

# Hong Kong Decision on DFQF Market Access and Rules of Origin

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# Mandate

- Duty-free and Quota-free market (DFQF) access has been a prominent trade agenda of the LDCs since the establishment of the WTO
- At Doha Ministerial in 2001, WTO Members committed to the objective of providing DFQF access to LDC products
- The Hong Kong Ministerial Conference in 2005 provided an important breakthrough, with a comprehensive operational decision
- At MC8, Ministers urged for full implementation of Decision 36 of Annex F of the Hong Kong Ministerial Declaration of 2005 on measures in favour of LDCs

# The Hong Kong DFQF Decision

- The Decision has several components
- Developed Members to provide DFQF access for all products from all LDCs by 2008, or no later than the start of the implementation period
- Differentiated obligations for developing country Members, flexibility in coverage and in phasing-in period

# The Hong Kong DFQF Decision

- Members facing difficulties may provide at least 97% DFQF access by 2008, or no later than the start of the implementation period
- Implementation of the schemes to be notified to the CTD every year
- Donors and relevant international institutions urged to increase financial and technical support aimed at diversification of LDC economies

# The Hong Kong DFQF Decision (Preferential rules of origin)

- The Decision also asked developed country Members to ensure that preferential rules of origin applicable to imports from LDCs are *"transparent and simple, and actually contribute to facilitating market access"*.
- The LDC Group continues to pursue for simplified rules of origin, based on their proposal tabled in 2011 (TN/CTD/W/30/Rev.2).
- The active engagement of the LDC Group is often conditioned by lack of expertise in such technical and complicated area of work

# LDC Proposal on Rules of Origin

- Across the board rules of origin criteria proposed (i.e. no product-specific criteria)
- Substantial transformation on the basis of two proposed methods: build-down (value addition, 25%) or build up (local content, 15%)
- Method for determining origin criteria differ among preference schemes
- Canada, the EU, Switzerland offer flexible origin rules

# Current status of DFQF

- All developed Members, with the exception of the United States, provide at least 97% DFQF access to products originating from LDCs
- Unqualified DFQF access by Australia, New Zealand. Most of other developed Members provide close to 100% DFQF access
- Key developing country trading partner of LDCs provide significant degree of DFQF access to LDC products

# DFQF in selected developed-country markets

Country	Duty-free coverage and exclusions	Number of Dutiable lines (national tariff lines)
Australia	100 per cent	None
Canada	98.8 per cent (dairy, eggs and poultry)	102
European Union	99.8 per cent (arms and ammunitions)	22
Japan	98.2 per cent (rice, sugar, fishery products, articles of leather)	164
New Zealand	100 per cent	None
Norway	100 per cent (except roses)	1
Russian Federation	28.6 per cent (Some 3219 tariff lines are granted duty-free treatment. Textile, clothing, leather, footwear, etc. excluded from DFQF coverage)	7813

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