

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED C
GATT/IW.2/8
17 December 1951
ORIGINAL: ENGLISH

CONTRACTING PARTIES

INTERSESSIONAL WORKING PARTY ON THE REDUCTION OF TARIFF LEVELS

Record of the First Meeting of the Sub-Group London, 13-15 December 1951

This first meeting of the Sub-Group was convened for the limited purpose of securing elucidation of technical details of the proposal for the general lowering of customs tariffs which was submitted to the Contracting Parties by the French Government at the Sixth Session in September. The meeting was intended to provide an opportunity for the members of the Sub-Group - especially those interested in particular aspects of the plan - to ask questions and to secure indications of how the plan might be put into operation.

The description of the plan contained in the papers distributed at the Sixth Session - GATT/CP.6/23 and GATT/IW.2/5 - was supplemented by a new paper distributed by the French Government, GATT/IW.2/6.

Explanations of the manner in which the plan might be applied and the decisions of the Sub-Group concerning its programme of work are summarised below:

1. The Nomenclature to be used in the classification of commodities

The majority of the members of the Sub-Group agreed that their discussions should be based upon the Standard International Trade Classification of the United Nations in preference to the Brussels Nomenclature:

2. The number of divisions of commodities to which the plan would apply

The representatives of the United Kingdom and Italy expressed approval of the French proposal that commodities should be divided into only a few divisions; the United Kingdom suggested three divisions. On the other hand, the representatives of Denmark, the Netherlands and Germany favoured a much larger number of divisions on the ground that they could then feel more confident that the commodities on which rates would be reduced would include those subject to high duties. If there were only a small number of divisions, some other guarantee would be required that the plan would result in high rates being effectively reduced. No decision was reached on this matter but the Sub-Group decided, in order to assist in the further consideration of the question of the divisions to be adopted, that the member countries should submit statistics of the value of their imports under each of the 52 divisions of the Standard International Trade Classification. This decision does not imply any commitment as to the final number of divisions to be adopted.

3. Calculation of weighted average levels of rates of duty

It was suggested that each member of the Sub-Group should make a computation of the incidence of its rates of duty on the commodities included within each of the 52 divisions, but some representatives said that there would be great practical difficulties in carrying out this study and they doubted whether it would in fact assist the Sub-Group to arrive at a recommendation on the number of commodity divisions to which the plan should be applied. It was therefore decided to confine the preliminary exercise to the total values of imports in each of the 52 divisions.

4. Selection of a base year for studies of the plan

It was agreed that, until 1951 data became available, 1950 should serve as the reference period for studies on the application of the plan; but it was agreed that for Italy the period 15 July 1950 - 31 July 1951, might be used in order to have a period during which the new Italian tariff was in force.

In this connection, the United Kingdom representative explained that whatever base year was finally adopted, they could base their calculations of weighted averages only on actual duty collections in the reference period selected for studies of the plan, and not on the figures of total duties which would have been collected if the rates specified in the Tariff for that period, or for any other period, had been applied in full.

5. Products originating in countries not parties to the General Agreement

It was decided that, before agreeing that countries might be permitted if they so wished to exclude from their calculations of the weighted average levels of duties goods imported mainly from countries which are not parties to the General Agreement, they should submit lists of the items they would wish to exclude for that reason.

6. Fiscal duties

Some representatives referred to the need to exclude fiscal duties from the exercise. It was agreed that countries should submit lists showing the items they might wish to exclude.

7. Goods not produced in the importing country

The majority of the members of the Sub-Group were in agreement with the revised plan of the French Government (GATT/IW.2/7), which does not provide for the exclusion from the computation of the weighted average level of tariffs, duties on products which the importing country does not produce.

8. Internal taxes

It was agreed that internal taxes and charges which are levied on imports should also be considered. It was decided that countries should provide a description of the nature and rates of such taxes.

9. Suspended duties

The members of the Sub-Group considered whether the calculation of weighted average levels of duties should be based upon actual revenue receipts or upon the amount of duty which would have been collected if the legal rates had been wholly applied; in the case of duties suspended wholly or in part it might be impossible for some countries to calculate the amount which would have been collected if the duties had not been suspended. It was noted that this question would require further study.

10. Countervailing duties

A member enquired as to the treatment of a duty which was partly protective and partly a countervailing duty corresponding to an internal tax. The representative of France said in reply that the plan was not intended to apply to countervailing duties, and therefore in his view, any part of a rate which was applied for that purpose could be excluded.

11. Products involved in the Schuman Plan or other plans for economic integration

The Sub-Group felt that, for the time being there was no need to provide for special treatment for such products.

12. Other derogations

The representative of Italy asked the Sub-Group to note that he might wish to suggest derogations for certain important food products such as wheat.

13. Treatment of ceiling rates

In reply to a question, the French representative said that, in his opinion, the duty rate to be taken into account for the computation of the weighted average levels should be the legal rate rather than any higher ceiling rate which might have been bound under the General Agreement.

14. The binding effect of the reductions

In reply to a question, the French representative explained that the plan would not impose any binding obligation upon a particular rate of duty, but would bind the average incidence of the duties on the products within each commodity division; thus some duties could be raised if others were lowered.

15. Prohibitive duties

Several members expressed the view that the definition of prohibitive duties and the treatment proposed in the French plan were inadequate and they were concerned that the plan should include some means of dealing effectively with duties which hamper the normal conduct of trade. These members were invited to submit proposals for discussion at a subsequent meeting.

16. Low or moderate duties

Some members will submit proposals for the application of the plan in a special manner to countries which maintain only low or moderate duties on large sectors of trade.

17. Programme of work

The Sub-Group decided to meet again in the latter part of February, and it was agreed that the members would furnish to each other and to the Secretariat the information set out in the Annex:

ANNEX

Data which members of the Sub-Group have undertaken to furnish:

1. The value of imports,¹ as recorded for the most recent annual trade statistics, if possible 1950, in each of the 52 divisions of the United Nations' Standard International Trade Classification and in total; also the total in each division as a percentage of total imports.
2. A description of the nature and the rates of internal taxes and other internal charges², including excise taxes, which are levied on imported goods.
3. A list of the articles subject to duties imposed for fiscal purposes which the government would wish to exclude from the calculation of the weighted average level of customs rates.
4. A list of articles which the government would wish to exclude from the calculation of the weighted average level on the ground that more than 50% is imported from countries which are not parties to the General Agreement, with the relevant percentages.

Two copies of the data enumerated above, in either English or French, are to be addressed to each other member of the Sub-Group and six copies to the Secretariat not later than 31 January 1952.

¹ Unless otherwise stated, the data should refer to goods imported and cleared for consumption.

² Excluding stamp duty and statistical charges.