by the Doha mandate will continue to be the essential point of reference.

2. The final balance will be found only at the conclusion of these subsequent negotiations and within the Single Undertaking. To achieve this balance, the modalities to be developed will need to incorporate operationally effective and meaningful provisions for special and differential treatment for developing countries. Agriculture is of critical importance to the economic development of developing countries and they must be able to pursue agricultural policies that are supportive of their development goals, poverty reduction strategies, food security and livelihood concerns. Non-trade concerns, as referred to in Paragraph 13 of the Doha Declaration, will be taken into account.

3. The reforms in all three pillars form an interconnected whole and must be approached in a balanced and equitable manner. These reforms will result in substantial and effective cuts in protection and trade-distorting support, though reductions will be from commitment levels. Members with higher levels of protection and trade distorting support will make greater cuts.

4. Cotton continues to be a vital issue for a number of Members. It will be addressed ambitiously and expeditiously as an integral part of the agriculture negotiations. The provisions of this Framework provide a basis for this approach:

- In the domestic support pillar there is provision for substantial and effective reductions in Members' product-specific support, which will be capped in the first instance.
- In the market access pillar, there is provision for substantial improvement in market access for each tariff line.
- In the export competition pillar, there is provision for the elimination of export subsidies and elimination of trade distorting elements of other export competition instruments.

5. Coherence between trade and development aspects of the cotton issue will be pursued as set out in paragraph 1.b of the text to which this Framework is annexed.

#### **DOMESTIC SUPPORT**

6. The Doha Ministerial Declaration calls for 'substantial reductions in trade distorting domestic support'. With a view to achieving these substantial reductions, the negotiations in this pillar will ensure the following:

- Special and differential treatment remains an integral component of domestic support. Modalities to be developed will include longer implementation periods and lower reduction coefficients for all types of trade-distorting support and continued access to the provisions under Article 6.2.

- There will be a strong element of harmonisation in the reductions made by developed countries. Specifically, higher levels of allowed support, in either absolute or relative terms, will be subject to deeper cuts.
- Each such Member will make a substantial and effective reduction in the overall level of its trade distorting support.
- As well as this overall commitment, each individual element of trade distorting domestic support will be subject to reductions from allowed levels (and, in the case of the Blue Box, reduction to a level to be agreed) in order to ensure results that are coherent with the long-term reform objective. Any clarification or development of rules and conditions to govern trade distorting support will take this into account.

***Overall Reduction: A Tiered Formula***

7. The sum of all trade distorting support, as measured by the Final Bound Total AMS plus allowed *de minimis* and a level to be determined for Blue Box payments, will be reduced according to a tiered formula. Under this formula, Members having higher levels of trade distorting support will make greater overall reductions in order to achieve a harmonising result.

8. The following parameters will guide the further negotiation of this tiered formula:

- This commitment will apply as a minimum overall commitment. It will not be applied as a ceiling on reductions of overall trade distorting support, should the separate and complementary formulae to be developed for Total AMS, *de minimis* and Blue Box payments imply, when taken together, a deeper cut in overall trade distorting support for an individual Member.
- The base for measuring the Blue Box component will be the higher of existing Blue Box payments during a recent representative period to be agreed and the cap to be established under paragraph 14 below.

***Final Bound Total AMS: A Tiered Formula***

9. To achieve reductions with a harmonising effect:

- Final Bound Total AMS will be reduced substantially, using a tiered approach.
- Members having higher Total AMS, in either absolute or relative terms, will make greater reductions.
- To prevent circumvention of the objective of the Agreement through transfers of unchanged domestic support between different support categories, product-specific AMSs will be capped at their respective average levels during a historical basis to be agreed.
- Some of these product-specific caps will then be reduced.

10. Members may make greater than formula reductions in order to achieve the required level of cut in overall trade distorting support.

***De Minimis***

11. *De minimis* will be reduced by a percentage to be agreed.
12. Members may make greater than formula reductions in order to achieve the required level of cut in overall trade distorting support.

***Blue Box***

13. Members recognise the role of the Blue Box in promoting agricultural reform. In this light, Article 6.5 of the Agreement will be modified so that Members may have recourse to the following measures:

- Direct payments under production-limiting programmes if:
  - such payments are based on fixed and unchanging areas and yields; or
  - such payments are made on 85% or less of a fixed and unchanging base level of production; or
  - livestock payments are made on a fixed and unchanging number of head.

Or

- Direct payments unrelated to current production if:
  - such payments are based on fixed and unchanging areas and yields; and
  - such payments are made on 85% or less of a fixed and unchanging base level of production; and
  - no production is required in order to receive such payments.

14. By the end of the implementation period to be agreed, Blue Box support will not exceed an agreed percentage of the average total value of agricultural production during a historical period. Both the percentage and the historical period will be established in the negotiations. In cases where a Member has placed an exceptionally large percentage of its trade distorting support in the Blue Box, some flexibility will be provided to ensure that a Member concerned, in reducing Blue Box support towards such an agreed cap, is not called upon to make a wholly disproportionate cut.

15. The above criteria will be further reviewed to ensure that Blue Box payments remain less trade distorting than AMS measures, it being understood that:

- Any new criteria would need to take account of the balance of WTO rights and obligations.
- Members which have recently used the Blue Box as an essential reform tool will need to be sure that such a review would not have the perverse effect of undoing their reforms.

***Green Box***

16. Green Box criteria will be reviewed with a view to ensuring that Green Box measures have no, or at most minimal, trade-distorting effects or effects on production. Such a review will need to ensure that the basic concepts, principles and effectiveness of the Green Box remain and take due account of non-trade concerns. The improved obligations for monitoring and surveillance of all new disciplines foreshadowed in paragraph 50 below will be particularly important with respect to the Green Box.

## **EXPORT COMPETITION**

17. The Doha Ministerial Declaration calls for 'reduction of, with a view to phasing out, all forms of export subsidies'. As an outcome of the negotiations, Members agree to commitments ensuring the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect by a credible end date.

### *End Point*

18. The following will be eliminated by the end date to be agreed:

- Export subsidies as scheduled.
- The trade distorting element of export credits and export credit guarantees by reducing the repayment period to commercial terms (180 days) and by establishing disciplines to be agreed using as a reference Attachment 5 to Annex 1 of the TN/AG/10.<sup>2</sup>
- Trade distorting practices with respect to export sales of STEs including, inter alia, direct and indirect subsidies and the underwriting of losses. Effective procedures to ensure the transparency of STEs will be established. The issue of the future use of monopoly powers will be subject to further negotiation.
- Provision of food aid that is not in conformity with operationally effective disciplines to be agreed. The objective of such disciplines will be to ensure that food aid is not used as a mechanism for surplus disposal and to prevent commercial displacement.

### *Implementation*

19. Without prejudice to existing WTO rights and obligations, commitments and disciplines in paragraph 18 will be implemented according to a schedule and modalities to be agreed. Reduction commitments will be implemented by progressive annual instalments. Their phasing will take into account the need for some coherence with internal reform steps of Members.

20. The negotiation of the elements in paragraph 18 and their implementation will ensure equivalent and parallel commitments by Members.

### *Special and Differential Treatment*

21. Developing countries will benefit from longer implementation periods for the phasing out of all forms of export subsidies.

22. Until such time as the phasing out all forms of export subsidies and implementation of all disciplines identified above are completed, developing countries will continue to benefit from the special and differential treatment provisions of Article 9.4 of the Agreement on Agriculture.

23. Participants will ensure that the disciplines on export credits to be agreed will make appropriate provision for differential treatment in favour of least-developed and net food-importing developing countries as provided for in paragraph 4 of the Decision on Measures Concerning the Possible Negative Effects of the Reform Program on Least-Developed and Net Food-Importing Developing Countries.

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<sup>2</sup> This attachment sets out draft disciplines for further consideration with respect to export credits.

### *Special Circumstances*

24. In exceptional circumstances, ad hoc temporary financing arrangements that do not have the effect of undermining commitments in export competition may be agreed by Members based on criteria and consultation procedures to be established.

### **MARKET ACCESS**

25. The Doha Ministerial Declaration calls for “substantial improvements in market access”. Members also agreed that special and differential treatment for developing Members would be an integral part of all elements in the negotiations.

### *The Single Approach: a Tiered Formula*

26. To ensure that a single approach for developed and developing countries can take account of their different tariff structures, tariff reductions will be made through a tiered formula.

27. To ensure that such a formula will lead to substantial overall trade expansion, the following principles will guide its further negotiation:

- Tariff reductions will be made from bound rates. Achievement of substantial and effective overall tariff reductions will be a benchmark in evaluating the final result from negotiations.
- All Members (other than LDCs) will make a contribution. Special and differential provisions will be an integral part of all elements.
- Progressivity in tariff reductions will be achieved through deeper cuts in higher tariffs with flexibilities for sensitive products. Substantial improvements in market access will be achieved for all products.

28. The number of bands, the thresholds for defining the bands and the type of tariff reduction in each band remain under negotiation. The role of a tariff cap in a tiered formula with distinct treatment for sensitive products requires further evaluation.

### *Sensitive Products*

29. Developed and developing country Member sensitivities in agriculture are, like their tariff structures, fundamentally different. It is also particularly difficult to develop a fair contribution from developing countries on their sensitive products until it becomes clearer what contribution is likely to be forthcoming from developed countries.

30. The way in which developing country sensitivities can best be accommodated is thus a matter for the post-Framework stage. The key elements for that negotiation are set out in paragraphs 39-45.

31. By contrast, because of the inter-linkages between the three pillars and the particular responsibilities of developed countries in the domestic support and export competition pillars, it is

necessary at this stage to put some shape around the core approach for dealing with sensitive products, which is necessarily driven by the tariff structures and instruments used by developed countries.

*Selection*

32. Tariff lines which currently incorporate out-of-quota tariff rates will be considered a very close approximation of the maximum permissible number of tariff lines for sensitive products.

*Treatment*

33. The principle of 'substantial improvement' will apply to each tariff line.

34. 'Substantial improvement' will be achieved through combinations of tariff quota commitments and tariff reductions applying to each tariff line. However, balance in this negotiation will be found only if the final negotiated result also reflects the sensitivity of the product concerned.

35. Some element of MFN-based tariff quota expansion will be required for each tariff quota line. A base for such an expansion will be established, taking account of coherent and equitable criteria to be developed in the negotiations. A minimum cut in the out-of-quota-tariff rate will be established.

*Other Elements*

36. Other elements that will give the flexibility required to reach a final balanced result include reduction or elimination of in-quota tariff rates and improvements in tariff quota administration for existing tariff quotas.

37. Tariff escalation will be addressed through a formula to be agreed.

38. The question of the special agricultural safeguard (SSG) remains under negotiation.

*Special and differential treatment*

39. Having regard to their rural development, food security and/or livelihood security needs, special and differential treatment for developing countries will be an integral part of all elements of the negotiation.

40. Proportionality will be achieved by requiring lesser tariff reduction commitments from developing countries in each band of the tiered approach.

41. Reflecting the considerations in paragraphs 29-31, a basis for the selection and the treatment for sensitive products in the case of developing countries will be established in the negotiations. There is a need for coherence here concerning the matter of Special Products, the conditions for the Special Safeguard Mechanism (SSM) and the selection and treatment of sensitive products.

42. Taking into account the need of developing countries to effectively address their food security, livelihood security and rural development needs, developing-country Members will have the flexibility to designate, under conditions to be agreed in the negotiations, a certain number of tariff lines as Special Products (SP). There will be no requirement to expand tariff rate quotas on SP products.

43. A Special Safeguard Mechanism (SSM) will be established for use by developing Members under conditions to be agreed.

44. Full implementation of the long-standing commitment to achieve the fullest liberalisation of trade in tropical agricultural products and for products of particular importance to the diversification of production from the growing of illicit narcotic crops is overdue and will be addressed effectively in the market access negotiations.

45. The importance of long-standing preferences is fully recognised. The issue of preference erosion will be addressed under conditions to be agreed. For the further consideration in this regard, paragraph 16 and other relevant provisions of Annex 1 of TN/AG/10 be used as a reference.<sup>3</sup>

#### **LEAST- DEVELOPED COUNTRIES**

46. Least-Developed Countries, which will have full access to all special and differential treatment provisions above, are not required to undertake reduction commitments.

47. Work on cotton under all three pillars will reflect the vital importance of this sector to certain LDC Members.

48. The issue of duty-free and quota-free access for LDCs remains under consideration.

#### **RECENTLY ACCEDED MEMBERS**

49. The particular concerns of recently acceded Members will be addressed under conditions to be agreed.

#### **MONITORING AND SURVEILLANCE**

50. Article 18 of the Agreement on Agriculture will be amended with a view to enhancing monitoring so as to effectively ensure full transparency, including through timely and complete notifications with respect to the commitments in market access, domestic support and export competition. The particular concerns of developing countries in this regard will be addressed.

#### **OTHER ISSUES**

51. Issues to be addressed remain sectoral initiatives, differential export taxes, GIs.

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<sup>3</sup> For ease of reference, this Annex is what used to be referred to as the "Revised First Draft of Modalities".

## Annex B

### Framework for Establishing Modalities in Market Access for Non-Agricultural Products

1. We reaffirm that negotiations on market access for non-agricultural products shall aim to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. We also reaffirm the importance of special and differential treatment and less than full reciprocity in reduction commitments as integral parts of the modalities.

2. We acknowledge the substantial work undertaken by the Negotiating Group on Market Access and the progress towards achieving an agreement on negotiating modalities. We take note of the constructive dialogue on the Chair's Draft Elements of Modalities (TN/MA/W/35/Rev.1) and confirm our intention to use this document as a reference for the future work of the Negotiating Group. We instruct the Negotiating Group to continue its work, as mandated by paragraph 16 of the Doha Ministerial Declaration with its corresponding references to the relevant provisions of Article XXVIII *bis* of GATT 1994 and to the provisions cited in paragraph 50 of the Doha Ministerial Declaration, on the basis set out below.

3. We recognize that a formula approach is key to reducing tariffs, and reducing or eliminating tariff peaks, high tariffs, and tariff escalation. We agree that the Negotiating Group should continue its work on a non-linear formula applied on a line-by-line basis which shall take fully into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments.

4. We further agree on the following elements regarding the formula:

- product coverage shall be comprehensive without *a priori* exclusions;
- tariff reductions or elimination shall commence from the bound rates after full implementation of current concessions; however, for unbound tariff lines, the basis for commencing the tariff reductions shall be [two] times the MFN applied rate in the base year;
- the base year for MFN applied tariff rates shall be 2001 (applicable rates on 14 November);
- credit shall be given for autonomous liberalization by developing countries provided that the tariff lines were bound on an MFN basis in the WTO since the conclusion of the Uruguay Round;
- all non-*ad valorem* duties shall be converted to *ad valorem* equivalents on the basis of a methodology to be determined and bound in *ad valorem* terms;
- negotiations shall commence on the basis of the HS96 or HS2002 nomenclature, with the results of the negotiations to be finalized in HS2002 nomenclature;
- the reference period for import data shall be 1999-2001.

5. We furthermore agree that, as an exception, participants with a binding coverage of non-agricultural tariff lines of less than [35] percent would be exempt from making tariff reductions through the formula. Instead, we expect them to bind [100] percent of non-agricultural tariff lines at an average level that does not exceed the overall average of bound tariffs for all developing countries after full implementation of current concessions.

6. We recognize that a sectorial tariff component, aiming at elimination or harmonization is another key element to achieving the objectives of paragraph 16 of the Doha Ministerial Declaration with regard to the reduction or elimination of tariffs, in particular on products of export interest to developing countries. We recognize that participation by all participants will be important to that effect. We therefore instruct the Negotiating Group to pursue its discussions on such a component, with a view to defining product coverage, participation, and adequate provisions of flexibility for developing-country participants.

7. We agree that developing-country participants shall have longer implementation periods for tariff reductions. In addition, they shall be given the following flexibility:

a) applying less than formula cuts to up to [10] percent of the tariff lines provided that the cuts are no less than half the formula cuts and that these tariff lines do not exceed [10] percent of the total value of a Member's imports; or

b) keeping, as an exception, tariff lines unbound, or not applying formula cuts for up to [5] percent of tariff lines provided they do not exceed [5] percent of the total value of a Member's imports.

We furthermore agree that this flexibility could not be used to exclude entire HS Chapters.

8. We agree that least-developed country participants shall not be required to apply the formula nor participate in the sectorial approach, however, as part of their contribution to this round of negotiations, they are expected to substantially increase their level of binding commitments.

9. Furthermore, in recognition of the need to enhance the integration of least-developed countries into the multilateral trading system and support the diversification of their production and export base, we call upon developed-country participants and other participants who so decide, to grant on an autonomous basis duty-free and quota-free market access for non-agricultural products originating from least-developed countries by the year [...].

10. We recognize that newly acceded Members shall have recourse to special provisions for tariff reductions in order to take into account their extensive market access commitments undertaken as part of their accession and that staged tariff reductions are still being implemented in many cases. We instruct the Negotiating Group to further elaborate on such provisions.

11. We agree that pending agreement on core modalities for tariffs, the possibilities of supplementary modalities such as zero-for-zero sector elimination, sectorial harmonization, and request & offer, should be kept open.

12. In addition, we ask developed-country participants and other participants who so decide to consider the elimination of low duties.

13. We recognize that NTBs are an integral and equally important part of these negotiations and instruct participants to intensify their work on NTBs. In particular, we encourage all participants to make notifications on NTBs by 31 October 2003 and to proceed with identification, examination, categorization, and ultimately negotiations on NTBs. We take note that the modalities for addressing NTBs in these negotiations could include request/offer, horizontal, or vertical approaches; and should fully take into account the principle of special and differential treatment for developing and least-developed country participants.

14. We recognize that appropriate studies and capacity building measures shall be an integral part of the modalities to be agreed. We also recognize the work that has already been undertaken in these

areas and ask participants to continue to identify such issues to improve participation in the negotiations.

15. We recognize the challenges that may be faced by non-reciprocal preference beneficiary Members and those Members that are at present highly dependent on tariff revenue as a result of these negotiations on non-agricultural products. We instruct the Negotiating Group to take into consideration, in the course of its work, the particular needs that may arise for the Members concerned.

16. We furthermore encourage the Negotiating Group to work closely with the Committee on Trade and Environment in Special Session with a view to addressing the issue of non-agricultural environmental goods covered in paragraph 31 (iii) of the Doha Ministerial Declaration.

## **Annex C**

### **Recommendations of the Special Session of the Council for Trade in Services**

- (a) Members who have not yet submitted their initial offers must do so as soon as possible.
- (b) A date for the submission of a round of revised offers should be established as soon as feasible.
- (c) With a view to providing effective market access to all Members and in order to ensure a substantive outcome, Members shall strive to ensure a high quality of offers, particularly in sectors and modes of supply of export interest to developing countries, with special attention to be given to least-developed countries.
- (d) Members shall aim to achieve progressively higher levels of liberalization with no a priori exclusion of any service sector or mode of supply and shall give special attention to sectors and modes of supply of export interest to developing countries. Members note the interest of developing countries, as well as other Members, in Mode 4.
- (e) Members must intensify their efforts to conclude the negotiations on rule-making under GATS Articles VI:4, X, XIII and XV in accordance with their respective mandates and deadlines.
- (f) Targeted technical assistance should be provided with a view to enabling developing countries to participate effectively in the negotiations.
- (g) For the purpose of the Sixth Ministerial meeting, the Special Session of the Council for Trade in Services shall review progress in these negotiations and provide a full report to the Trade Negotiations Committee, including possible recommendations.

## **Annex D**

### **Modalities for Negotiations on Trade Facilitation**

1. Negotiations shall aim, by clarifying and improving relevant aspects of Articles V, VIII and X of the GATT 1994, at the establishment of an agreement to further expedite the movement, release and clearance of goods, including goods in transit. Negotiations shall also aim at enhancing technical assistance and support for capacity building in this area.
  2. In developing new disciplines, the extent and the timing of entering into commitments shall be related to the implementation capacities of developing and least-developed Members. It is further agreed that those Members should not be obliged to undertake investments in major infrastructure projects beyond their means.
  3. As an integral part of the negotiations, Members shall discuss and consider relevant costs related to any proposed measures.
  4. The negotiations shall also take fully into account the principle of special and differential treatment for developing and least-developed countries. Members recognize that this principle may extend beyond the granting of traditional transition periods for implementing commitments.
  5. Recognizing the needs of developing and least-developed countries for enhanced technical assistance and capacity building in this area, Members commit themselves to adequately ensure such support and assistance both during the negotiations and after their conclusion. Members further reaffirm their commitment to intensify their current assistance activities outside the framework of WTO negotiations on trade facilitation. It is recognized that the provision of technical assistance and support for capacity building is vital for developing and least-developed countries to enable them to fully participate in and benefit from the negotiations.
  6. In order to make technical assistance and capacity building more effective and operational and to ensure better coherence, a collaborative effort shall be undertaken with other international organizations, including the IMF, OECD, UNCTAD, WCO and the World Bank, in this regard. Due account shall be taken of the relevant work by other international organizations in this area.
  7. Paragraphs 45-51 of the Doha Ministerial Declaration shall apply to these negotiations. At its first meeting after the July session of the General Council, the Trade Negotiations Committee shall establish a Negotiating Group on Trade Facilitation and appoint its Chair. The first meeting of the Negotiating Group shall agree on a work plan and schedule of meetings.
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