

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/W/111

27 November 1969

Limited Distribution

Committee on Trade and Development
Fifteenth Session
11-12 December 1969

SPECIFIC TARIFF PROBLEMS FACED BY DEVELOPING COUNTRIES

Note by the Secretariat

1. The Group of Technical Experts, established by the Committee on Trade in Industrial Products, during the past year pursued its work of preparing documentation for an analysis of the tariff situation as it will be when all Kennedy Round concessions have been fully implemented. In this connexion study of specific tariff problems of developing countries has continued. A report on progress in these activities is given below.

General tariff analysis

2. For the analysis of the general tariff situation, the assembly of post-Kennedy Round duty rates, along with 1964 and 1967 or 1968 trade data are about to be completed for nine countries (United States, United Kingdom, Japan, Sweden, Denmark, Norway, Finland, Switzerland, Austria) and EEC. Canada will be added early in 1970 when 1969 trade data have become available. Preparations are being made to include Australia, New Zealand and South Africa.

3. At the June 1969 meeting of the Committee on Trade in Industrial Products, a number of contracting parties emphasized the need for the tariff and trade data to be presented in a form suitable for an analysis of the particular trade problems of developing countries, such as the effect on trade of the differentials between tariffs on primary materials and tariffs on semi-finished and finished products made from such materials.

4. In October 1969 the Group of Technical Experts established a system classifying tariff and trade data in BTN Chapters 25-99, at the level of BTN headings, into meaningful industrial groups subdivided by the degree of processing or, where appropriate, characteristic end-use of the products. Among other things, this classification will make it possible to undertake a systematic study of tariff escalation and its effects on the composition of trade in individual industrial sectors.

5. It has been recognized, however, that a study conducted at the level of BTN headings could not bring out all the main trade problems confronting the developing countries whose exports are usually concentrated on one or a few tariff items under each heading. The expert group has agreed, therefore, that another tabulation should be made listing all tariff items in which developing countries have a substantial

export interest, and again classifying them by industrial groups and degrees of processing. The same measures of average incidence and tariff dispersion will be calculated for each industrial category and its subdivisions. By comparing the summary tabulation based on BTN headings with this tabulation of tariff items of export interest to developing countries, it will be possible to see whether exports from developing countries are more adversely affected by the escalation of tariffs than the corresponding exports originating in developed countries.

6. The documentation on the basis of which the Industrial Committee will carry out the analysis of the general tariff situation will thus consist of three integral parts: Summary Tabulation I, listing on a comparative basis all BTN headings in Chapters 25-99; Summary Tabulation II, comparing industrial categories and sub-categories composed of BTN headings; and Summary Tabulation III, comparing industrial categories and sub-categories of the same definition but consisting only of tariff items of export interest to developing countries.

Study on differential tariff rates applied to copper and copper products

7. Among studies relating specifically to developing countries that have been referred to the Committee on Trade in Industrial Products was a preliminary sample study on differential tariff rates affecting copper and copper products, to which special reference was made at a meeting in 1967 of the Committee on Trade and Development. The sample study (COM.TD/W/74) was presented to the Committee at its meetings in June and November 1968 (cf. document L/3102, paragraphs 21 and 22). At a meeting in June 1969 of the Committee on Trade in Industrial Products, it was suggested by Chile that differential tariffs should be studied in relation to the secretariat's existing study on copper. The Committee agreed that governments should be invited to present their comments on this preliminary study and that the secretariat should attempt to work out a more complete study which could be of use when the Committee came to act on the tariff study (COM.IND/W/7, paragraph 8). Comments have been received from some delegations and the study is in the process of completion.

Study of effects of specific duties

8. A preliminary study of this subject by the secretariat (COM.TD/W/81) was presented to the twelfth session of the Committee on Trade and Development in November 1968. After discussion the Committee agreed that the secretariat should continue with this work, and that the Group of Technical Experts set up by the Committee on Trade in Industrial Products should be requested to examine the study with a view to suggesting how it might be supplemented or improved and thus facilitating further consideration of the matter (L/3102, page 7). The Group of Technical Experts examined the secretariat study in November 1968, and made a number of suggestions on the technical problems involved. The experts agreed that it would be useful if, on the basis of specific suggestions from developing contracting parties, the products in which their trade was adversely affected by specific duties maintained by developed countries were identified. It was also agreed that the secretariat would in its further study take into account these notifications. So far notifications have been received from two countries.

9. It may be noted that basic tariff and trade data required for a comprehensive study of specific duties will become available in connexion with the general study of post-Kennedy Round tariffs. The data will indicate the number of tariff positions involving specific duties and will show the relative importance of the trade in individual items for suppliers among developing countries. These data will make it possible to determine the scope of the problem and will thus provide useful indications to serve as guidelines for further work in this field.