

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES

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Working Party on Schedules

## SCHEDULE XIV - NORWAY

### Conversion of Specific Duties

#### Report to the CONTRACTING PARTIES

The Norwegian Government has indicated in a memorandum circulated as document L/856 that it proposes, as a result of the adoption of the Brussels Nomenclature, to convert a number of specific duties in its Schedule into ad valorem duties. A list of the items with respect to which the conversion is proposed has been submitted by the Norwegian Government (L/856/Add.1).

The Working Party considered the case with a view to establishing clearly the appropriate procedure to be followed in such cases. The leader of the Norwegian delegation, in a note addressed to the Working Party (W.13/15) proposed that a simplified procedure be adopted which would enable Norway to avoid negotiations in all the cases in which interested contracting parties were satisfied that the proposed ad valorem rate would not impair the value of the concession.

That the conversion of specific into ad valorem duties represented a modification of concessions was not disputed. The principle has been clearly set out in the report of the Working Party on Schedules, as adopted by the CONTRACTING PARTIES at the Ninth Session (BISD, Third Supplement, page 128, paragraph 4):

"The obligations of contracting parties are established by the rates of duty appearing in the schedules and any change in the rate such as a change from a specific to an ad valorem duty could in some circumstances adversely affect the value of the concessions to other contracting parties."

The obvious procedure was, therefore, that of Article XXVIII which was designed to take care of modifications of concessions in the Schedule. The Norwegian proposal aimed at a simplification of the technical steps required by that Article before approval could be given to any modification. The advantages of adopting a simplified procedure for the conversion of specific duties were therefore weighed by the Working Party against the need for establishing or reaffirming procedures which would meet, in a clear-cut and orderly manner, the present as well as future cases.

The Working Party felt that a simplification of the procedures of Article XXVIII would not appreciably facilitate the process of conversion either for Norway or for other contracting parties. The representative of Norway, supported by the representative of Cuba, regretted that his proposal (W.13/15) was not acceptable to the Working Party. These two delegations felt that the interests of contracting parties were adequately safeguarded by the Norwegian proposal which allowed a contracting party, which felt that its interests were affected by any particular conversion, to demand negotiation of any item under Article XXVIII.

The Working Party therefore recommends that the list of items submitted by the Norwegian Government in L/856/Add.1, be considered by the CONTRACTING PARTIES as if it were an application by Norway under Article XXVIII:4 for authority to negotiate the conversion of the specific duties listed therein<sup>1</sup>, and that if authority is granted the customary procedures be followed.

The Working Party wishes to add that it considers the circumstances in which the application is made to be such as would warrant a finding of "special circumstances" within the terms of paragraph 4 of Article XXVIII.

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<sup>1</sup> It will be noted that with respect to items ex 277, ex 400, ex 603, listed in L/856/Add.1, no authority is required by Norway; the right to convert the corresponding specific duties into specified ad valorem duties has been reserved by Norway in the Schedule itself.