

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES

Ninth Session

Review Working Party II on Tariffs,
Schedules and Customs Administration

PROPOSALS FOR TARIFF REDUCTION

It was decided by the CONTRACTING PARTIES that Item 4 of the Ninth Session Agenda - Plans for Tariff Reduction - should be taken in connexion with the Review of the Agreement. Questions arising in connexion with the reduction of tariffs have been discussed in plenary meetings, along with other questions affecting tariffs and the GATT Schedules, and have been referred to Working Party II for consideration.

Therefore, in connexion with proposals for tariff reduction, there are two questions which require the attention of the Working Party:

1. The proposals submitted by several contracting parties in connexion with the Review to the effect that an obligation to enter into negotiations to bring about a further reduction of duties should be incorporated in the Agreement.
2. The plan for a uniform reduction of tariff levels annexed to the report of the Intersessional Working Party, which was adopted by the CONTRACTING PARTIES on 13 October 1953 (BISD, Second Supplement, page 67).

I. THE INSERTION OF AN OBLIGATION TO NEGOTIATE

- (a) Denmark, Norway and Sweden propose the insertion of a new article which would 1) require a contracting party to enter into negotiations for the reduction of tariffs leaving the procedural arrangements to be established by the CONTRACTING PARTIES, and 2) provide that the binding of low duties or of duty-free treatment shall be recognized as equivalent to the reduction of high duties (L/273, 276 and 275).
- (b) Belgium, Luxemburg and the Netherlands propose the insertion of a new article in which contracting parties would undertake to reduce those customs duties which, judged by prescribed standards, may be deemed to be an obstacle to the development of trade. The reductions would be carried out either by bilateral negotiations or by an automatic plan. Reductions of duties under these procedures would be incorporated in the GATT Schedules (L/271).

- (c) Germany proposes a new article in which the contracting parties would recognize that the objectives of the Agreement cannot be achieved unless they reduce their customs tariffs to the lowest possible level. The reduction of tariffs should be effected, if possible, by collective action. The article would call upon the contracting parties to endeavour to reach an understanding on the procedure for the collective automatic reduction of tariffs, but the concessions resulting from such procedures would not necessarily be incorporated in the GATT. The article would include procedures and rules for negotiations with an acceding government and for negotiations among contracting parties (L/261/Add.1).

II. THE REDUCTION PLAN

In 1953 the Governments of Belgium, Denmark, France, Germany and the Netherlands indicated their support, in principle, for the automatic reduction plan which had been proposed by the French Government, and at the Eighth Session the CONTRACTING PARTIES referred the plan, as elaborated by the Intersessional Working Party, to governments for study and comment. In July 1954 the Governments of Belgium, Luxemburg and the Netherlands advised that they were ready, in principle, to accept the plan as a basis for participation in an international tariff conference (L/210). Thus far, at the Ninth Session, Italy, Sweden and the United Kingdom have indicated that they are prepared to give further consideration to this plan (SR.9/16). In addition, the Government of Japan has expressed its support and has proposed that 40 per cent, c.i.f., should be accepted as a ceiling for all tariff rates.

Accordingly, the Working Party might consider -

- (a) the possibility of making progress towards the implementation of a plan for the reduction of tariff levels before the Tenth Session of the CONTRACTING PARTIES;
- (b) the establishment of machinery for the completion of the technical elaboration of the plan;
- (c) the convening of an international tariff conference to bring the plan into operation.