

GENERAL AGREEMENT ON TARIFFS AND TRADE

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WORKING PARTY 2 ON REDUCTION OF TARIFF LEVELS

Supplementary Note by the French Delegation Concerning the Plan for the Lowering of Customs Tariffs

ADDENDUM

The discussions in the working Party have led the French Delegation to submit new suggestions concerning the application of the plan to countries in the process of industrial development.

1. Division into industrialised countries and countries in process of industrial development.

The criterion previously proposed by the French Delegation, that is, the existing ratio between customs receipts and total budgetary income, has been abandoned because it might have led to somewhat illogical results.

The tables prepared by the secretariat (W.7/31) which are based:
- the one on the per capita income of GATT countries
- the other on the percentage share of foodstuffs and crude raw materials in the exports of GATT countries in 1950
would make it possible to classify countries differently on the basis of the criterion adopted.

It is therefore clear that in the circumstances it is very difficult to develop a precise criterion which would make it possible to divide countries rationally as between the two main categories, i.e., industrialised countries and countries in process of industrial development. It might therefore be more expedient to adopt the following empirical method:

The Executive Secretariat would draw up a list of sufficiently industrialised countries on the basis of their knowledge of the situation of each of the GATT members and not in accordance with either of the criteria mentioned above.

Those countries that were not included in the list and with respect to which the members of the Working Party would have to pronounce would be regarded as countries in the process of industrial development for the purpose of the plan for a general reduction of tariff levels.

2. Efforts to be requested from countries in the process of industrial development.

(a) Countries in the process of industrial development would be authorised to exclude from the exercise:

- their fiscal duties
- their duties affecting products included in their industrialisation programme.

They would be required to reduce their other duties by thirty percent as provided for in the French Plan.

(b) The general waivers provided for in the case of low tariff countries could also be applied in appropriate cases to countries in the process of industrial development.

(c) The thirty percent reduction of the weighted average level of customs protection would be computed on the national tariff as a whole and the countries concerned would then be free to select those items to be reduced.

(d) Countries in the process of industrial development would be required to submit regular reports to the Arbitration Committee set up by the participating countries regarding the results achieved under their industrialisation programme. On the basis of such reports the Arbitration Committee would decide whether the waivers granted should be maintained, modified or terminated.