

GENERAL AGREEMENT ON TARIFFS AND TRADE

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TARIFF STUDY

Statement by the Representative of the
United States on 5 October 1970

The tariff study has been a pioneering effort. For the first time the contracting parties have sought in objective fashion to develop an agreed body of tariff and trade data in advance of agreement on negotiating plans and rules. The secretariat is to be commended for designing and guiding a most useful effort. The United States believes the form and scope of the data now assembled are most valuable, both for individual governments and for the contracting parties as a whole.

The Committee must now decide on the future of this exercise, and at least five choices are available:

1. We could suspend further work now that agreed, comprehensive data are available while governments examine this information thoroughly and until non-tariff barriers are incorporated in the tariff data. The contracting parties would then be in a position to review the results of both the Agriculture and Industrial Committees together.
2. We could proceed to develop a consolidated set of summary tables in a more readily accessible form than the present tariff study materials but without further processing of the data along lines geared to any particular negotiating plan or objective.
3. We could undertake analyses of only selected negotiating plans as proposed by the secretariat.¹
4. We could carry out an objective study of trade data and tariff rates to develop lines of analysis which might be useful for any future negotiation.
5. Finally, we could launch a further major, pioneering effort based on documentation for the tariff study to develop a more meaningful basis for both future negotiating plans and assessment by individual contracting parties of the effects of tariff levels and tariff changes on trade flows. The results could then be applied to a comprehensive group of possible negotiating objectives and the development of future negotiating plans.

¹Cf. document Spec(70)31

The United States Government sees merit in each of the possibilities except the third. With regard to the first, it is obvious that more time is required for individual governments to analyze existing materials and reach basic decisions on positions regarding major future negotiations. The second attracts us in that the present data are voluminous and difficult to handle. We cannot accept the third possibility for reasons I shall elaborate on later. The fourth could be a logical step based on the data now at hand. Regarding the fifth, it seems obvious that better information concerning probable trade effects is needed so that the concepts used in past negotiations can be improved. Now that we have electronic data processing, better national data and the work done in the tariff study, the contracting parties could for the first time break new ground in an effort to develop better measures of the trade effects of concessions, existing tariffs and possible negotiating plans. While other phases of the work programme are being completed, individual contracting parties would have an ideal occasion to develop improved bases for judgments.

At the moment the Committee has before it only one proposal, which because of its limited scope and prejudgment of future negotiating techniques the United States cannot support. If this is all that can be agreed to, we prefer to suspend further work until the contracting parties make the necessary political decisions on future negotiations. The United States would greatly prefer to proceed with a balanced work programme though it recognizes that it may not be possible to agree today on its scope and nature since some of the possibilities involve breaking new ground for GATT. We believe the Committee should, however, reach tentative agreement on how to proceed.

The United States suggests that our fifth option deserves much further serious thought. Like any comprehensive and objective study it would include:

- (a) An analysis of trade flows at different and preferential tariff levels for different general categories of products and the different effects on trade of tariff reductions in each - i.e. the potential trade-creating effects, which, to be meaningful, would require analysis of differing price sensitivities.
- (b) An analysis of effective (as contrasted to nominal) tariff rates.
- (c) An analysis of the probable effects of tariff cuts where other barriers to trade exist on the same products.
- (d) A consideration of the problem of reciprocity for low-duty countries.
- (e) The development of data in forms that would serve all proposed negotiating techniques.

Our fifth option would clearly require substantial effort by all concerned as well as further progress in both the Agriculture Committee and this Committee on industrial non-tariff barriers and in other relevant areas and should not be undertaken on a narrow basis or with preconceived negotiating objectives in mind. Since the contracting parties have not yet agreed on either methods or objectives for future negotiations, future work should not be confined to one or two selective objectives, such as harmonization or tariff escalation as proposed in the third option. Unless agreement can be reached on broad-based further work, the United States believes the best solution would be the first option or, although less desirable, the second. When the overall work programme is further along and initial decisions have been made by governments on the nature of future negotiations, further decisions could be taken on tariff analysis. In our view, the question before the Committee now is whether the members are willing to invest the time and effort needed to develop the necessary new measures and to objectively explore all possible applications. We realize that other delegations may not want to make this decision today but give further consideration to these possibilities.