

GENERAL AGREEMENT ON TARIFFS AND TRADE

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COMMITTEE ON TRADE IN INDUSTRIAL PRODUCTS

Report on First Meeting of the Committee

1. The Committee held its first meeting on 17 and 18 October 1968.
2. The Chairman (Mr. G. Stuyck, Belgium) recalled that the Committee had been set up by the CONTRACTING PARTIES at their twenty-fourth session as part of a co-ordinated Programme of Work under the three main headings of the Programme for Expansion of International Trade to be supervised by the Council. Its terms of reference, which were set out in COM.IND/1, were "to explore the opportunities for making progress toward further liberalization of trade, taking into account the discussion on the subject at the twenty-fourth session".
3. The Committee had also been given two specific tasks by the CONTRACTING PARTIES. The first of these was the drawing up of an objective analysis of the tariff situation as it will be when all Kennedy Round concessions have been fully implemented. The secretariat had been instructed to prepare documentation, to serve as a basis for this analysis. The secretariat had circulated a note on the tariff study (COM.IND/5). The second task given to the Committee was the drawing up and analysis of an inventory of non-tariff and para-tariff barriers affecting international trade. The secretariat had consolidated and circulated notifications received from contracting parties in the form of a draft inventory (COM.IND/4, Corr.1 and 2 and Add.1 to 4). The CONTRACTING PARTIES had instructed the Committee to draw up a report to the Council which is "to establish appropriate machinery to deal with the problems identified in the inventory".

General

4. Members stressed the importance which they attached to the work of the Committee and their interest in participating actively in it. Some members also stressed the need to implement fully the results of the Kennedy Round and the need to resist domestic pressures for the introduction of new barriers to trade. It was impossible to stand still. While the CONTRACTING PARTIES had recognized that no new major initiatives for a multilateral and comprehensive negotiation could reasonably be expected in the near future, there was also a general recognition of the need to use the time available to make thorough preparation for possible future initiatives whether these were general or selective. The view was expressed that thorough preparation was necessary in the complex field of non-tariff barriers.

5. Some delegations said that work on the two specific tasks entrusted to the Committee relating to tariffs and to non-tariff barriers should proceed in parallel. It was, however, suggested by certain delegations that the Kennedy Round had seen a move forward in the tariff field, that this should be consolidated, but that non-tariff barriers were now due for more attention. The point was also made that, for some contracting parties, agricultural exports were of greater importance than industrial exports and that for them there was a relationship between progress in these two areas.

6. Members of the Committee representing developing countries said that the paramount importance of expanding their countries' export earnings made the work of the Committee of great interest to their delegations. It was essential that in carrying out the work members of the Committee should bear in mind the aims of Part IV. According to the members from developing countries these aims had been accepted by all countries, whether or not they had formally accepted Part IV. The Committee should also keep in mind the need to find practical solutions to the problems of developing countries. It was suggested that a straightforward liberalization of trade did not always serve the interests of these countries and that it would be necessary at a later stage of the Committee's work to make a clear distinction between the path to be followed by developing countries and that to be followed by developed countries.

Non-tariff and para-tariff barriers

7. With regard to non-tariff and para-tariff barriers, most members stressed the importance of careful preparation of the material at hand, in view of its extreme complexity and its extensive nature, if good results were to be obtained in a possible future action. Unlike tariffs, whose working was more or less similar from one country to another, these barriers were very diverse, their working was not always easy to ascertain, and in some sectors there was probably more scope for administrative discretion. Also, whilst it was clear that the reduction of tariffs had made non-tariff barriers as a whole relatively more important among remaining trade barriers, some were clearly of far greater importance than others. The possibilities for dealing with different types of measures would also vary from case to case, some lending themselves to the possibility of establishment of rules of conduct for general acceptance whilst others could be dealt with only in one kind of bargaining or another, whether through a multilateral package or through more traditional negotiations. It would also be necessary to distinguish those barriers which were inconsistent with the provisions of GATT. Likewise, it would be of importance to distinguish those which should, for the time being, merit lower priority in view of the progress of work in other GATT bodies or in other international bodies. The Committee's examination of the inventory should from the start proceed with the long-term objective of further trade liberalization clearly in mind.

8. It was also recognized that there was danger that these preparations might become entangled in the immense amount of technical detail to be examined. It was thus desirable to adopt a pragmatic approach which should simplify the preparatory work. It was felt that a barrier-by-barrier approach would best meet

this criterion and that a first task was therefore to classify the barriers more rationally into categories, grouping them so that those having a relation to one another might be considered together. Only then, in the view of some delegations, would it be possible to carry out the analysis of a revised and corrected inventory which the secretariat could meantime prepare.

9. It was noted that some countries had been selective in listing non-tariff barriers in the inventory, whereas others had been comprehensive, and that an effort should be made at a later time to ensure comprehensiveness and uniformity of the inventory. It would be unwise to foreclose the possibility of additional notifications at any time.

10. The Committee noted that, owing to inadequate facilities for the collection of information and related difficulties, many developing countries had not until now presented notifications in respect of non-tariff or para-tariff barriers affecting their exports. The hope was expressed that a special effort would be made to facilitate collection of the needed information with a view to securing the effective identification of these barriers and noted that the list of para-tariff and non-tariff barriers to be dealt with might need to be expanded to cover any barriers affecting exports of developing countries not already covered by the existing headings. The need for early action in respect of non-tariff and para-tariff barriers to the exports of developing countries was widely appreciated and the Committee agreed that it should devote particular attention to the consideration given to barriers affecting exports of developing countries. It was further noted that, with regard to barriers maintained by developing countries, due account would need to be taken of the examination of these barriers already carried out in the course of balance-of-payments consultations, as well as of the balance-of-payments situation and the special development, financial and trade needs of these countries.

11. The Committee established a Working Group which undertook the arrangement of barriers included in the inventory. This classification was adopted by the Committee as shown in the annex to this report.

12. Most delegations were in favour of the setting up of working groups to analyze the material which will be received by 1 November and subsequently regrouped by the secretariat on a barrier-by-barrier basis according to the agreed classification. They pointed out that pressure on governments continues to increase and that there was a danger that the results of the Kennedy Round might be neutralized by adoption of new intensified barriers. Thus it was important that GATT should move forward and that the Committee should not confine itself to a classification of barriers at this meeting. On the other hand, one group of countries stressed the need for time for reflection in order to be able to examine more thoroughly, on the basis of the classification of non-tariff barriers adopted by the Committee and of the additional work that the secretariat was to carry out, the possibilities most appropriate for organizing the Committee's activities. This would not prevent work by the secretariat to produce a systematic revised inventory which would in any case be needed for further work.

13. Looking ahead to the establishment of working groups to analyze the barriers notified, as reclassified by the Committee, the view expressed by the majority of members of the Committee was that not more than three or four groups were required.

14. In summing up the debate the Chairman stressed the need to pursue the work actively and effectively. The secretariat would revise the inventory, as agreed, on a barrier-by-barrier basis, incorporating changes received up to 1 November, it being understood that additional possible notifications of changes could be put forward after that date. To ensure that the outstanding procedural decisions were taken at the earliest possible moment, the Chairman and secretariat would maintain contact with delegations and would submit to the Committee concrete proposals to speed up the task entrusted to the Committee.

Tariff study

15. The Chairman drew the attention of the Committee to the note by the secretariat on the tariff study (COM.IND/5) and the specimen tables which had been circulated (Spec(68)104).

16. The representative of the secretariat said that, as stated in paragraph 11 of COM.IND/5, the preparation of the basic files and the basic documentation for the study was in an advanced stage and would be presented to the members of the Committee as quickly as possible. This first phase of the work was essentially concerned with the collection and organization of the available data. When the data had been collected and presented to the members of the Committee it would, of course, be for the Committee to decide which analyses it wished to undertake in order to fulfil the mandate given to it by the CONTRACTING PARTIES. It might, therefore, be appropriate for the Committee at the present meeting merely to take note of the work being done by the secretariat. It was also important for the secretariat to know what delegations thought of the way in which the secretariat intended to present the data, and to have any suggestions which delegations might wish to make, though in this connexion the financial implications of any particular form of presentation must be borne in mind since the study was being done on a limited budget. The Committee might wish to consider setting up a group of technical experts to examine the presentation of the data.

17. Members of the Committee emphasized the importance which they attached to this aspect of the Committee's work. Some members recalled that, in their view, the work in this area should proceed in parallel to that undertaken by the Committee on non-tariff barriers. Speakers said that the plan presented by the secretariat in COM.IND/5 appeared to provide a good basis for the study which it had been asked to make. Some delegations stressed the need for countries to supply information required in the study and the need to complete the study along the lines set out in paragraphs 12 to 14 of the document. It was also suggested that in the long run the secretariat should also plan to receive the latest trade data from contracting parties so that the exercise could be put on a continuing basis.

18. The Chairman proposed that the Committee take note of the work being done by the secretariat and that it agree to establish a group of technical experts to give advice on the organization of the data. It would be understood that any member of the Committee prepared to provide the services of a technical expert could take part in the work of the Group.

19. The Committee approved the proposals of the Chairman.

Next meeting of the Committee

20. The Committee agreed that the Chairman should fix the date of its next meeting in consultation with delegations and the secretariat.

Annex

CLASSIFICATION OF NON-TARIFF TRADE BARRIERS

1. Government participation in trade, including:

- Government aids
- Government procurement
- State trading
- Government monopoly practices, including exclusive franchises to private and co-operative enterprises

2. Customs and administrative entry procedures, including:

- Countervailing duties
- Anti-dumping
- Valuation and associated problems of assessment of duty
- harmonization of nomenclature and explanatory notes
- Consular formalities
- Certificates of origin
- Arbitrary classification
- Samples requirements
- Repayment of duties on returned goods and re-exports
- Documentation

3. Standards involving imports and domestic goods, including:

- Industrial standards
- Health and safety standards
- Weights and measures
- Pharmaceutical standards
- Product content requirements
- Labelling and container regulations
- Processing standards
- Marking requirements
- Packaging requirements

4. Specific limitations on imports and exports, including:

- Quantitative restrictions
- Embargoes
- Import and export licensing
- Exchange controls

Discrimination resulting from bilateral agreements
Discriminatory sourcing
Export restraints
Minimum and maximum prices and price controls
Tariff quotas

5. Restraints on imports and exports by the price mechanism, including:

Prior import deposits
Surcharges, port taxes, statistical taxes, etc.
Discriminatory excise taxes, government-controlled insurance rates,
film taxes, use taxes
Discriminatory credit restrictions
Consular fees
Stamp taxes
Variable levies
Border tax adjustments

6. Other restraints on imports, including:

Advertising and transportation restraints
Screen time requirements
Local content and mixing requirements
Restrictive business practices