

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Trade Negotiations Committee

## PROCEEDINGS OF THE EIGHTH MEETING

Held at the International Labour Office, Geneva,  
on 2 and 13 July 1964

Chairman: Mr. E. WYNDHAM WHITE

	<u>Page</u>
<u>Subjects discussed:</u> 1. Agriculture	1
2. Participation of less-developed countries	3
3. Non-tariff barriers	3
4. Tariff Negotiating Plan	3

### 1. Agriculture

The Chairman recalled that on 4 May the Committee on Agriculture had submitted a report (TN.64/23/Rev.1) which, despite one year's deliberations on the subject, did no more than indicate that the Committee was not at that time in a position to submit agreed recommendations. In the report different points of view were expressed. One was put down in the name of a number of delegations - Argentina, Australia, Canada, Denmark, New Zealand, the United Kingdom and the United States - with which the delegation of India expressed its assent. Another section set out in detail the position adopted by the European Economic Community. The Community, as would be recalled, had proposed a general rule for negotiations applicable over the whole field of agriculture with the qualifications first that they did not exclude the possibility that in certain cases the proposed "montant de soutien" method might have to be adjusted and secondly, that they acknowledged the existence of a residual group of products for which the support margin method might be dropped altogether. The other group of countries indicated that they could not agree to this as a general method of negotiation, and there matters had rested.

The Chairman said that, unless the Committee was at a very early date able to find generally acceptable rules on which the agricultural negotiations could proceed side by side with the industrial negotiations, it would have to come to the conclusion that an acceptable basis for negotiations in the Kennedy Round did

not exist. It would be compelled to suspend operations in the hope presumably that at some future date the situation might change and it might be able to resume the discussions; the Committee would not however have any illusions about the possibilities of such resumption. The Committee must therefore, devote some time now to considering this extremely grave situation, which was clearly the most serious crisis that had yet been met, and to trying to find a way out of the impasse. A good deal had evidently to be done between the present meeting and the resumption of the discussions after the summer recess, and if there were no development in the agricultural field by the time the Committee resumed, he doubted whether there would be very much to resume about.

The representative of Australia made a statement the text of which has been circulated in document TN.64/33.

The representative of the United States made a statement the text of which has been circulated in document TN.64/34.

Several delegations (Denmark, New Zealand, Canada, United Kingdom, Switzerland and Sweden) underlined the importance they attached to a successful outcome of the negotiations on agriculture and expressed grave concern over the lack of progress so far.

The representative of Denmark said that, if supplemented by provisions giving some assurance of access, he could accept the "montant de soutien" as the base for negotiations on items where variable levies were the main obstacle, but he did not think that it could be used as the general negotiating instrument for agricultural products.

The representative of the Commission of the European Economic Community said that he had noted the views on the Community proposal which had been expressed by members of the Committee, but he urged them to give further consideration to the proposal. An important element in the Community approach was that it dealt with the agricultural sector as a whole and would bring the agricultural policies under international control. The Community was prepared to place its agricultural policy under the control of GATT if the other contracting parties accepted to do the same. He said that it was true for all countries that negotiations on agricultural products had other aspects than negotiations on industrial products. The rôle of tariffs in the field of agriculture was only very limited.

The Chairman said that the gloom to which he had referred in his opening statement had not been dissipated in the course of the discussion. It was clearly not possible to take the matter any further for the time being. He suggested that the Committee should be reconvened early in September with agriculture as the only item on the agenda. The date for the meeting would be fixed by him in consultation with countries concerned.

2. Participation of less-developed countries (TN.64/31)

The Committee took note of the report on the meeting of the Sub-Committee on the Participation of the Less-Developed Countries on 22 June 1964 (document TN.64/31).

3. Non-tariff barriers (TN.64/30)

The Committee took note of the report on the meeting of the Sub-Committee on Non-Tariff Barriers on 15 June 1964 (document TN.64/30).

The Chairman proposed that the two Groups on Customs Valuation and on the United States System of Assessment on Imported Bottled Spirits should be combined in one Group on Assessment of Duties. This was agreed.

The representative of the United States said that his delegation was going to submit two documents on road taxes and on restrictive import policies on coal. He asked that, if necessary, new groups should be instituted to deal with these questions and that they should meet at an early date. This was agreed.

The representative of Brazil pointed out that in paragraph 27 of TN.64/30 it was stated that it would be appropriate to deal with the question of internal fiscal charges on tea in the context of the negotiations on tropical products. He asked that the statement be enlarged to cover internal fiscal charges on all tropical products. This was agreed.

4. Tariff Negotiating Plan (TN.64/29, TN.64/32)

The Committee discussed the recommendations contained in paragraph 2 of the Conclusions reached by the Sub-Committee on the Tariff Negotiating Plan at its meeting on 11 and 12 June 1964 (document TN.64/29).

(a) Content of the exceptions lists<sup>1</sup>

The Committee agreed with the recommendations in paragraph 2(a)(i) and (iii) that the lists should inter alia indicate:

where it was proposed to exclude a product from the linear cut (paragraph 2(a)(i) of TN.64/29)

why these products were excluded from the linear cut for reasons of overriding national interest (paragraph 2(a)(iii)).

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<sup>1</sup>It was recalled that the rules to govern and the methods to be employed in the negotiations on agricultural products had 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.

With regard to the recommendation in paragraph 2(a)(ii) that the lists should indicate for which of the products referred to in 2(a)(i) an offer could be made of less than the linear cut, different views were expressed on whether a rule should be adopted requiring that the limited offer should be indicated in the first list or whether it could be indicated at a later stage. The representative of the United Kingdom said that his Government would find it somewhat difficult to state at the time of the first submission of the exceptions lists the exact nature of the limited offers it might be able to make on those products. He would prefer only to indicate at that stage that an offer could be made which would at a later stage be defined in precise terms. The representative of Australia said that, however this question was resolved, it was his understanding that the first stage was of limited scope and that the actual negotiation for final concessions was the proper function of the second stage. Several other representatives (amongst them the representatives of the United States and the EEC) said that in order to get as soon as possible an overall picture of the scope of the exceptions it was important to make it clear from the very beginning what kind of limited offers could be made in the case of those items.

It was agreed that there was no need to take a decision on this last question at the present meeting of the Committee but that it should be raised again in the Committee in September.

(b) The procedure for circulating exceptions lists

The Committee agreed with the recommendation in paragraph 2(b) of the Sub-Committee's report 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.

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

The Committee discussed the recommendations in paragraph 2(c) of the Sub-Committee's report.

The Committee agreed to leave over until after the summer recess the question of the procedure for the "first stage" ((i) and (ii) of paragraph 2(c)).

As regards the second stage, the Committee agreed with the recommendations in (iii) and (iv) of the sub-paragraph, that:

the second stage would be that of confrontation and negotiation, including the working out of the possibility 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 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.

As regards the recommendations in (v) of the sub-paragraph, relating to the examination of exceptions of special interest to less-developed countries, several representatives of less-developed countries (Indonesia, Argentina, Ghana, United Arab Republic) pointed out that they would wish this examination to take place immediately after the justification stage but before the stage of confrontation and negotiation. The Committee agreed that immediately following the process of justification of the exceptions 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 Committee agreed with the recommendation in paragraph 2(d) of the Sub-Committee's report that the countries participating on the basis of the linear cut 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.

- (e) Products primarily imported from non-participating countries

The representatives of the United States and Austria said that they had some difficulty in accepting that no special rule was necessary to deal with the question of products primarily imported from non-participating countries; the representative of the United States said that in his opinion countries should have a right to exclude from the negotiations items where more than 75-80 per cent of the imports came from non-participating countries. Other representatives indicated that they did not share the view expressed by the United States delegation and that they thought that further studies were required before a final decision could be taken. It was agreed to take up the question for further discussion after the summer recess.

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

The Committee agreed with the recommendations in paragraph 2(f) of the Sub-Committee's report 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;
- (iii) as regards products included in exceptions lists, where no binding or rebinding<sup>1</sup> is agreed, the present position of the products under the GATT would be unchanged.

The representative of the EEC withdrew the reservation by the Community relating to the binding of zero duties in cases where the products concerned were not included in the exceptions lists (cf. footnote 1, page 3 of TN.64/29). The representative of Sweden said that his Government accepted that zero rates should be regarded as bound unless listed in the exceptions lists. He however, drew the attention of the Committee to the fact that 38 per cent of all rates in the Swedish tariff were zero rates. He furthermore stated that, against this background, the Swedish acceptance was made on the understanding that due consideration of the special implications for Sweden of binding its zero duties should be given when it came to judging reciprocity in the negotiations

(g) Staging of the tariff reductions

The Committee had a preliminary exchange of views on the note by the Executive Secretary (TN.64/32) proposing a text for the rule to govern the staging of the tariff reductions. It was agreed to revert to the question after the summer recess.

(h) The treatment of mixed and seasonal duties

The Committee agreed to the recommendation in paragraph 2(h) of the Sub-Committee's report 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.

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<sup>1</sup>Where 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 XXVI to the results of the present negotiations.