

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

Trade Negotiations Committee

MEETING OF JULY 1975

Statement by Chairman of Group "Tariffs"

1. The Group "Tariffs" has held three meetings. The first in March, the second in May and the third in July. The results of these meetings have been summarized in three documents, MTN/TAR/1-3.
2. The Group has discussed, in various degrees of detail, a fairly extensive list of possible elements of a tariff negotiating plan. The aim of this checklist, which, of course, is subject to continual revision in the light of the discussions, is to focus the attention of delegations on questions and problems with which they will have to deal, in one way or another, in developing a comprehensive tariff negotiating plan.
3. One of the fundamental elements of a tariff negotiating plan is, of course, the choice of the major tariff cutting technique or techniques. A number of possibilities have been found to exist in this regard but they can perhaps be grouped into four categories, namely:
  - the linear technique where offers are made in accordance with a general rule providing for equal cuts;
  - the harmonization technique where offers are made in accordance with a general rule under which the higher the tariff the deeper the cut;
  - the item-by-item technique where bilateral request lists are followed by bilateral offer lists;
  - a combination of the above techniques.
4. The Group has had an initial discussion on some ten different specific proposals and hypotheses for tariff cutting formulae put forward by a number of delegations. These are spelled out in document MTN/TAR/2 and I will not try to summarize them here. A more detailed discussion of these proposals and hypotheses awaits their further examination in capitals by participating governments and it has been agreed to revert to a further examination of these at the Group's next meeting.

5. The Group has decided in principle that before a final selection of a formula or formulae for the tariff negotiations is made, a study of their implication for the trade of the developing countries should be carried out. To this end, the Group has entrusted the secretariat to prepare, in consultation with interested delegations, a system for rapid evaluation of the implications of different tariff cutting formulae - when such formulae are formally proposed - on the exports from developing countries to developed countries.

6. As regards the question of determination of base rates, one of the elements in any tariff negotiating plan, the Group has agreed that the negotiations should be conducted on the basis of GATT bound rates, the Kennedy Round and previous rounds and the results of any negotiations when negotiated under Article XXVIII, XXIV:6 and accessions to the GATT. The Group has discussed in some detail but still has to decide on base rates and base date as regards unbound rates.

7. Certain technical matters concerning reference years for the collection of data and determination of the unit of reference have also been given a good bit of attention by the Group but the specifics need not, I think, occupy the attention of the TNC.

8. The Group has discussed extensively the question of how account might be taken of maintaining and improving the Generalized System of Preferences and how special and more favourable treatment, where feasible and appropriate, may be provided to exports of developing countries. A number of specific proposals to this effect have been suggested at each of our meetings by delegations from developing countries. These are specified in the Chairman's Notes to which I have referred and I will not, therefore, repeat them here. The Group has heard first reactions to these proposals from a number of developed countries. I must report, however, that developing countries' delegations have expressed dissatisfaction and disappointment at the nature and substance of the positions taken by a number of developed countries on these proposals.

I should also note that several delegations from developing countries have stressed the lack of progress in the development of special procedures for the negotiations between developed and developing countries and have asked that this be brought to the attention of the Trade Negotiations Committee.

9. The Group "Tariffs" has also discussed, more briefly, other elements of a tariff negotiating plan. Included here, inter alia, are problems concerning comparison between duties based on various methods of customs valuation, treatment of low duties, tariff escalation, staging of cuts, exceptions, and the link with negotiations on particular non-tariff measures. It has been agreed that discussion on these issues will be continued at the next meeting of the Group.

10. The Group has agreed to hold its next meeting in the week of 13 October 1975.

11. The results of the three meetings which have been held have already been summarized in written form in documents MTN/TAR/1-3. These documents are available to all members of the TNC and so I hope this very brief oral statement on many hours of hard and, I think, reasonably productive work by the Group, will suffice.