

GENERAL AGREEMENT ON
TARIFFS AND TRADE

DIVISION LINGUISTIQUE

RESTRICTED

TN.64/29
22 June 1964

Special Distribution

Trade Negotiations Committee

CONCLUSIONS REACHED BY THE SUB-COMMITTEE
ON THE TARIFF NEGOTIATING PLAN AT ITS
MEETING OF 11 AND 12 JUNE 1964

1. The Sub-Committee met on 11 and 12 June 1964. The agenda for this meeting had been drawn up by the Trade Negotiations Committee at its meeting of 28 May 1964 (TN.64/SR.7, page 2) and notes on the agenda had been distributed as TN.64/NP/11.

2. The Sub-Committee agreed to put forward the following recommendations on the agenda items:

(a) Content of the exceptions lists¹

The Sub-Committee agreed to recommend that inter alia the lists should;

- (i) indicate where it was proposed to exclude a product from the linear cut;
- (ii) indicate for which of these products an offer could be made of less than the linear cut;
- (iii) indicate why these products were excluded from the linear cut for reasons of overriding national interest.

(b) The procedure for circulating exceptions lists

The Sub-Committee agreed to recommend that exceptions lists and offer lists submitted at that stage should be circulated on 16 November 1964 to all governments participating in the negotiations on the basis of the linear offer and to governments submitting an offer on the same date in a form and on terms agreed by the Trade Negotiations Committee. The lists should be circulated to other participating governments at a later stage.

¹The Sub-Committee recalled that agricultural products are to be the subject of offers in accordance with rules yet to be worked out. It was agreed that reference in the present document to the linear reduction was without prejudice to rules to be decided upon on tariff disparities. It was also agreed that offers of a reduction greater than 50 per cent could be tabled simultaneously with the tabling of exceptions lists.

(c) The procedures for the justification and subsequent negotiation of exceptions

The Sub-Committee agreed to recommend that:

- (i) as a first stage the lists should be subject to a process of justification on the basis of the objective criterion that exceptions should be only those necessitated by reasons of overriding national interest;
 - (ii) this process should be conducted, following a preliminary report on the lists submitted by the Chairman of the Trade Negotiations Committee, in a body consisting of the countries participating in the negotiations on the basis of the linear offer;¹
 - (iii) the second stage would be that of confrontation and negotiation, including the working out of the possibilities of offers on products included in the lists on another basis than that of the linear reduction;
 - (iv) all countries participating in the negotiations on the basis of the linear offer and countries which had submitted an offer in a form and on terms agreed by the Trade Negotiations Committee should be free to participate in this second stage;
 - (v) simultaneously with (iii), there should be an examination of those exceptions of special interest to less-developed countries in the light of the agreed principle that in the trade negotiations every effort shall be made to reduce barriers to the exports of the less-developed countries.
- (d) The procedure for notifying and discussing the base date and the level of duties by reference to which the 50 per cent linear reduction would be calculated in the case of particular participating countries

The Sub-Committee agreed that each participating country should notify by 1 August the basis on which the across-the-board tariff reduction would apply in its case, it being understood that this basis would have to be acceptable to the other participating countries and that in all cases the duties used for reference purposes should reflect the results of the 1960/61 Tariff Conference.

¹The question was raised whether countries submitting an offer in a form and on terms agreed by the Trade Negotiations Committee should not also participate in this process of justification. It was agreed that recommendation (c) (ii) of the Sub-Committee was without prejudice to the consideration of this matter in the Trade Negotiations Committee.

(e) Products primarily imported from non-participating countries

Subject to an indication by the United States and Austrian delegations that they might wish to revert to this question at a later stage, it was agreed that no special rule was needed to deal with this question.

(f) Questions relating to binding of results of the tariff negotiations

It was agreed to recommend that:

- (i) the results of the tariff negotiations should be bound by incorporation in the schedules annexed to the GATT;
- (ii) in the case of countries making a linear offer, zero duties should be regarded as bound unless the products concerned are included in the exceptions lists;¹
- (iii) as regards products included in exceptions lists, where no binding or rebinding² is agreed, the present position of the products under the GATT would be unchanged.

(g) Staging of the tariff reductions

The Sub-Committee discussed the question of the staging of the tariff reductions. It was agreed that the basic rule should include provisions relating to the staging of the linear reduction, and that if a government participating on the basis of the linear reduction wished to stage reductions at a slower pace than was required by these provisions then this product should figure in its list of exceptions.

(h) The treatment of mixed and seasonal duties

It was agreed to recommend that all elements in such duties should be subject to the general rule of the 50 per cent linear reduction and that, where a country wishes to except one element in a mixed duty from this reduction, it should so indicate in its exceptions list.

(i) The question of the abridgement of existing preferences as a result of reductions in m.f.n. duties

It was agreed that it would be suitable for this question to be dealt with in the first instance in the Sub-Committee on the Participation of the Less-Developed Countries.

¹The European Economic Community have reserved their position on this question. It was understood that Sweden might wish to return to this question.

²Where a product is already bound, a "rebinding", while it would not prejudice the legal position in relation to the existing binding, would make it subject in addition to whatever new procedures are agreed as regards the application of Article XXVIII to the results of the present negotiations.