

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Sub-Committee on the Tariff Negotiating Plan

TECHNICAL GROUP ON "BASE DATE" NOTIFICATIONS

Note by Secretariat

1. The Group was instructed:
 - (a) to assess the extent of the field in which participating governments had indicated their intention to use as the basis for the linear reduction rates bound in the GATT schedules where these rates were higher than the rates shown in their tariff or the rates effectively applied on the base date notified;
 - (b) to examine any other points arising from the notifications which have been submitted, and to advise the Sub-Committee as necessary.
2. The Group noted that five participants were intending to use as the basis for the linear reduction rates bound in their schedule which were higher than those shown in their tariff or those effectively applied. The countries were:

Austria	Japan
European Economic Community	Sweden
Finland	

3. The representative of the Community said that their view was that, as a matter of principle, bound rates should be used as the basis for the linear reduction. He mentioned that in the case of the Community tariff, the problem arose only on some four or five tariff headings or sub-headings. Both the Austrian and Swedish delegations had circulated lists of the products where the problem arose in their case. The Austrian list also set out the difference between the bound rates and the general rates in the published tariff; the Swedish delegation did not have this information available in time for it to be considered by the Group, but undertook to make it available as soon as possible. The Finnish delegate said that the problem arose in respect of some 120 items in the Finnish tariff. The Japanese representative indicated that only a minor part of Japan's bound rates was involved. Both the Japanese and Finnish representatives undertook to make the necessary information available on the products and tariff rates concerned at an early date.

4. The Group noted that in the case of the European Economic Community the problem was limited to only a few products. It was not able to make any estimates of what might be involved in the case of Japan. In the case of Austria, Finland and Sweden, while it had a certain amount of information available to it, it did not feel able on the basis of this information to attempt to assess, with any degree of precision, just what was the extent of the problem in the case of these three countries. The view was expressed, however, that, while a significant number of products were involved, the problem in the case of Austria and Finland was nevertheless relatively minor; but that in the case of Sweden, although only part of their tariff was involved, the problem was nevertheless probably relatively more important.

5. It was pointed out in discussion that the question referred to in the preceding paragraphs was one aspect of the more general problem which arose where countries propose to use as the basis for the linear production rates of duty (whether those bound in their schedule or those shown in the tariff) which were higher than the rates effectively applied on the base date notified. Several members of the Group recalled the views that their delegations had expressed on this question at earlier discussions, but it was pointed out that it was precisely because it had not been possible to reach agreement on any general principles to be followed in this matter that it had been agreed to adopt the present procedure under which each country notified its intentions on the rates to which it would apply the linear cut, and under which these notifications could be discussed and if necessary challenged before the exceptions lists were tabled.

6. A number of detailed points were discussed on the notifications submitted by particular countries. One of these was the intention indicated in the notifications submitted by the United Kingdom not to apply the linear cut to revenue duties. The delegations of Finland and Switzerland indicated that they were still considering how they themselves would treat revenue duties.

7. The United Kingdom representative said that in the past the United Kingdom had not negotiated on revenue duties; in general these duties had no protective effect as an equivalent tax was levied on domestic production. In some cases, however, there were very small protective elements in the United Kingdom duties, and the United Kingdom would, of course, be prepared to consider any suggestions that these protective margins should be brought within the scope of the negotiations. The United States representative said that in his view a problem could arise in cases where the same product was subject to protective duties in the case of one country, and revenue duties in the case of another; further, while particular revenue duties might not be intended to have a protective effect they might nevertheless be at such a height as to constitute an obstacle to trade. In any event, the representative of the United States considered it important that any protective element in a revenue duty should be reduced. He also expressed the view that revenue duties which were not to be subject to the linear reduction should be included in exceptions lists or in a technical exceptions lists

8. Several delegations emphasized, in relation to one or more of the particular points referred to in the preceding paragraphs, or more generally, that the use of bases other than effective rates of duty would tend to reduce the scope of the negotiations in cases where legal or bound rates exceeded those currently applied; in this connexion such elements as tariff quotas also had a bearing on effective levels of protection and consequently on the value to be attached to the linear cut in particular cases. The representative of the Community said that only those tariff quotas which had been incorporated in the GATT schedules would be relevant in this connexion.

9. Several delegations said that any assessment of the value of the offer made by countries participating on the basis of the linear offer would have to take into account inter alia the basis on which it was proposed to apply the linear cut to the tariff in question, and that it would be open to countries where they regarded this basis as unsatisfactory, to make consequential adjustments to their own offers.