

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Sub-Committee on Tariff Negotiating Plan

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## THE BASE DATE AND THE LEVEL OF DUTIES BY REFERENCE TO WHICH THE 50 PER CENT LINEAR REDUCTION WOULD BE CALCULATED

### Notifications by Governments

At its meeting on 2 July 1964 the Trade Negotiations Committee agreed that the countries participating on the basis of the linear cut should indicate by 1 August the basis on which the across-the-board tariff reduction would apply in their case (cf. documents TN.64/SR.8 and TN.64/NP/12).

Notifications have been received from the following governments:

Austria	Norway
Czechoslovakia	Portugal
Denmark	Sweden
European Economic Community	Switzerland
Finland	United Kingdom
Japan	United States

The texts of the communications are attached hereto.

The secretariat has received a limited number of copies of the customs tariffs of Austria, Czechoslovakia, Denmark, Finland, Japan, Norway, Sweden, Switzerland and the United Kingdom, as well as of the special lists of duties referred to in the notifications of Austria, the European Economic Community, Japan and Sweden. Copies of the tariffs and lists can be obtained from the secretariat upon request (tel. No. 34 86 00, ext. 24).

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\* This document annuls and replaces TN.64/NP/13 and addenda.

AUSTRIA

Austria notifies as the basis on which the across-the-board tariff reduction would apply the following tariff rates:

1. The general tariff rates, as shown in the published Austrian customs tariff, in all cases where no conventional rate bound under the General Agreement is legally in force.
2. The conventional tariff rates, bound under the General Agreement, in all other cases.

Austria notifies as the base date for the foregoing the day of 30 August 1964. It is mentioned in this connexion that as a result of the ratification procedure foreseen under the Austrian constitution and in accordance with the relevant provisions of the Protocol Supplementary to the Protocol of the General Agreement on Tariffs and Trade Embodying Results of the 1960-61 Tariff Conference this Protocol will enter into force for Austria on 30 August 1964.

Therefore, the basis notified by Austria will reflect the results of the 1960-61 Tariff Conference.

The results contained in the above-mentioned Supplementary Protocol will be inserted in the official Austrian customs tariff. Therefore, a new version of this tariff will be published before 30 August 1964 which will include, among the other conventional rates, the results of the 1960-61 Tariff Conference. Thirty copies of the Austrian customs tariff will be transmitted to the secretariat as soon as this new version is ready.

CZECHOSLOVAKIA

With reference to GATT documents TN.64/29 of 22 June 1964 and more particularly to TN.64/NP/12 of 10 July 1964 I have the pleasure to inform you that:

1. In the case of Czechoslovakia the base date for the across-the-board tariff reduction will be 1 January 1964.
2. The required number of copies of the Czechoslovak tariff is for the time being not available but will be transmitted to the secretariat by the end of August 1964.
3.
  - (i) Czechoslovakia does not intend to use any other rates as the basis for the across-the-board reduction than those shown in the published tariff;
  - (ii) Czechoslovakia does not apply rates lower than those shown in the published tariff;
  - (iii) The results of the 1960/61 Tariff Conference are not yet incorporated in the tariff; this, however, does not have any significant material implication since only two tariff items were bound, in both cases on the level shown in the tariff, namely item 27 - maize (6 Kcs. per 100 kg.) - see Protocol Cambodia and item ex 304 - crude rubber (duty free).

I think it proper to use this opportunity for stressing again that in addition to a linear tariff reduction by a percentage finally agreed upon, Czechoslovakia is preparing a supplementary offer which will complement tariff cuts by specific measures in the field of planning as outlined in document TN.64/16 of 21 April 1964. This offer will be submitted in due time, but not later than 16 November 1964.

DENMARK

The Danish Government has the honour to state that the tariff rates in force in Denmark on 1 July 1964 will be applied in the Kennedy Round as the basis for the across-the-board tariff reduction for goods covered by Chapters 25-99 of the Brussels Nomenclature with the reservation that a number of the said Danish tariff rates (adopted by the Danish Parliament under Act No.179 of 15 May 1963) have not yet entered into force; these tariff rates will not take effect until the entry into force of the three recommendations of 16 June 1960, 8 December 1960 and 9 June 1961 drafted by the Customs Co-operation Council in Brussels for amendment of the Brussels Nomenclature.

By this notification the Danish Government has, however, not taken any position as to what goods should be treated as industrial goods and what goods should be treated as agricultural goods in the Kennedy Round.

EUROPEAN ECONOMIC COMMUNITY

In accordance with the decision taken by the Trade Negotiations Committee on 2 July, I have the honour to notify you of the base date and the level of duties for application of the rules for linear reduction (see document TN.64/NP/12).

Having regard to the fact that, on the one hand, it is not intended to apply those rules to the agricultural sector, and that, on the other hand, the Trade Negotiations Committee has not yet defined agricultural products, the Community has found itself obliged to adopt a working hypothesis of a provisional character in this respect to determine the industrial sector to which the present notification applies.

In the case of the Community, the duties to which the rules for linear reduction will apply will be as follows:

- (a) on the one hand, the customs duties reflecting the results of the 1960-61 Tariff Conference (Schedule XL of the EEC annexed to the General Agreement and the schedule annexed to the Declaration on the Provisional Accession of Switzerland). A consolidated list of these concessions will be communicated to the GATT secretariat;
- (b) on the other hand, for items on which no tariff concessions have been granted, the autonomous duties existing on 31 December 1962 with the exception, however, of the duties relating to certain petroleum products for which the base date can only be that on which they were determined by the EEC, 8 May 1964 (see document L/2234). A list, thus defined, of autonomous duties will also be communicated to the GATT secretariat.

The European Economic Community reserves the right to take account in due course of the effect on this notification of amendments to certain headings and interpretative notes of the Brussels Nomenclature, and of transpositions from one heading to another which would result from the implementation of recommendations by the Customs Co-operation Council, scheduled for early 1965.

The present notification applies to duties on products included in lists A 1 and A 2 annexed to the Treaty establishing Euratom.

With respect to products covered by the ECSC Treaty, the responsible authorities of that Community have asked me to state that the base tariff will be forwarded at a later date, and in any event before 31 October 1964.

FINLAND

I have the honour to refer to document TN.64/NP/12 and to notify you of the basis on which the across-the-board tariff reduction is proposed to apply in the case of Finland:

1. It is suggested that the base date be 1 January 1964, and the basis for the reduction of the tariff in force on that date, subject to what is said below.
2. Published tariffs will be forwarded to the secretariat separately later on.
3. (i) The basis for those positions which are presently being renegotiated under Article XXVIII:1 (document SECRET/154) cannot be given yet.

(ii) The Finnish tariff includes rates bound in the GATT which are higher than the rates actually applied on the base date. In these cases, which appear from the tariff, it is proposed that the future reduction be calculated from the bound rates. In addition the bound rate is suggested to be the basis for the following new sub-headings covering castings of foam plastics:

- 39.01.700 (bound rate 22 per cent, with a minimum duty per kg. - 35 markkas)
- 39.02 ex 720 (bound rate 25 per cent, with a minimum duty per kg. - 95 markkas)
- 39.03.610 (bound rate 25 per cent)

These items have been accorded a temporary duty-free treatment, but presently their new duty rates are being discussed in the Finnish Parliament.

In certain cases imports can benefit of lower rates than the generally applied level, subject to conditions prescribed by the Council of Ministers (so called industry rates, marked with "t" in the Finnish tariff, and so called "e" rates that can be applied to goods not produced in Finland). It is understood that the future reduction will be calculated from the generally applied level.

(iii) The results of the 1960/61 Tariff Conference are fully incorporated in the Finnish tariff.

JAPAN

With reference to TN.64/NP/12, I have the honour to inform you that the Japanese Government intends to use the following as the basis on which it would apply the across-the-board tariff reduction:

1. The base date in the case of Japan would be 4 May 1964, when the Kennedy Round negotiations were formally begun.
2. (i) The base rates for tariff items for which GATT bound rates exist would be the GATT bound rates.  
  
(ii) The base rates for other tariff items would be the effective rates, provided that wherever temporary reduction or total suspension of duties are applied the basic legal rates would form the basis for the linear cut.

I have further the honour to add that I am transmitting herewith a list of cases falling within the category specified in 3(ii) of the above GATT document and that we expect to be able to submit to the secretariat the required number of copies of the published tariff of Japan by the end of this month as they are now in the process of printing in Tokyo.

NORWAY

1. Base date. The Norwegian delegation would propose that in the case of Norway, the across-the-board reduction should be calculated on the basis of the rates shown in the published tariff as in force on 1 January 1964.
2. The delegation wishes to draw the attention to the provision in the published Norwegian tariff, page 15, paragraph C, according to which the customs authorities, on certain conditions, may agree to the suspension of duties for machinery, etc.
3. The cases where the rates shown in the tariff are higher than those actually applied will appear from the circular letter of 31 December 1963 from the Customs Directorate (Tolldirektoratet). The letter is annexed to the tariff.



PORTUGAL

I have the honour to inform you that my Government, which has already stated its desire to participate in the Kennedy Round, indicates 15 October next as the base date for possible reduction of the Portuguese tariff so far as Portuguese territory in Europe is concerned.

On that date my Government intends to present the existing tariff with a few adjustments which have proved necessary and are now being carried out, and at the same time to put forward certain criteria to take account of the country's economic situation, which Portugal would wish to see approved by the Trade Negotiations Committee so as to enable Portugal to participate in the efforts now being made with a view to liberalizing world trade.

S W E D E N

With reference to document TN.64/NP/12, I have the honour to inform you that my Government will base its across-the-board tariff reductions in the Kennedy negotiations on the tariff rates in force in Sweden on 1 July 1964, according to chapters 25-99 of the Swedish Customs Tariff (minimum rates in force included). In those cases, however, where Swedish tariffs are bound in the GATT by agreement with other contracting parties at a level exceeding the above-mentioned tariff rates, the reductions will be based on the rates thus bound by such agreements.

Before 1 July 1964, a number of modifications in the Swedish Customs Tariff have been decided on which, pending the ratification of certain conventions on changes in the Brussels Nomenclature, have not yet entered into force. To the extent that these changes take effect in the future, the tariff reductions will be made on this basis.

By this notification Sweden has not taken any position on the question of final definition of agricultural products in the Kennedy negotiations.

I have the honour to transmit herewith under separate cover

- 50 copies of the Swedish Customs Tariff as amended on 1 July 1964.
- a list of products for which the linear reduction of duties shall be based on rates which are higher than those shown in the Swedish Customs Tariff as amended on 1 July 1964. (This list, which registers "ceiling bindings", only covers chapters 25 to 99 of the Swedish Tariff).
- a list of products for which Customs Tariff exemption in accordance with No. 13 of the Swedish Customs Tariff Ordinance may be enjoyed. (The basis for the tariff reductions will - also as regards these products - be tariff rates in force on 1 July 1964, as shown in the Swedish Customs Tariff or, to the extent that higher rates have been bound in GATT, those rates).

SWITZERLAND

With reference to the decisions taken by the Trade Negotiations Committee on 2 July 1964 and to the note by the secretariat in document TN.64/NP/12, we have the honour to communicate the following:

1. (a) Base date for calculating across-the-board reduction of Swiss customs duties: 1 January 1964.  
  
(b) For calculation of the linear reduction, the level of Swiss duties is identical to those shown in the "rate of duty" column of the published Swiss customs tariff. Those duties are the ones applied. The Swiss Government reserves the right to go back on those decisions if the other countries participating in the negotiations do not take as basis for the calculation their rates actually applied.
2. We have transmitted to you under separate cover twenty copies of the published Swiss customs tariff, brought up to date as of 1 January 1964. We enclose herewith three additional copies.
3. (i) and (ii) The Swiss Government considers that the elimination as of 1 January 1964 of all customs duties on tea (items 0902.10, 0902.12, 0903.01) and tropical wood (4403.08, 4404.08, 4405.08) constitutes a concession within the framework of the Kennedy negotiations.  
  
(iii) Nil.

UNITED KINGDOM

1. TN.64/NP/12 of 10 July 1964 required each participating country to indicate by 1 August "(a) the base date, and (b) the basis in other respects on which they propose that the across-the-board reduction should apply in their case".
2. The United Kingdom proposes that it should use as a base date 1 July 1964, subject to:
  - (a) the qualifications referred to in paragraph 3(ii) below in the case of passenger cars and certain vehicle parts; and
  - (b) the qualification that, in the case of those amendments to be incorporated in the United Kingdom tariff in implementation of changes in the Brussels Nomenclature which have already been approved by the Brussels Customs Co-operation Council, the tariff as amended should be regarded as the base rate.
3. It is proposed that the duties used for reference purposes should be the full rate of duty (i.e. the most-favoured-nation rate) listed in the legal customs tariff as promulgated in import duties (general) orders under the Import Duties Act for all items of the United Kingdom protective tariff. The additional information requested in paragraph 3 of TN.64/NP/12 is as follows:
  - (i) The basis of the linear cut is the United Kingdom protective tariff at 1 July 1964. This excludes:
    - (a) revenue duties (a list of tariff headings in respect of which revenue duties are charged is annexed; where both a revenue duty and a protective duty are charged the protective duty will be subject to the linear cut unless specified in the United Kingdom exceptions list);
    - (b) temporary exemptions from import duty (a full list as at 1 July 1964 is shown on pages 377-392A of the published United Kingdom customs tariff); and
    - (c) supplementary anti-dumping duties currently applied (as set out on pages 394 and 394A).
  - (ii) In the case of duties on passenger cars and certain vehicle parts, which as agreed in the Dillon Round are coming down in stages to 22 per cent, the latter rate should be regarded as the base rate. The items affected are:
    - 84.06(A)(1)(a)
    - 84.06(B)(1)(a)
    - 87.02(D)(1)
    - 87.04(C)
    - 87.06(D)(2)
    - 87.12(A)
    - 87.14(B)
4. This note refers only to Chapters 25-99 of the United Kingdom tariff; the rule to govern negotiations on agricultural products have yet to be worked out.
5. These proposals may naturally have to be reviewed in the light of the arrangements agreed for other participants.

Items in respect of which revenue duty is charged in  
Chapters 25-99 of the United Kingdom Tariff

27.06(A)	34.03(B)(1)
27.07(A)	34.05(A)
27.09(B)	36.05(A)
27.10(A)	36.06
(B)(1)	36.08(A)
27.12(A)	38.07(A)
27.14(B)	38.08(A)
27.16(A)	38.11(B)(1)(a)
29.01(A)(1)	(2)(a)
(2)	38.14(A)
(3)	38.18(A)
32.09(A)	(B)(1)(a)
(C)(1)(b)(i)(I)(a)	(2)(a)
(b)	38.19(A)
(II)	(IJ)(1)(a)
(3)(a)(i)(I)	(2)(a)
(II)	39.01(E)(1)(a)(i)
(ii)	(ii)
(4)(a)	(b)
33.01(A)(2)	39.02(A)
33.06(A)(1)(a)	40.06(A)
(b)	98.10(A)(1)
(c)	(2)
(2)(a)	
(b)	
(c)	

UNITED STATES

I am enclosing herewith the notification of the basis on which the United States linear reduction offers would be applied. We will be prepared to engage in such confrontations as are called for regarding our own notification and those of other countries between now and 16 November.

With respect to the suggestion that notifications be accompanied by an up-to-date tariff, I can advise you that the United States has already circulated such material separately to the governments of all contracting parties and to other governments expected to negotiate for accession.

1. The United States linear offer of tariff concessions will be based upon the most-favoured-nation rate of duty which was in effect, or the one to which it was committed, on 4 May 1964, whichever is the lower.
2. The 4 May 1964 effective most-favoured-nation rate of duty is defined as the final stage of the rate of duty provided in Column 1 of Schedules 1 to 7 of the Tariff Schedules of the United States (TSUS), as modified by the appendix to the TSUS.
3. The United States intends to handle in the exceptions procedure any deviations from stipulations 1 and 2 above necessitated by United States legislation. Such deviations will be necessary in cases: (a) where the United States is unable to make a full 50 per cent reduction because Trade Expansion Act authority has already been used, (b) where Trade Expansion Act authority is insufficient to bind zero effective rates which are temporary as the result of legislation, or (c) where Trade Expansion Act authority is insufficient to make a full 50 per cent reduction in effective rates which are temporary as the result of legislation.
4. The United States reserves the right to reconsider the above-described "basis" for negotiations in the light of notifications of other linear participants.