

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Tariff Concessions

TARIFF STUDY

Note by the Secretariat

The tariff study was initiated after the conclusion of the Kennedy Round. A Group of Experts was established in October 1968 to define the approaches and methods to be used. It agreed upon aggregating procedures and on the definitions of 23 broad categories of industrial products and of 112 sub-categories by stages of processing or by end-use. Since the theoretically applicable method for the calculation of tariff averages could not be carried out in practice, the Group also considered alternative methods for calculating tariff averages and agreed to use four of them.

With the help of the contracting parties concerned, the secretariat assembled on computer tapes basic tariff files for each of the participating countries. Each of these files contained information on m.f.n. rates together with their status under the General Agreement and the corresponding value of imports by origin.

From these tariff files and under the guidance of the Group of Experts the secretariat prepared the Basic Documentation for the Tariff Study which consisted of four volumes of tabulations. The first volume contained tariff averages and imports by CCCN headings; the second volume contained similar information by product categories and sub-categories; the third and fourth volume presented tariff and trade profiles by product categories. In addition the fourth volume identified the principal m.f.n. suppliers within each category or sub-category. The Basic Documentation for the Tariff Study was first published in July 1970 and has been updated several times (June 1974 and March 1976).

Variations between the different national tariffs by stages of processing and by product categories were examined and various possible approaches to future action in the tariff field were explored.

Following the implementation of the Generalized System of Preferences (GSP) the content of the Tariff Study files was enlarged in order to identify the import coverage of the various GSP schemes. However, from the available statistical information it was not possible to distinguish between the imports entitled to GSP and those which actually enjoyed the preferential treatment. Since the rate of utilization of the GSP schemes in the early years of their implementation was in general very low, the GSP imports continued to be included in m.f.n. trade statistics. Tabulations illustrating the relationship between the GSP and the m.f.n. tariffs in the hypothesis of various tariff-cutting formulae were published in 1974.

After the start of the Tokyo Round the tariff and trade files were updated regularly and made available to the participants in the Tariff Study. Relevant information was also provided to developing countries participating in the MTN. In this connexion the secretariat prepared for individual developing countries special tabulations identifying products of their export interest on each developed country import market. Detailed information was provided for each product illustrating its position on the market and the various applicable tariff rates (m.f.n. pre- and post-MTN rates, GSP and other preferential tariffs). For this exercise it was necessary to enlarge the contents of the tariff and trade data files and record at tariff line level the various preferential rates applicable under the GSP schemes and other preferential agreements.

The present Tariff Study files include information on the MTN base and concession rates together with 1977 imports. From these files the assessment of the results of the negotiations was prepared for the Report by the Director-General. Also, on request by the Committee on Trade and Development, tables were compiled to illustrate changes in tariff escalation resulting from the implementation of the MTN concessions.

The definitions of the product categories and the method of measuring the average tariff levels continue to be those established in the early stages of the tariff study. Since the pattern of trade has undergone considerable changes, the Committee may wish to review the product categories and averaging procedures presently in use.

With regard to the measurement of tariff escalation the tabulations produced do not usually reflect correctly the changes in the tariff pattern with regard to subsequent stages of the manufacturing process. This is due to the impossibility of measuring accurately the progression of the level of tariff protection relating to complex manufacturing activities based on different technologies and using specific production factors, materials and other inputs in variable proportions.

The updating of the files is under way to include 1978 import statistics and tariff information on the m.f.n. rates (base rate, concessional rate and applied rate as of the date of the first stage of reduction) and preferential rates where applicable.