

## **THE NAM POSITION ON THE DOHA ROUND**

- The World Trade Organization (WTO) is holding multilateral trade negotiations among its roughly 150 member countries to liberalize world trade and generate new trade flows. The NAM supports an ambitious and balanced outcome to those negotiations, known as the “Doha development Agenda” (DDA) or more commonly – the “Doha Round.”
- The Doha Round began in late 2001, and has been underway for over nine years. For eight of those years, the focus was almost exclusively on agricultural products, and manufactured goods, which account for about 2/3 of all world trade in goods and services, did not see serious negotiation until 2008. Those negotiations quickly showed a basic gulf between the United States, which wants to see meaningful tariff and trade barrier reduction, and the high barrier countries, which want to make only minor reductions in their barriers.
- The NAM has advocated and pressed for an effective WTO Doha Round since its inception, and even before. We seek the maximum elimination of tariffs and non-tariff barriers around the world so as to generate genuine new trade flows. The NAM supports the reciprocal reduction of U.S. trade barriers in a negotiation that is ambitious and balanced.
- About 70 percent of U.S. manufactured goods presently enter world trade duty-free, the result of existing U.S. free trade agreements, the Information Technology Agreement, other agreements, and the fact that many key partners such as Japan and the European Union already have many duty-free tariff lines.
- Of the duties that are collected on U.S. exports of manufactured goods, about 2/3 are assessed by about 15 or so advanced developing countries – principally China, Brazil, India, Korea, Taiwan, etc. About 1/3 of the duties are collected by the EU and Japan – even though tariffs are very low, the trade volume is very high, so the dollars collected by their duties on U.S. exports are large.
- Cutting the low duties that industrial nations still charge on some U.S. exports will be of benefit to reducing the costs of business, but will be unlikely to develop new trade flows. For the most part these duties are 2-3 percent, and their elimination would not stimulate significantly more trade.

- The high duties that are a barrier to U.S. manufactured exports are those in the advanced developing countries. Many of these duties are well above 10 percent, and in key areas are much higher than that.
- The Doha Round would cut the tariffs of the advanced developing countries somewhere between 1/8 and 1/10 – not insignificant, but not likely to generate large new trade flows.
- This is particularly the case since the tariff cuts will come from the higher official “bound” rates and in many cases cuts in these rates will not equal the current applied rates for up to 10 years. (See the attached graphs showing how long these cuts will take.) In the meantime U.S. exporters would see little benefit.
- U.S. tariffs, on the other hand, would be cut about in half over five years, and the top U.S. tariff would fall to about seven percent. This will put competitive pressure on U.S. manufacturing, without reciprocal gains.
- Additionally, with the flexibilities and exclusions the advanced developing countries can utilize, no one really knows at this point what the gains to U.S. manufacturers would be.
- The NAM has always held that the poorer developing countries should not be asked to cut their tariffs, but the advanced developing countries that are significant players in world trade must be treated differently. They are assuming a larger voice in the conduct of international rules, and must also make a significant contribution to opening up world trade.
- The advanced developing countries also account for about 2/3 of the duties assessed on the exports of poorer countries, so if the poorer countries are to see their export opportunities expand, this can only come by tariff reductions on the part of the higher-tariff advanced developing countries.
- For all the above reasons, the NAM has insisted for years that the advanced developing countries had to be treated differently from the poorer countries.
- The ambition and balance we need from the Doha Round can only come if the advanced developing countries agree to open their markets more. With the current state of the negotiations, the most practical way of achieving that goal is through their robust participation in significant sectoral tariff elimination – in industries such as machinery, electrical/electronics, health products, chemicals, and wood and paper products (partial list).

- Additionally, the Doha Round has not adequately addressed the significant non-tariff trade barriers. A number of good proposals have been made, but they have yet to be seriously engaged. The NAM believes that our trading partners should be willing to do more here, including in sectors such as automobiles where the bulk of the barriers are non-tariff barriers.

### **Current Status of Negotiations**

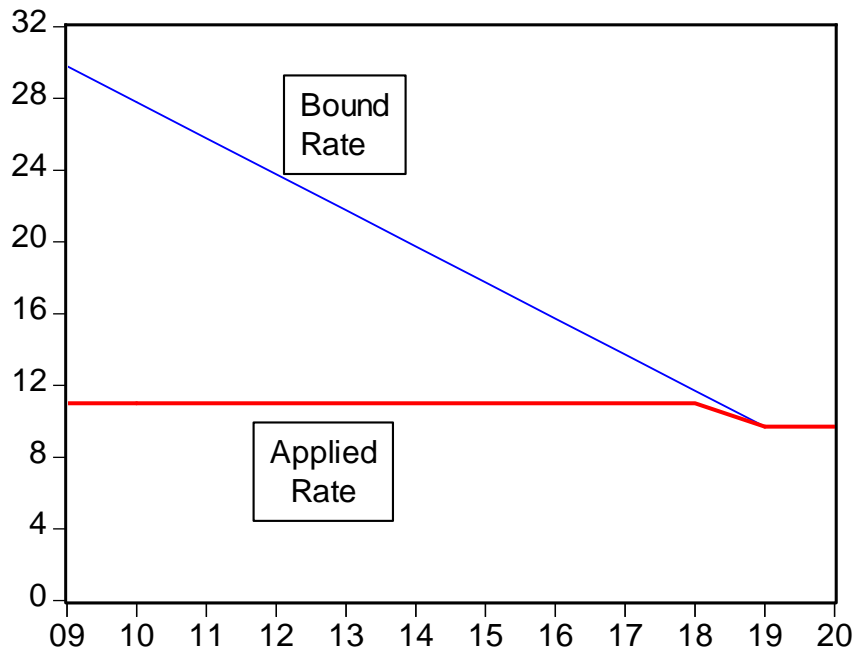
Both the Bush Administration and the Obama Administration have steadfastly insisted that the Doha Round must result in a balanced and ambitious outcome. They have pressed other countries, particularly the advanced developing countries, to offer more market access.

Under the Obama Administration, the U.S. Trade Representative, Ambassador Ron Kirk, has been firm in getting the message across that there cannot be a Doha Round conclusion until the advanced developing countries are willing to provide significant additional market access, particularly in manufactured goods and in services. He is pressing for these countries to sign on to sector-specific agreements to open up world trade.

The NAM strongly supports and endorses that position and the negotiating tactics and approaches that he and the U.S. negotiating team are pursuing.

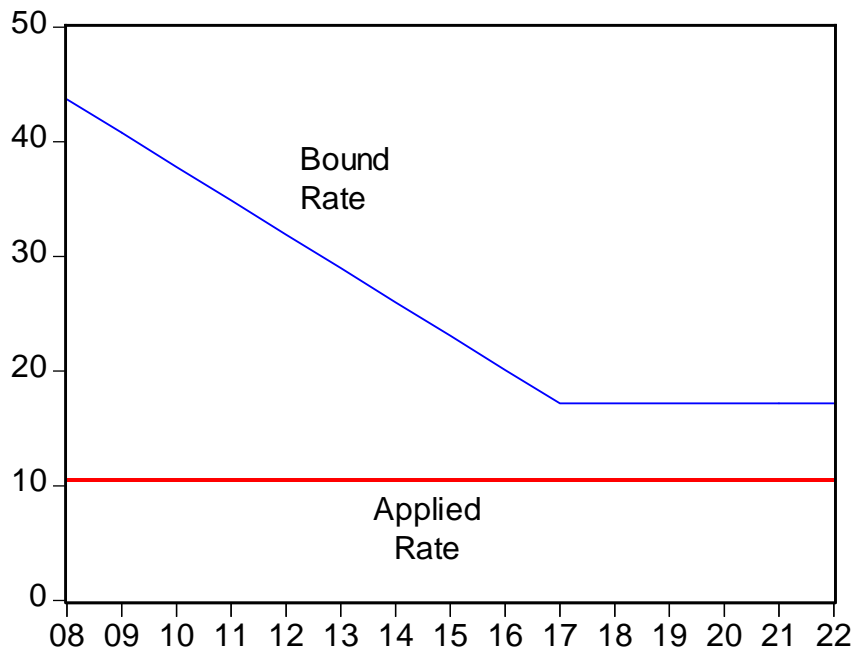
**NATIONAL ASSOCIATION OF MANUFACTURERS**  
**January 2010**

### Doha Round: Brazil's Industrial Tariffs Assuming Swiss Coeff. of 26



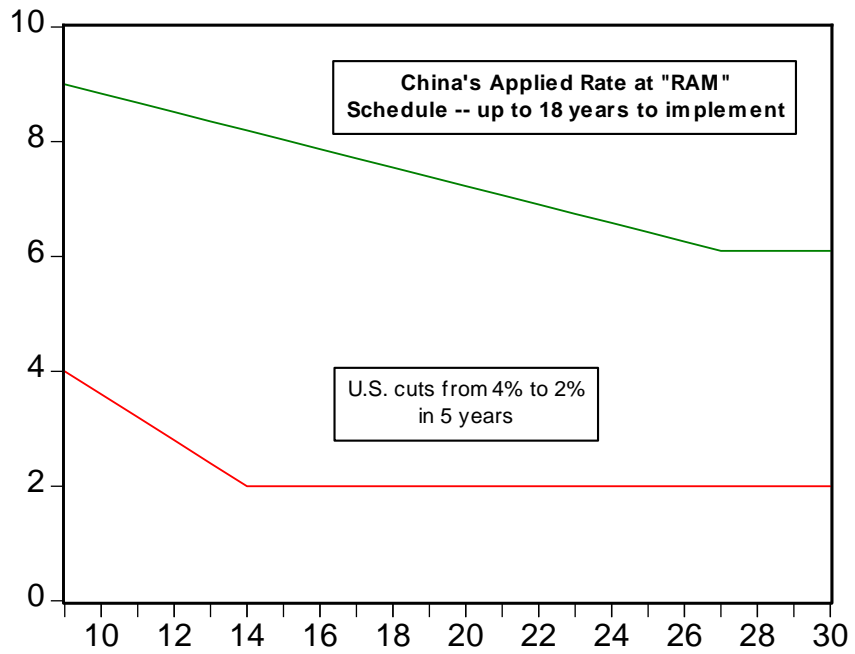
**Brazil's average tariff on industrial goods will be cut from 11% to 9.7% -- But not until 2019. Even then only 40% of Brazil's imports will receive tariff cuts.**

**Doha Round: India's Industrial Tariffs  
Assuming Swiss Coeff. of 20**



**Bound Rate Drops to 17.2%, but  
Current Applied Rate is about 10%.  
No Average Cut**

## Doha Round: China's Industrial Tariffs Assuming Swiss Coeff. of 26



Tariff Goes from 9.0% to 6.1%.  
a 30% cut -- but spread over  
as much as 18 years.