

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

TN.64/26
6 May 1964

Special Distribution

Trade Negotiations Committee

MEETING OF THE COMMITTEE AT MINISTERIAL LEVEL

A. Tariffs

1. The Trade Negotiations Committee in opening the trade negotiations, notes that:

- (i) The rate of 50 per cent has been agreed as a working hypothesis for the determination of the general rate of linear reduction provided for in paragraph 4 of the Resolution of 21 May 1963;
- (ii) the ultimate agreement on tariff reductions in accordance with the application of this hypothesis is linked with the solution of other problems arising in the negotiations, for example, tariff disparities, agricultural problems, exceptions and non-tariff problems, and, in general, with the achievement of reciprocity;
- (iii) it is the intention of the participants to co-operate to solve these problems.

2. The Trade Negotiations Committee decides that exceptions lists will be tabled on the basis of the hypothesis of a 50 per cent linear reduction.

It is recognized that nothing in the negotiating rules would preclude any participant from making a larger reduction in, or completely eliminating, duties on particular products.

3. The Trade Negotiations Committee notes the progress made towards solving the problems relating to the question of disparities.

4. The Trade Negotiations Committee recalls that it was agreed, on 21 May 1963, that there should be a bare minimum of exceptions which should be subject to confrontation and justification.

It decides that the method to be followed for such confrontation and justification shall be elaborated as rapidly as possible and that the study of that method shall be undertaken immediately. The method shall take account of the need to safeguard the confidential nature of the negotiations.

It decides also that exceptions lists shall be tabled on 10 September 1964, such exceptions to be necessitated only by reasons of overriding national interest.¹

B. Agriculture

The Committee, while reaffirming that the trade negotiations shall provide for acceptable conditions of access to world markets for agricultural products in furtherance of a significant development and expansion of world trade in such products, notes that it has not yet been possible to formulate agreed rules to govern, and methods to be employed in, the negotiations. In view of the importance of this subject to the success of the negotiations, the necessary rules and procedures shall be established at an early date.

The Committee notes that negotiations have been initiated with a view to the formulation of general arrangements on certain products. The negotiations have so far related to cereals and meat, and preparations have been made for the early initiation of such negotiations on dairy products.

C. Non-tariff barriers

The Committee recalls that the trade negotiations must relate not only to tariffs but also to non-tariff barriers.

It notes that many participants have already indicated the measures on which they wish to negotiate, and that others will shortly do so. In view of the importance for the full success of the negotiations of solving these problems, the Trade Negotiations Committee shall, at an early date, draw up the necessary procedures.

D. Participation of less-developed countries

The Committee reaffirms that in the trade negotiations every effort shall be made to reduce barriers to exports of less-developed countries and agrees that this consideration should be borne particularly in mind in the approach to the question of exceptions.

¹These exceptions are distinct from any modification of its offers which, as agreed by the Ministers at their meeting in May 1963, it shall be open to each country to make in the course of the negotiations, where this is necessary to obtain an overall balance of advantages between it and the other participants.

The Committee notes with satisfaction that all participants are prepared to consider the possibility of taking such steps as are open to them to make cuts deeper than 50 per cent in, or to eliminate completely, duties on products of special interest to less-developed countries.

The Committee also notes with satisfaction the intention to entrust to a special body the task of examining and calling attention to any problems arising in the negotiations which are of special interest to the less-developed countries and of acting as a focal point for bringing together all issues of interest to these countries.

The Committee recalls the decision of the Ministers that developed countries cannot expect to receive reciprocity from the less-developed countries. It agrees that the contribution of the less-developed countries to the overall objective of trade liberalization should be considered in the light of the development and trade needs of these countries.¹

E. The problem of countries with a very low average level of tariffs or a special economic or trade structure such that equal linear tariff reductions may not provide an adequate balance of advantages

(a) Countries with a very low average level of tariffs

The Committee notes that the countries concerned reserve the right to submit proposals in this connexion at a later date.

(b) Countries with a special economic or trade structure

1. The Committee agrees that Canada falls in the category of countries with a special economic or trade structure such that equal linear tariff reductions may not provide an adequate balance of advantages.

2. The Committee further agrees that Australia, New Zealand and South Africa are countries which have a very large dependence on exports of agricultural and other primary products and therefore, by virtue of the understanding reached at the Ministerial Meeting in May 1963, also fall in the category of countries referred to in 1 above.

¹ Argentina and Brazil accepted this paragraph on the understanding that the phrase "development and trade needs" covers the requirements of the current financial situation.

3. The Committee reaffirms that the objective in the case of all these countries should be the negotiation of a balance of advantages based on trade concessions by them of equivalent value.

4. The Committee notes that appropriate procedures in pursuance of this objective have been agreed.

5. The Committee notes with satisfaction that Greece and Portugal have indicated their intention to participate actively in the negotiations and will be submitting proposals at a later date on the basis for their participation.

F. Participation of Poland in the trade negotiations

The Committee notes that there has been under consideration for some time the question of ways and means of Poland's participation in the Kennedy Round. This consideration has taken place on the basis of the Polish proposals listed and explained in TN.64/NTE/15. The interest of Poland in participating actively in the trade negotiations is warmly welcomed and there is general agreement that it should be feasible to work out a practical arrangement. The Committee recommends that these discussions should be actively pursued to an early conclusion.