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GENERAL AGREEMENT ON TARIFFS AND TRADE

Sub-Committee on the Tariff Negotiating Plan

ANNOTATED AGENDA - MEETING OF JUNE 1964

At its meeting of 28 May 1964, the Trade Negotiations Committee agreed that the following items should be placed on the agenda of the next meeting of the Sub-Committee. Notes on these items have been added by the secretariat at the request of the Trade Negotiations Committee.

1. The procedure of circulating exceptions lists

The main point for consideration would seem to be whether the lists should be circulated, in the first instance at any rate, only to the body conducting the process of justification or whether they should be circulated at the same time to participating governments, namely those which are making a linear offer and those which are making, or will be making, an offer of a different character in accordance with procedures agreed by the Trade Negotiations Committee.

2. The procedures for confrontation and justification of exceptions

The agreed negotiating rules lay down an objective criterion, namely that exceptions should be only those necessitated by reasons of overriding national interest. The process of justification must be consistent with the objective nature of this criterion. It would seem that the well established GATT practice of setting up an independent expert panel, made up of individuals of recognized experience and standing in the GATT, would be fully appropriate for this purpose.

It is suggested that the panel should submit its report on each list to the country which has submitted it, and also, at a date which would depend inter alia on when the lists are circulated to other participating countries (see 1 above), to those other countries. The reports could then be considered at a meeting of the Committee limited to those countries which are participating in the sense set out in 1 above.

It is suggested that, in reporting to the Committee, it should be open to the panel to make any pertinent recommendations with regard to any general problems which have emerged in their examination of the lists.

3. 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 will recall that on this question it has agreed that "it would be left to each participating country to propose 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 be those existing after the 1960-61 Tariff Conference and should reflect the results of that Conference" (TN.64/15, paragraph 4).

The choice of the basis may have repercussions for the constitution of a country's exceptions list. It is desirable, therefore, that the question of this basis should be at least provisionally settled before the date for the submission of such lists. This suggests that countries should be invited to indicate the basis they propose in their case by a date sufficiently in advance of 16 November 1964 to allow time before this latter date for any necessary discussion of the basis proposed.

Notifications of the basis proposed should presumably be transmitted, via the secretariat, to all participating countries. (The notification should be accompanied by such material - the up-to-date tariff for example - as will make it possible to establish the practical results of the choice of the particular basis proposed). It will then be necessary to have a procedure which will enable countries to raise any questions they may have on the proposals made, and to decide which body should be responsible for conducting or supervising any discussions arising from such questions. As such discussions may involve negotiation rather than objective judgement, panels of experts would be less appropriate in this case than groups made up of the participating countries primarily interested.

4. Questions raised by the non-participation of certain countries

It has been suggested that a problem exists where imports of a product into a participating country come mainly from countries not participating in the negotiations.

The Sub-Committee might consider whether this situation requires the establishment of a negotiating rule or whether it would be preferable to leave it to be dealt with in the negotiating stage.

5. The question to what extent the reduced rates resulting from the negotiations should be bound. A related question is whether there should be any special provision for binding zero duties and duties on products included in exceptions lists

(a) The results of the negotiations on tariffs should presumably be "bound" by incorporation in the schedules annexed to the General Agreement. It will be recalled in this connexion that at their meeting of May 1963, Ministers agreed that consideration should be given to the related question of "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 extent possible, trade liberalization and the stability of tariff concessions" (MIN(63)9, B.3(e)).

(b) Two particular questions will need consideration. First, should zero duties automatically be regarded as bound, except where they are included in exceptions lists? Secondly, should countries be expected to indicate in their exceptions lists whether they are prepared to bind the duties on the items included in the lists and, if so, at what level? The Sub-Committee has already agreed (TN.64/SR.2, item 7) that countries should be asked to indicate in their lists the present position under their GATT schedule of each tariff item included.

6. The staging of the tariff reductions

In earlier discussions it was suggested that the tariff reductions should be staged over a period of time. It will be recalled that the negotiating authority of one of the major participants obliges it to stage the reduction over a period of five years.

7. The treatment of mixed and seasonal duties

It has been suggested that it may be necessary to lay down rules for the application of the 50 per cent reduction to mixed duties (e.g. a duty of 10 per cent with a minimum of $10 per ton) and to seasonal duties (e.g. a duty on a product of $10 per ton from 16 April and 30 June and of 10 per cent from 1 July to 15 April).

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

It has been suggested that it would be difficult for less-developed countries at present enjoying preference to see their preferential margins reduced, especially if the benefit went to industrialized countries, without compensating advantages in the markets of those countries (TN.64/21, paragraph 41 and TN.64/SR.6, paragraph 28).