



Trade Facts

From the Office of the United States Trade Representative
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U.S. Proposes A Tariff-Free World - Modalities

Phase One, 2005-2010 – Cut and Harmonize

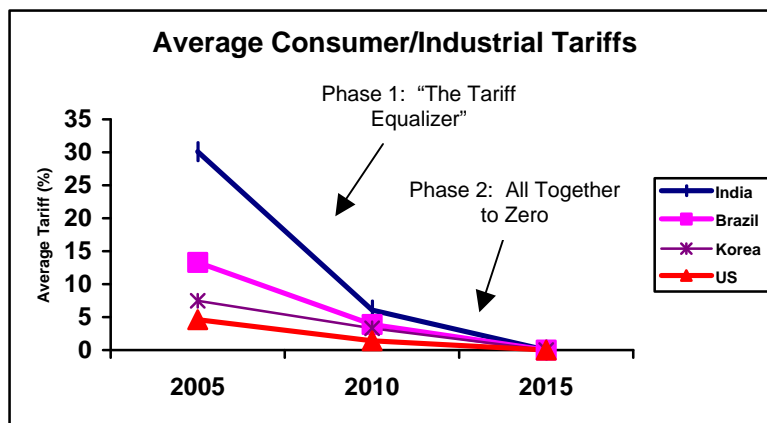
- 1. Eliminate low tariffs of 5% or less by 2010.**
- 2. Eliminate tariffs in highly-traded goods as soon as possible, but no later than 2010.**
Expand participation in Uruguay Round “zero-for-zero” sectors, and seek new sectoral initiatives. Sectors should include, but are not limited to:

Agricultural equipment
Bicycle parts
Chemicals and allied products
including photo film & soda ash
Civil aircraft
Construction Equipment
Environmental technologies
Fish and Fish Products
Furniture
Information Technology and
Electronics Products

Medical Equipment
Non-Ferrous Metals
Paper
Pharmaceuticals
Scientific Equipment
Steel
Toys
Wood products

(Distilled spirits, beer, & oilseeds covered under negotiations on agricultural tariffs.)

- 3. Harmonize remaining tariffs to less than 8%.**
 - *Cut highest tariffs fastest*
 - *The formula: $T_1 = (T_0 * 8) / (T_0 + 8)$ [T_1 = new tariff; T_0 = current tariff]*



Phase Two, 2010-2015: Equal Annual Cuts to Zero

- 1. With tariffs harmonized, countries make equal annual cuts to zero.**

A parallel process will seek to identify and eliminate non-tariff trade barriers.