

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## Trade Negotiations Committee

### THE TARIFF NEGOTIATING PLAN

#### Note by the Executive Secretary

#### Revision<sup>1</sup>

The following paper sets out for the convenience of the Committee the points in the tariff negotiating plan which have been resolved and those which are still outstanding. It does not deal with any special arrangements which may be agreed for agricultural products.

<u>Subject</u>	<u>Points resolved</u>	<u>Points outstanding</u>
1. <u>TARIFF REDUCTIONS BY COUNTRIES PARTICIPATING ON THE BASIS OF THE LINEAR OFFER</u>		
(a) <u>The depth of the linear reduction</u>	A rate of 50 per cent <sup>2</sup> has been agreed as a working hypothesis and exceptions lists will be tabled on the basis of this hypothesis. (TN.64/27, A.1 and 2)	
(b) <u>Tariff disparities</u>	Ministers agreed on 21 May 1963 that, in those cases where there are significant disparities in tariff levels, the tariff reduction will be based upon special rules of general and automatic application.	A report summarizing the position reached in the discussions of this subject is contained in TN.64/15, Add.1-3 and Corr.1.

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<sup>1</sup>This revision takes account of the discussion at the meetings on 27 October and 5 November of the Sub-Committee on the Tariff Negotiating Plan.

<sup>2</sup>It is recognized that nothing in the negotiating rules shall preclude any participant from making a larger reduction in, or completely eliminating, duties on particular products. (TN.64/27, 2.)

<u>Subject</u>	<u>Points resolved</u>	<u>Points outstanding</u>
(c) <u>Basis for the reductions</u>	Countries participating on the basis of the linear offer have notified the basis on which they intend to apply the reductions (TN.64/NP/13 and Add.). It is understood that this basis has to be acceptable to the other participating countries, and that in all cases duties used for reference purposes should reflect the result of the 1960/61 Tariff Conference. (TN.64/SR.8/4(d)) A record of the discussion on the notifications received is contained in TN.64/NP/15 and TN.64/36.	
(d) <u>Zero duties</u>	These should be regarded as bound unless the products concerned are included in the exceptions lists (TN.64/SR.8,4(f)). (The understanding of the Government of Sweden on this question is set out in the same sub-paragraph.)	
(e) <u>Mixed and seasonal duties</u>	All elements in such duties shall be subject to the general rule of the 50 per cent linear reduction. Where, therefore, it is not proposed to apply the reduction to one element in a mixed duty, this should be indicated in the exceptions list. (TN.64/SR.8,4(h))	
(f) <u>Products primarily imported from non-participating countries</u>	A record of the discussion on this point is contained in TN.64/36.	

<u>Subject</u>	<u>Points resolved</u>	<u>Points outstanding</u>
2. <u>EXCEPTIONS</u> <sup>1</sup>		
(a) <u>General</u>	There shall be a bare minimum of exceptions, necessitated only by reasons of overriding national interest. (TN.64/27,4)	
(b) <u>Date of tabling and circulation of lists</u>	Exceptions lists shall be tabled on 16 November 1964 and circulated on that date to all governments participating in the negotiations on the basis of the linear offer and to governments which have submitted an offer on the same date in a form, and on terms, which have been agreed by the Trade Negotiations Committee. The lists will be circulated to other participating countries at a later stage (TN.64/SR.8, 4(b)).	
(c) <u>Procedure for justification and subsequent negotiation of exceptions</u>	As a <u>first stage</u> 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; 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. (TN.64/SR.9,1)	

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<sup>1</sup>It has been recalled in this connexion that the rules to govern and the methods to be employed in the negotiations on agricultural products have yet to be worked out (footnote 1 to page 3 of TN.64/SR.8).

<u>Subject</u>	<u>Points resolved</u>	<u>Points outstanding</u>
(c) <u>Procedure for justification and subsequent negotiation of exceptions</u> (Cont'd)	The <u>second stage</u> will 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. All countries participating in the negotiations on the basis of the linear offer and countries which have submitted an offer in a form and on terms agreed by the Trade Negotiations Committee shall participate in this second stage (TN.64/SR.8,4(c)).	
(d) <u>Definition, for the purpose of drawing up exceptions lists, of products to which the rule relating to the linear cut shall apply</u>	For the purpose of drawing up the exceptions lists, the rule relating to the linear cut <sup>1</sup> should be regarded in principle as applying to products included in chapters twenty-five to ninety-nine of the Brussels Nomenclature.	Pending a final decision on which products are to be the subject of the linear rule, countries participating on the basis of the linear offer which consider (a) that there are products within the first twenty-four chapters which should be subject to the linear rule and should not be dealt with in the negotiations on agricultural products <u>or</u> (b) that there are products not included in the first twenty-four chapters which should be dealt with in the negotiations on agricultural products and should not be subject to the linear rule, may table their exceptions lists <u>either</u> on the basis set out in the previous paragraph <u>or</u> on the basis of their views under (a) and (b) of this paragraph; in the latter case a list of

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<sup>1</sup>It is understood that reference here to "the linear cut" covers reductions made in accordance with a disparity formula.

<u>Subject</u>	<u>Points resolved</u>	<u>Points outstanding</u>
(d) <u>Definition, for the purpose of drawing up exceptions lists, of products to which the rule relating to the linear cut shall apply</u> (Cont'd)	<p>the products concerned under (a) and (b) should be submitted before or at the time their exceptions lists are tabled.</p> <p>It is understood that changes might need to be made in exceptions lists in the light of the final decision on which products were to be subject to the linear rule, and which should be dealt with in the agricultural negotiations. (TN.64/36).</p>	
(e) <u>Content of exceptions lists</u>	<p>The lists should <u>inter alia</u> indicate where it is proposed to exclude a product from the linear cut<sup>1</sup> and why these products are excluded from the linear cut for reasons of overriding national interest. (TN.64/SR.8,4(a))</p> <p>The lists should indicate for which of the listed products an offer could be made of less than the linear cut. (TN.64/SR.8,4(a)). It would be left open to countries in cases where they can make an offer of less than the linear cut<sup>2</sup>, either to indicate this fact only in their exceptions list, or to state more precisely just what offer they could make. (TN.64/36)</p>	<p>The procedure for giving precision to the offers of less than the linear cut.</p>

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<sup>1</sup>It was clarified in discussion that there was no need to indicate in the exceptions list cases where the country concerned proposed to make a tariff reduction deeper than 50 per cent. Offers of reductions deeper than 50 per cent can be tabled simultaneously with the tabling of exceptions lists. (Footnote 1 to page 3 of TN.64/SR.8)

<sup>2</sup>It is understood that this reference to "the linear cut" covers reductions made in accordance with a disparity formula.

<u>Subject</u>	<u>Points resolved</u>	<u>Points outstanding</u>
(e) <u>Content of exceptions lists</u> (Cont'd)	The lists should indicate the present position under the relevant schedule to the GATT of each product included. (TN.64/SR.2,7)	
3. <u>COUNTRIES WITH A VERY LOW AVERAGE LEVEL OF TARIFFS</u>	Ministers agreed that during the trade negotiations a problem of reciprocity could arise in the case of countries the general incidence of whose tariffs is unquestionably lower than that of other participating countries. (MIN(63)9,A6)	It has been noted that the countries concerned reserve the right to submit proposals in this connexion at a later date. (TN.64/27E(a))
4. <u>COUNTRIES WITH A SPECIAL ECONOMIC OR TRADE STRUCTURE</u>	<p>(a) It has been agreed that Canada, Australia, New Zealand and South Africa fall into 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. 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. (TN.64/27E(b))</p> <p>(b) Canada shall table its list of offers of trade concessions on the same date as countries making their offers on the basis of a linear tariff cut will be tabling their lists of exceptions; this initial offer will be designed to balance the trade benefits which Canada may expect to receive in the negotiations in the light of the negotiating rules accepted by the other participating countries, and shall be subject to confrontation and justification in parallel with and similar to the process of confrontation and justification of</p>	

<u>Subject.</u>	<u>Points resolved</u>	<u>Points outstanding</u>
4. <u>COUNTRIES WITH A SPECIAL ECONOMIC OR TRADE STRUCTURE</u> (Cont'd)	exceptions lists , in the light of the criterion set out above. (TN.64/SR.5,3(a))  (c) Australia, New Zealand and South Africa shall table their lists of offers of trade concessions on the same date as countries participating in the negotiations on the basis of a linear tariff cut will be tabling their lists of exceptions; <u>provided</u> that the rules to govern, and the methods to be employed in, the negotiations for agricultural products have been elaborated so as to enable assessments to be made of the trade benefits which these countries might reasonably expect to obtain from the negotiations; otherwise the date upon which these countries would table their offers shall be determined by the Trade Negotiations Committee, when such negotiating rules have been elaborated. The initial offers of these countries will be designed to balance the trade benefits which they may expect to receive in the negotiations in the light of the negotiating rules accepted by the other participating countries. (TN.64/SR.5,3(b)).	
5. <u>PARTICIPATION OF LESS-DEVELOPED COUNTRIES</u>		
(a) <u>Inclusion in exceptions lists of products of special interest to less-developed countries</u>	At its meeting at Ministerial level on 6 May 1964 the Committee reaffirmed that in the trade negotiations every effort shall be made to reduce barriers to exports of the less-developed countries and that this consideration should be	

<u>Subject</u>	<u>Points resolved</u>	<u>Points outstanding</u>
(a) <u>Inclusion in exceptions lists of products of special interest to less-developed countries</u> (Cont'd)	<p>borne particularly in mind in the approach to the question of exceptions. (TN.64/27,D)</p> <p>A procedure has been agreed under which individual participating less-developed countries can indicate the products whose exclusion from exceptions lists is specially important to them or (see (c) below) where they wish to secure tariff reductions of more than 50 per cent. (TN.64/31, 3 to 5)</p>	
(b) <u>Examination of exceptions of special interest to less-developed countries</u>	<p>Immediately following the process of justification of the exceptions there shall be an examination of those exceptions of special interest to less-developed countries. (TN.64/SR.8,4(c))</p> <p>Where, after the general procedures for confrontation and justification of exceptions lists have been carried out, there remain in the lists products of special interest to less-developed countries, the Sub-Committee on the Participation of the Less-Developed Countries or another body shall seek what alternative positive measures can be taken. (TN.64/31,7)</p>	
(c) <u>Possibility of tariff reduction deeper than 50 per cent</u>	<p>It has been noted 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. (TN.64/27,D)</p>	



<u>Subject</u>	<u>Points resolved</u>	<u>Points outstanding</u>
(d) <u>Tropical products</u>	-	It has been agreed to pursue further the question of trade in tropical products with a view to working out arrangements and procedures for their treatment in the trade negotiations. (TN.64/27,D)
(e) <u>Contribution of less-developed countries</u>	The contribution of the less-developed countries to the overall objective of trade liberalization shall be considered in the light of the development and trade needs of these countries. (TN.64/27,D)(A footnote sets out the understanding of Argentina, Brazil and Uruguay on this question.)	The Sub-Committee on the Participation of the Less-Developed Countries will examine at a later date the basis on which the less-developed countries will wish to contribute to the overall objective, of the Conference. It is recalled, however, that less-developed countries might during the course of the Conference receive requests from other less-developed countries. (TN.64/31,8)
(f) <u>Loss of preferences enjoyed by less-developed countries</u>	-	This question has been left for later discussion. (TN.64/31,9 to 11)
(g) <u>Preferences for less-developed countries</u>	-	The Sub-Committee on the Participation of Less-Developed Countries has agreed to revert to this question when the conclusions of the study of the question of preferences in other GATT bodies is available. (TN.64/21,11)

<u>Subject</u>	<u>Points resolved</u>	<u>Points outstanding</u>
6. <u>BINDING OF THE TARIFF</u> <sup>1</sup> <u>REDUCTIONS</u>	<p>The results of the tariff negotiations shall be bound by incorporation in the schedules annexed to the GATT. (TN.64/SR.8,4(f)). Where products included in the exceptions lists are not bound or rebound in the course of the negotiations, the present position of the products under the GATT would be unchanged. (TN.64/SR.8,4(f) and footnote)</p>	
7. <u>STAGING OF THE TARIFF</u> <u>REDUCTIONS</u> <sup>2</sup>	<p>(a) The tariff reductions to be made under the linear rule, and under the rules relating to tariff disparities, may be spread over a maximum period of four years, commencing on a date to be set in the Protocol. At any time in this period, the aggregate reductions by then made shall be at least as great as would have been made by that time had:</p> <ul style="list-style-type: none"><li>(i) one fifth of the total reduction been made on the date referred to above;</li><li>(ii) the remaining four fifths of the total reduction been made in four equal instalments at one year intervals after the date referred to above.</li></ul> <p>(b) Any country participating on the basis of the linear reduction which proposes to implement the tariff reductions on a particular product at a slower rate than that required in (a) above should so indicate in its exceptions list. (TN.64/36)</p>	

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<sup>1</sup>The Committee is still to examine the possible need to review the application of certain provisions of the General Agreement, in particular Articles XIX and XXVIII, or the procedures thereunder, with a view to maintaining, to the largest possible extent, trade liberalization and the stability of tariff concessions. (MIN(63)9,B3(e))

<sup>2</sup>It is understood that this provision might need to be amplified or modified in the light of the discussion in the Sub-Committee on the Participation of the Less-Developed Countries.