

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## Committee on Tariff Concessions

### REPORT BY THE CHAIRMAN OF THE COMMITTEE ON TARIFF CONCESSIONS TO THE COUNCIL ON 10 NOVEMBER 1980

1. The reason why I am presenting an oral report on the activities of the Committee on Tariff Concessions is that the Committee held its last meeting for the year only last week, and its annual report could not be presented to the Council within the normal time-limit. That is why I thought it would be useful to give the Council a summary of what the Committee has been doing.
2. The Committee on Tariff Concessions was established by the Council on 29 January 1980 with the following terms of reference: to supervise the task of keeping GATT schedules up-to-date; to supervise the staging of tariff reductions; to provide a forum for discussion of questions relating to tariffs; and to report periodically to the Council. The Committee has met on three occasions in the course of the year: on 28 February, 7 July and 3 November 1980, under the chairmanship of Mr. J. Dugimont (Commission of the European Communities). Its Vice-Chairman is Mr. A. Hussain (India).
3. At its meeting on 29 January 1980, the Council decided to refer to the newly-established Committee on Tariff Concessions the Director-General's proposal for establishment of a loose-leaf system for the schedules of tariff concessions (C/107). At its first meeting in February, the Committee on Tariff Concessions examined that proposal in detail, a number of problems were raised by members of the Committee regarding the content and presentation of schedules, and it was decided to make certain amendments to the original proposal. The revised proposal was approved by the Council at its meeting on 26 March last (C/107/Rev.1 and C/H/139). At that same meeting, the Council also approved new procedures for modification and rectification of schedules of tariff concessions (L/4962). Under the Director-General's proposal, contracting parties were to submit, not later than 30 September 1980, draft consolidated schedules of their tariff concessions in their new version. However, delegations were not able to observe that time-limit, because numerous technical problems regarding presentation of schedules could not be settled in time. At the meeting of 3 November, the members of the Committee were of the opinion that taking into account the state of progress in preparing draft schedules, it would not be advisable to set a new time-limit for submission of schedules, it being understood that delegations would do their utmost to submit them to the secretariat as soon as possible.
4. As regards the Geneva (1979) Protocol and the Supplementary Protocol, in view of the fact that for some countries the domestic ratification procedures were not completed before the expiry of the time-limit set in the Protocols, that

is to say 1 July 1980, the time-limit for acceptance had to be extended until 31 December 1980. That decision was taken by the Council at its meeting of 18 June 1980 (C/M/141). Although since that date some countries have accepted those instruments, it seems clear that several countries will not be able to complete the ratification procedures in time. It has become necessary, therefore, to envisage a further extension of the time-limit for acceptance until 30 June 1981. The text of that proposal is reproduced in document C/M/348 which is before the Council today for examination.

5. Under its terms of reference, the Committee has also supervised the staging of tariff reductions granted in the multilateral trade negotiations. A few countries implemented the reductions in full on 1 January 1980. Most countries implemented the first stage of reductions on 1 January 1980. Some countries delayed implementation of their reductions and introduced two stages of reduction simultaneously. There are, however, a small number of countries which have not yet given any indication on this subject. Information on the present situation may be found in document TAR/M/8/Rev.1 and Add.1.

6. Problems concerning renegotiations under Article XXVIII and updating of the procedural guidelines for such negotiations had already been discussed by the Council in detail at several meetings in 1978 on the basis of a proposal by the Director-General (L/4651 and Rev.1). A revised proposal was submitted to the Committee on Tariff Concessions in June 1980 (document TAR/2) and was further discussed at the Committee's meeting on 3 November last. Following those discussions, some amendments were made to the proposal and it was decided to present to the Council today, in document C/113 and Corr.1, the new procedures proposed for negotiations under Article XXVIII. I should like to underline that these new procedures, which are presented in the form of recommendations rather than strict obligations, are designed to simplify negotiations under Article XXVIII, not to complicate them, and above all to make them more expeditious than at present. I should also like to mention that in the course of the discussions several delegations stressed that they sometimes encountered difficulties in presenting the statistics required for renegotiations under Article XXVIII, and it was recognized that some flexibility ought to be possible in such circumstances.

7. The Working Party on Specific Duties, established in May 1978 to examine questions concerning adjustments of specific duties, had envisaged in paragraph 16 of its report (L/4858), adopted by the Council on 29 January 1980 (C/M/136), that examination of specific duty adjustments under Article II.6(a) of the General Agreement should in certain circumstances be conducted in the Balance-of-Payments Committee. At the time when that report was drawn up, the Committee on Tariff Concessions had not yet been established. In discussions in the Committee on Tariff Concessions, it was suggested that that

Committee, rather than the Committee on Balance-of-Payments Restrictions, should be the forum for discussion in connexion with the new guidelines on the adjustment of specific duties (L/4938). The Committee requested its Chairman to make a proposal to that effect to the Council. This proposal is before the Council today for consideration, in document C/112.

8. Discussions on the questions related to the Tariff Study were carried out in the light of a note by the secretariat summarizing the methodology used in the Tariff Study past analyses and presenting a short report of the work currently under way on the updating of the Tariff Study files (TAR/W/15). The Committee took note of the work currently in progress in the secretariat to update the Tariff Study files on the basis of ITC base and concessional tariffs and import statistics in 1978. The Committee had discussions on the possible enlargement of the Tariff Study. The delegate of Hungary informed the Committee that her country was interested in participating in the Tariff Study as a new member. On the question of the methodology the Committee requested the secretariat to prepare for its next meeting a document on the methodology applicable in the calculation of tariff averages and on the methods for aggregating products, in the light of the discussions which took place in the Group of Technical Experts on the Tariff Study before the opening of the ITC. On the question of the measurement of the tariff escalation the Committee agreed that the applicable methods to measure the progressivity of tariffs should be carefully examined and requested the secretariat to prepare a note on this subject.

9. Lastly, in accordance with its terms of reference, the Committee has also provided a forum for discussion of more general questions relating to tariffs. In this connexion, some members of the Committee have raised the problem of tariff reclassification. The Committee asked the secretariat to prepare a background paper on the subject (TAR/W/14). That document was examined by the Committee at its meeting of 3 November when some delegations underlined the current and future importance of the problem. The Committee asked the secretariat to undertake a more detailed study in the context of the provisions and procedures of the General Agreement.

10. The Committee will, in the near future, concentrate on questions which are already being considered by the Committee but which have not yet been finally settled, among these questions are the introduction of the loose-leaf system, the acceptance of the Tariff Protocols resulting from the Multilateral Trade Negotiations and the implementation of the concessions in them, problems concerning tariff reclassification, and the continuation and expansion of the Tariff Study. It has, for instance, also been suggested that the Committee might play an active rôle in seeking solutions to residual problems in the tariff field, particularly those concerning developing countries.