

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade in Industrial Products

TECHNIQUES AND MODALITIES

Technical Note by the Secretariat

At its last meeting the Committee on Trade in Industrial Products agreed to analyze and evaluate various techniques and modalities aimed at achieving a further liberalization and expansion of trade in industrial products, paying particular attention to the needs of developing countries.

If results of a further negotiation are to be maximized, techniques must be evolved for the tabling of maximum possible offers, in the first stage of the negotiation, and, in the second stage, for their evaluation, maintenance and, if necessary to provide a balance of advantage, for their improvement.

In order to enable the Committee's work on techniques and modalities to begin in as concrete a way as possible, an illustrative list of possible techniques for the first stage of negotiations is given below. This list is largely based on techniques used or suggested at one time or another in the GATT. It is not exhaustive and does not, of course, exclude the examination of other matters that might prove desirable as the work progressed. It is suggested that the Committee analyze and evaluate each of the techniques set out below.

The Committee has agreed (COM.IND/19, paragraph 1(b)) to analyze and evaluate techniques and modalities necessary for the participation of developing countries, having in mind that an important objective of the prospective negotiations is that they shall provide effective benefits for the trade of these countries. It is suggested that a practical way of starting the process of translating this intention into concrete action would be to examine in detail each of the techniques listed below, and any new techniques which may be tabled.

TARIFFS

A. "Item by item" techniques - bilateral request lists followed by bilateral offers lists.

B. "Linear" techniques - offers made in accordance with a general rule providing for equal cuts by different participants, with or without exceptions.

1. Possible general rules include:

- (a) Offers to reduce all rates by an agreed percentage - one possibility would be the continuation of the annual reductions agreed upon in the Kennedy Round.

Points to be elaborated:

- depth of cut (including the possibility of cutting to zero)
- (b) Offers to reduce average of rates within product sectors by an agreed percentage.

Points to be elaborated:

- type of average to be used
 - definition of sectors
 - whether cut should vary from sector to sector
 - depth of cut
2. Exceptions - "Linear" techniques would normally provide for the possibility of making exceptions, although some flexible techniques e.g. reductions based on sectorial averages, could make exceptions unnecessary. Possible techniques for limiting exceptions include:
- (a) Adoption of general criterion plus confrontation and justification;
 - (b) Adoption of ceiling, e.g. percentage of total imports.

C. "Harmonization" techniques - offers made in accordance with a general rule under which the higher the tariff the deeper the cut, with or without exceptions.

1. Possible general rules:

- (a) Offers to reduce all rates by agreed percentage which would depend on the initial height of the tariff on the product in the participant concerned.

Points to be elaborated:

- the sliding scale of cuts
- (b) Offers of a reduction by an agreed amount which would depend on the height of tariffs on the product in other participants. Possibilities include reduction of these rates which are higher than those in the tariff of another participant, or in the lowest tariff in a number of other participants, or in the average tariff in a number of other participants.

Points to be elaborated:

- which participant(s)?
- type of average to be used

- (c) Offers of a reduction by an agreed amount which would depend on the height of tariffs on the same product in a normative tariff.

Points to be elaborated:

- characteristics of normative tariff
 - 2. Exceptions - mutatis mutandis, as for "linear" techniques.
- D. Combinations of above - possibilities include:
1. "Harmonization" technique to bring all high rates down to an agreed level, followed by "linear" reduction;
 2. "Item by item" technique for some participants and "linear" technique for other participants;
 3. "Linear" technique for certain product sectors and "harmonization" technique for others.

NON-TARIFF BARRIERS

- A. Elaboration of general principles - these might include:
1. that they should be as simple as possible;
 2. that information on them should be freely available;
 3. that administrative discretion and delays should be minimized;
 4. that they should be non-discriminatory. Any discrimination should be effectively circumscribed and subject to international supervision;
 5. that they should be subject to international consultation and enforcement procedures.
- B. Barrier-by-barrier approach, to the extent this has not already been done, the following techniques might be applied to each category of non-tariff barrier, an illustrative list of which is annexed:
1. "Multilateral" techniques - negotiation or renegotiation of international rules of general application.
- Possibilities include:
- (a) outright prohibition of the type of measure concerned;
 - (b) prohibition of the type of measure concerned, if it frustrates the benefits expected from the reduction or abolition of other barriers;

- (c) establishment of rules to govern the application of the measures concerned. The principles under A. above would also be relevant in this context. The rules might take the form of:
 - (i) the acceptance of existing international obligations,
 - (ii) the revision or interpretation of existing international obligations,
 - (iii) the negotiation of new international obligations, or
 - (iv) the negotiation of guidelines without legally binding force.
- 2. "Plurilateral" techniques - negotiation on specific measures applied by individual participants among a group of interested participants.
- 3. "Bilateral" techniques - negotiation on specific measures between two participants.

C. Combination of above - negotiation of general principles or rules may still leave specific measures to be negotiated among interested participants.

SECTOR APPROACH - this technique calls for all factors affecting trade in specific sectors, including tariffs and non-tariff barriers, to be dealt with together.

SAFEGUARD PROVISIONS - the Committee has agreed, with Japan reserving its position, to examine the adequacy of existing safeguard provisions (i) in the light of present conditions and efforts to achieve and preserve a further liberalization and expansion of trade and (ii) for ensuring the maintenance of access. This note deals with techniques which might be used in the first stage of negotiations. While this point is somewhat different from the others set out above, it appears relevant since changes in existing safeguard provisions might have a considerable influence both on the type of initial offers that are tabled in future negotiations and on their content.

ANNEX

ILLUSTRATIVE LIST OF NON-TARIFF BARRIERS

Group 1 Government participation in trade

- a. Trade diverting aids
- b. Export subsidies
- c. Countervailing duties
- d. Government procurement
- e. State trading in market-economy countries
- f. Other restrictive practices

Group 2 Customs and administrative entry procedures

- a. Valuation
- b. Anti-dumping duties
- c. Customs classification
- d. Consular and customs formalities and documentation
 - (i) consular formalities and fees
 - (ii) customs clearance documentation
 - (iii) certificates of origin
- e. Samples requirements

Group 3 Standards

- a. Standards
- b. Packaging, labelling and marking regulations

Group 4 Specific limitations on trade

- a. Quantitative restrictions
- b. Discriminatory bilateral agreements
- c. Export restraints
- d. Minimum price regulations
- e. Licensing
- f. Motion picture restrictions

Group 5 Charges on imports

- a. Prior deposits
- b. Credit restrictions for importers
- c. Variable levies
- d. Fiscal adjustments at the border or otherwise
- e. Restrictions on foreign wines and spirits
- f. Discriminatory taxes on motor-cars
- g. Statistical and administrative duties
- h. Special duties on imports