

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Tariff Concessions

CONTRIBUTION TO THE MINISTERIAL MEETING

Note by the Chairman

The Tariff Committee has examined two topics in the tariffs area which might be considered by the Ministers at the meeting of the CONTRACTING PARTIES, the harmonized system of tariff nomenclature and tariff escalation.

I. The harmonized system

The harmonized commodity description and coding system currently under development in the Customs Co-operation Council will both facilitate trade and the analysis of trade statistics. From a GATT viewpoint, the adoption of the Harmonized System would ensure greater uniformity among countries in customs classification and thus a greater ability for countries to monitor and protect the value of tariff concessions.

Work in the Tariff Committee on this topic has focused on preparing for the eventual negotiations which will be necessary by developing guidelines for facilitating such negotiations.

Although many individual contracting parties may not have completed the necessary internal procedures to be in a position for Ministers to signal acceptance of the harmonized code in November, and to establish a date for the beginning of negotiations, Ministers could recognize the importance and encourage the completion of the work on the harmonization of international tariff and statistical nomenclature. They should also support the facilitation of the necessary tariff renegotiations by noting that such negotiations under the GATT should be started in sufficient time for them to be completed one year before the entry into force of the new harmonized system. Finally, assuming that the work in the Tariff Committee on guidelines for these negotiations is sufficiently advanced by November, the Ministers could also endorse the major guiding principles for these negotiations, such as, for example, that relating to the maintenance of the benefits provided by present bindings.

II. Tariff escalation

There is a widespread belief among members of the Committee that tariff escalation is a factor inhibiting international trade. Ministers therefore could express appreciation for the problem and endorse further work,

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including the examination of possible means for reducing such escalation. The Committee is now studying this question on the basis of a secretariat paper on tariff escalation in the copper sector.

III. Other matters

There have been suggestions in the Committee that some other matters may be considered by the Ministers. There has, however, not been sufficient discussion in the Committee in which form these questions should be brought to the attention of Ministers.

Among such matters are:

- Tariff reclassification
- Rules of origin.