

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

TN.64/15/Add.1  
16 April 1964

Special Distribution

Trade Negotiations Committee

Original: English

## TARIFF NEGOTIATING PLAN

### Report Summarizing the Position Reached

The attached text has been submitted by the delegations of Japan, Norway, Sweden, Switzerland, the United Kingdom and the United States, for inclusion in the Annex to TN.64/15.

-----

### TEXT FOR INCLUSION IN THE ANNEX TO TN.64/15 SUBMITTED BY THE DELEGATIONS OF JAPAN, NORWAY, SWEDEN, SWITZERLAND, THE UNITED KINGDOM, AND THE UNITED STATES

Since the summary report of the Sub-Committee (TN.64/15) omits all reasons for the positions taken, the above delegations submit the following paper to explain why, although accepting certain features of the EEC proposal made in January 1964 for dealing with disparities, they have been unable to accept a number of its most important features. They support the counter-proposals made by the delegation of the United States with some qualifications which do not apply to what follows.

1. The third country problem (paragraphs 8-12)

This is the key problem. They favour a general and automatic criterion for dealing with it because:

(a) The consultation procedure proposed by the Community cannot provide advance assurance that the interests of third countries will be protected. They would involve a whole series of bilateral consultations which would involve widely based product-by-product negotiations, thus departing fundamentally from the principle of the linear cut.

(b) Until these uncertainties are removed many countries would find it difficult or impossible to table their maximum offers.

./.

(c) They consider these objections decisive. But they do not see in any event how the proposal for bilateral consultations could be substituted for an automatic rule to safeguard the interests of third countries in general, especially since the proposal of the Community, as they understand it, contemplates negotiations only with certain countries.

(d) The countries with whom discussions have not been suggested by the Community are principal suppliers of more than two thirds of the items on which the Community could invoke disparities, and represent over \$700 million of imports into the EEC.

(e) The effect of substituting consultations for an automatic rule can lead to delay in the negotiations, to a reduction in initial offers, to direct erosion of the average tariff cut and to a chain reaction of withdrawals that threatens the linear approach to a 50 per cent tariff reduction. In other words, the scope of the Kennedy Round would be substantially more limited than under the linear approach envisaged by the Resolution of Ministers of May 1963.

2. Special rule for semi-processed products (paragraphs 13-14)

The EEC proposal to exempt these products (from the requirement of a 10-percentage point spread before a disparity could be invoked) is not justified because:

(a) The position varies so greatly from product to product that a general exemption is inappropriate.

(b) It would exclude from the 50 per cent cut many products of interest to the less-developed countries.

3. Absence of imports when quantitative restrictions are in force (paragraph 16)

The effect of the EEC proposal (to permit invocation of a disparity in this case) would be to reward countries for maintaining quantitative restrictions and tend to delay their removal.

4. Substantial imports into the high rate country (paragraphs 18-19)

The EEC proposal for dealing with this criterion for determining whether a meaningful disparity exists has two serious disadvantages:

(a) It ignores substantial imports into the high tariff country from sources other than the low tariff country. The appropriate criterion for measuring the protective effect of a tariff rate in this context is the extent to which substantial imports from any source are able to enter over that rate. It would not be reasonable to conclude that a rate is prohibitively high just because there are no imports from one particular country.

(b) It would involve bilateral, item-by-item consultations, which are subject to most of the objections registered under 1 above.