

GLOBAL SYSTEM OF TRADE PREFERENCES AMONG DEVELOPING COUNTRIES (GSTP)

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Negotiating Committee, Sao Paulo Round
Special Session at Ministerial Level
Geneva, 2 December 2009

São Paulo Round of the Global System of Trade Preferences Among Developing Countries

Ministerial Decision on Modalities

Adopted on 2 December 2009

We, the Ministers of Participants in the São Paulo Round of the GSTP negotiations,

Recalling the São Paulo Declaration on the launching of the São Paulo Round of the Global System of Trade Preferences among Developing Countries (GSTP),

Reiterating our commitment to establish a fairer and more equitable global trading system,

Recognizing that the expansion of South-South trade flows can help make world trade more inclusive and equitable, to the benefit of all developing countries,

Mindful that strengthening cooperation and trade between our countries can decisively contribute to our individual and collective efforts towards economic and social development,

Reaffirming that the GSTP can play a crucial role in the new geography of trade, in which South-South trade is recognised as an important dynamic force to supplement current regional arrangements and to promote the diversification of export products and markets,

Have today *adopted* the following modalities:

A. BASIC MODALITIES ON MARKET ACCESS

1. **Basic approach of the negotiations** - Participants agree to apply an across-the-board, line-by-line, linear cut of at least 20 percent on their dutiable tariff lines, to be combined with request-and-offer and/or sectoral negotiations on a voluntary basis.
2. **Product coverage** - Participants agree to assume commitments on at least 70 percent of their dutiable tariff lines. Exceptionally, Participants with duty-free tariff lines accounting for more than 50 percent of their total national tariff lines may apply the linear cut described in paragraph 1 for a product coverage equivalent to at least 60 percent of their dutiable tariff lines.

- 3 **Application of the linear cut** - The linear cut will be applied on the valid MFN tariff applied on the date of importation. Exceptionally, Participants may apply the linear cut on MFN tariffs applied on the date of the conclusion of the Third Round of negotiations (base rates). Participants shall notify the Committee of Participants through the secretariat sufficiently in advance, or immediately thereafter, of the introduction of any changes to the MFN tariffs applied and adjust the base rates accordingly¹. The margin of preference shall be implemented on those base rates.
4. Participants recognise the special situation of Algeria and the Islamic Republic of Iran who are in the process of acceding to the World Trade Organization. Participants agree to accord a differential treatment and flexibilities to these Participants within the market access modalities agreed upon.
5. **GSTP Rules of Origin** - The Negotiating Committee shall intensify its examination of proposals to revise Rule 3 of Annex II of the GSTP Agreement with a view to concluding negotiations no later than the end of September 2010.
6. **Certification of origin** - Participants are encouraged to enter into mutually satisfactory arrangements regarding certificate-issuing bodies authorized to issue certificates of origin on products covered in their schedules of concessions.

B. IMPLEMENTATION OF MODALITIES AND REQUEST AND OFFER NEGOTIATIONS

- 7 Participants will submit their offers by way of draft schedules of tariff concessions by the end of May 2010 at the latest, in the format presented in ANNEX A.
- 8 Participants will have 4 months to verify their draft schedules of concessions. During this period, Participants may engage in consultations and request and offer negotiations with a view to supplementing the outcome of the basic modalities on market access. Participants will notify the GSTP Secretariat no later than the end of 30 September 2010² of their finalized schedules of concessions, which will be an integral part of the Final Agreement of the São Paulo Round³. The implementation of concessions will start upon the domestic ratification of the Final Agreement and the deposit of the respective instruments by a number of Participants to be defined.

C. REVIEW OF RESULTS

- 9 In order to ensure that the São Paulo Round achieves the objective of promoting and sustaining mutual trade, Participants commit to undertake a thorough review of its

¹ In column 3 of the schedule of concessions (See Annex A). The secretariat will issue certifications of changes in column 3 and notify them to Participants.

² Participants may draw on the assistance of the secretariat in meeting this deadline.

³ Flexibilities will also be accorded to Algeria and the Islamic Republic of Iran, presently in the process of acceding to the World Trade Organization, regarding the date of 30 September 2010.

results not later than two years after the start of the implementation of the concessions. In the course of the review, they will consider, *inter alia*, increasing the margin of preference and the product coverage, as well as the operation and revision of the GSTP rules of origin, including an examination of the tariff classification criteria and the current value-added rule.

ANNEX A – Scheduling of Concessions

General Head Notes

1. The schedules of concessions are authentic in the official GSTP language(s) in which they were submitted.
2. The inclusion of the base rate of duty in column 3 is indicative.
3. Application of the linear cut - The linear cut will be applied on the valid MFN tariff applied on the date of importation. Exceptionally, Participants may apply the linear cut on MFN tariffs applied on the date of the conclusion of the Third Round of negotiations (base rates). Participants shall notify the Committee of Participants through the secretariat sufficiently in advance, or immediately thereafter, of the introduction of any changes to the MFN tariffs applied and adjust the base rates accordingly⁴. The margin of preference shall be implemented on those base rates.

SCHEDULE OF CONCESSIONS (Participant)

HS version: _____

| Tariff Item Number (1) | Description of product (2) | Base Rate- MFN Applied Rate of Duty (3) | GSTP Margin of Preference (4) | Remarks ⁵ (5) |
|---------------------------------|-------------------------------|---|--|-----------------------------|
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⁴ In column 3 of the schedule of concessions (See Annex A). The secretariat will issue certifications of changes in column 3 and notify them to Participants.

⁵ Annotations such as special treatment for the least-developed countries may be placed here.