Uruguay Round Market Access Negotiations and Developing Countries

Chairman's guidelines on:

(a) Credit for tariff bindings and the liberalization of NTMs
(b) Recognition for autonomous liberalization measures

1. At the Mid-Term Review Meeting in Montreal, it was agreed that there should be "a substantial increase in the scope of bindings, including bindings at ceiling levels, so as to provide greater security and predictability in international trade". It was also recognized "that the reduction or elimination of non-tariff measures by all participants is a central element of a successful outcome of the Uruguay Round".

2. In the light of discussions in the Market Access Negotiating Group it appears that some practical guidelines for assessing the scope and levels of tariff bindings and for liberalization of NTMs by developing countries would facilitate the successful conclusion of the market access negotiations.

3. The guidelines below are, therefore, aimed at supplementing the traditional GATT approach to assessing the value of specific tariff bindings by individual developing countries within the Uruguay Round. The guidelines would be applied in accordance with the relevant provisions of the Punta del Este Declaration and the Mid-Term Review on Market Access, including the principle of differential and more favourable treatment.

4. These guidelines would provide a minimum level of credit which should be given practical effect in the negotiations where each participant can make a qualitative assessment of tariff bindings and reductions, including on what constitutes a meaningful rate of ceiling bindings. This could take into account the trade coverage of the tariff bindings, and have regard to particular developing countries' trade and economic development stage. Tariff bindings at free would be assessed in accordance with Article XXVIII bis. Developing countries which reduce substantially or eliminate totally NTMs should be given additional credit towards achieving the Montreal target.

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5. (a) Where bound ceiling rates are introduced, credit would be assessed by reference to a level of 40 per cent. For each 10 per cent of imports bound at this level there would be 1 per cent credit. Tariff bindings above this level may earn a credit in accordance with paragraphs 3 and 4 above.

(b) For every 10 per cent of imports bound at ceiling rates below 40 per cent, additional credit would be given in the proportion of 1 per cent credit for every 10 percentage points at which duties are bound below 40 per cent.

(c) Additional credit would be given for substantial bindings at or below 40 per cent, as follows: 1 percentage point for bindings of 90 per cent of imports or above; and 2 percentage points for bindings of 95 per cent of imports or above.

Attached is a table showing the results of this approach.

6. For developing countries which have acceded to the GATT since the beginning of the Uruguay Round, the guidelines at paragraphs 4 and 5 would apply.

7. For developing countries which have already bound 95 per cent or more of their tariff lines and which bind the same proportion of tariff lines at a lower level, the guidelines at paragraphs 4 and 5, as appropriate, may apply in addition to credit assessed under the traditional GATT approach.

8. Developing countries which bind 100 per cent of their tariff lines at a rate in accordance with paragraph 4 above but below 40 per cent, and without applying NTMs not in conformity with GATT and related instruments, may achieve the Montreal target of tariff reductions.

9. Developing countries which have autonomously liberalized tariffs or NTMs since 1 June 1986, will be given appropriate recognition by other individual participants in the context of achieving the Uruguay Round trade liberalization objectives. Longer term approaches to this issue need to be determined.
### Credit for Ceiling Binding According to the Bound Level of Tariff Offered and the Percentage of Imports Offered to Bind

<table>
<thead>
<tr>
<th>% of Imports Offered</th>
<th>Bound Level of Tariff Offered (Percentages)</th>
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<td>19/12/91</td>
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**Formulas Used:**

- Offer to bind tariffs at 40%: credit = percentage of imports bound divided by 10
- Offer to bind tariffs below 40%: credit = (% of imports bound divided by 10) * (40% minus level offered * % of imports bound divided by 100)
- Additional credit: 2 percentage points for binding of 95% of imports or above