

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development

POSSIBILITIES FOR ADVANCE IMPLEMENTATION OF TOKYO ROUND M.F.N. TARIFF CONCESSIONS ON PRODUCTS OF INTEREST TO DEVELOPING COUNTRIES

Note by the Secretariat

1. With respect to the discussions which took place at the March meeting of the Committee on Trade and Development on the question of future work on trade liberalization, members exchanged views on the possibilities for advance implementation of tariff concessions negotiated in the Tokyo Round on products of interest to developing countries, taking into account activities in the Committee on Tariff Concessions. Several delegations referred to actions their countries had already taken in this respect. In his summing-up of the discussion, the Chairman noted that a number of developed countries had indicated their readiness to consider requests for advance implementation which might be put forward by interested developing countries, and that relevant information would be required to enable delegations to examine possibilities and approaches (COM.TD/104, paragraph 27). He further noted, *inter alia*, that the Committee would revert to this agenda item at its next meeting when it would also have a discussion on the modalities of its work having regard to activities taking place elsewhere in GATT.

2. In the course of the Committee's discussions, reference was made to the exchange of views on points of relevance at the February meeting of the Committee on Tariff Concessions. In this connexion, for example, the United States representative had indicated that his country had carefully considered requests for accelerated implementation of tariff concessions in their bilateral negotiations with developing countries. As a result, concessions on more than 140 items were being implemented at the most rapid rate provided for under the Trade Act of 1974.¹ In addition, in accordance with the provisions of Section 503 A II of the Trade Agreement Act of 1979, the President was authorized

¹The maximum level of yearly tariff reductions laid down in the Act is basically 3 percentage points. This limitation does not apply in any case where the total reduction in the rate of duty does not exceed 10 per cent of the rate before the reduction (Section 109(a) of the Trade Act of 1974). The actual staging for individual items is indicated in the United States schedule of tariff concessions.

to exceed the maximum staging authority of the 1974 Act to the extent necessary to implement those duty rates applied to imports originating in least-developed countries; this authority was being exercised for all such items in the United States schedule of concessions contained in the Geneva (1979) Protocol with a few exceptions.

Background documentation

3. In identifying items for which advance implementation of tariff concessions might be sought, delegations will wish to take into account relevant considerations including the following: (i) trade interest of the item to developing countries and their share of the market for the product concerned; (ii) where the item is covered by the generalized system of preferences in the importing country, the extent to which trade takes place at m.f.n. rates; (iii) whether the GSP treatment is subject to quantitative or other control limitations; and (iv) trends in comparative advantage bearing on the benefits to be derived from immediate or early reduction of the m.f.n. duty or the function performed by an existing GSP rate.

4. With a view to providing information enabling delegations to examine possibilities for and approaches to advance implementation of tariff concessions on products of export interest to developing countries the secretariat has prepared the tabulations shown in the Annex.¹ With respect to the tariff items subject to m.f.n. concessions in each of the developed country markets² and in respect of which developing countries enjoy an important trade share (50 per cent or more), the tabulations provide information on: (i) pre- and post-Tokyo Round tariff rates (m.f.n. and GSP with indications of limitations, if any); (ii) imports from all sources and from developing countries (each sub-divided by imports from countries granted m.f.n., GSP and other preferential treatment in the market concerned), as well as the percentage share of developing country suppliers; (iii) main suppliers; and (iv) available information on the implementation of concessions (e.g. indications of concessions fully implemented on a de jure or de facto basis and those subject to accelerated or retarded implementation).

Possible approaches

5. Having available the background documentation and in the light of further comments and suggestions in the Committee, an appropriate procedure for consultations among interested delegations to deal with advance implementation might be examined. For example, interested supplying developing countries might wish to identify products and concessions in the attached list where they could seek advance implementation in the course of consultations with the developed importing country. The procedures should permit other members of the Committee to enter into consultations with the

¹Two copies of the Annex are being circulated separately to each delegation.

²Except Australia and New Zealand which implemented their concessions in full as of 1 January 1980.

developed country concerned with respect to the requests addressed to it. It is also possible that some developing countries might wish to submit requests for advance implementation of tariff concessions on products not covered by the background documentation. Thus, developing countries might be invited to indicate other items for examination and consultation in the context of such possibilities, taking into account that while developing country exporters collectively might be responsible for less than 50 per cent of the import market for a specific product in a particular country, individual developing countries could nevertheless be principal or substantial suppliers, and could possibly secure benefits from advance implementation where m.f.n. concessions have been granted on non-GSP items, where items are subject to country/quantitative GSP limitations, or rules of origin constraints etc.

6. It might be noted that for most developed countries implementing Tokyo Round tariff concessions, the necessary domestic legal requirements have been completed. With respect to the possibilities for advance implementation of tariff concessions for products of interest to developing countries, account will need to be taken of any domestic procedures that might be required including the form of advance implementation and whether it could be undertaken on a de facto or a provisional basis.

7. The Committee could be expected to co-ordinate any work it undertakes on this matter with the Committee on Tariff Concessions. Delegations might also note that the technical co-operation services of the secretariat could be made available to deal with requests for assistance by individual developing countries interested in seeking advance implementation of m.f.n. tariff concessions for particular items.