

RESTRICTED

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

Note by the Chairman

Since the discussions that took place in the Working Party on 15 December I have been in contact with some of the interested delegations. Following this, and without prejudice to the position of any delegation, it is my feeling that the following might serve as a useful basis for further discussion in the Working Party.

A. Proposal for the Insertion of a New Article

- (a) The Working Party may wish to base its discussion on the draft attached as Annex A.
- (b) The Working Party may wish to discuss the insertion of the following paragraphs in its report to the CONTRACTING PARTIES.

"It is agreed that if quantitative restrictions are removed in accordance with the provisions of Article XII, the maintenance of prohibitive duties or the increase of customs duties or other charges on imports which have the effect of nullifying or substantially impairing the benefits to be reasonably expected from removal of the quantitative restrictions could properly be referred for consideration to the CONTRACTING PARTIES by a contracting party with a substantial interest in the export trade affected.

"In considering any such reference the CONTRACTING PARTIES would take due account of all relevant considerations including the fiscal, developmental, strategic and other needs of the contracting party to which the reference related and the relative progress of both parties in the reduction, generally, of tariffs and other obstacles to trade."

B. Proposals for the Procedures for Future Work

The Working Party may wish to base its discussion on the draft attached as Annex B.

ANNEX A: DRAFT PROPOSAL FOR A NEW ARTICLE

Article 00. Tariff Negotiations

1. The contracting parties recognize that many customs duties in many countries constitute serious obstacles to trade; thus negotiations on a reciprocal and mutually advantageous basis, directed to the substantial reduction of the general level of tariffs and other charges on imports and exports and in particular to the reduction of such high tariffs as prohibit the importation even of minimum quantities, are of great importance to the expansion of international trade.

2.(a) Negotiations which contracting parties agree to conduct under this Article may be carried out on a selective product-by-product basis or by the application of such multilateral procedures as may be accepted by the contracting parties concerned. Such negotiations may be directed towards the reduction of duties, the binding of duties at then existing levels, undertakings not to raise duties above specified higher levels, or undertakings that individual duties or the average duties on specified classes of imports shall not exceed specified levels. The binding against increase of low duties or of duty-free treatment shall, in principle, be recognized as a concession equivalent in value to the reduction of high duties.

(b) The contracting parties recognize that the success of multilateral negotiations would depend on the participation of all contracting parties which conduct a substantial proportion of their external trade with one another.

3. Negotiations shall afford adequate opportunity to take into account:

- (i) the needs of individual contracting parties and individual industries;
- (ii) the needs of less developed countries for a more flexible use of tariff protection to assist their economic development and the special needs of these countries to maintain tariffs for revenue purposes;
- (iii) all other relevant circumstances, including the fiscal, developmental strategic and other needs of the contracting parties concerned.

4. The contracting parties recognize that negotiations of the kind envisaged in this Article constitute a basic contribution to the objectives of this Agreement.

Interpretative Note to Paragraph 3

It is understood that the reference to fiscal needs would include the revenue aspect of duties and particularly duties imposed primarily for revenue purposes or duties related to such duties.

ANNEX B: DRAFT PROPOSAL FOR PROCEDURES FOR FUTURE WORK

It is proposed that the Working Party recommend to the CONTRACTING PARTIES to agree on a decision along the following lines:

Procedures for Future Work

The CONTRACTING PARTIES decide

that a special working party shall be established, to be convened not later than 1955, with the following terms of reference:

- (a) to study generally the possibilities of future action directed to the reduction of the general level of tariffs, with special consideration being given to the reduction of excessively high tariffs;
- (b) to examine various particular plans which may be proposed for carrying out the objectives set forth in paragraph (a);
- (c) to recommend to the CONTRACTING PARTIES the convening of a tariff conference as soon as it is felt by the working party that progress in this field is possible, and to make preparations for such a conference;
- (d) to report to the CONTRACTING PARTIES at their Tenth Session.