

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/3A/W/2
14 March 1974

Special Distribution

Multilateral Trade Negotiations

GROUP 3(a) - MEETING OF MARCH 1974

Note by the Secretariat

1. Group 3(a), established by the Trade Negotiations Committee on 7 February 1974, met from 11 to 14 March 1974. It had before it a note by the secretariat - Consideration of Technical Work to be Undertaken (MTN/3A/1).

Work under item 1 of document MTN/2

- A. General analysis of industrial tariffs and trade /BTN Chapters 25-99/
2. There was general consensus in the Group on the need and desirability of updating the statistical charts and tables contained in document COM.IND/W/62/Add.1.
3. The Group agreed that, once the updated data and charts were available, it would be open to delegations to revert to the question of revising the text of the general analysis if that were thought necessary. After a brief discussion of the merits of updating the text of that document to the extent that it related to points of interest to developing countries, it was agreed that the secretariat would produce a separate note covering the material in this section of the text, taking into account, *inter alia*, information set out in Addenda 4 and 8 of document COM.IND/W/91.
- B. Updating of tariff and trade data /COM.IND/W/91 Add.1-4/
4. The Group instructed the secretariat to proceed with the updating of the trade data in the basic files on the basis of 1972 figures. It was expected that this work could be finished by the autumn of 1974. The Group would revert to the question of further updating on a 1973 basis at a later stage. It was understood that for the EC, the data would be presented for the Community of Nine, *ex post* trade allocations to be made under concordant tariffs.
5. It was pointed out that the tariff information in the basic files had already been updated to 1 January 1973 for most countries. Some delegations felt that the updating should proceed on a continuous basis as information became available, it being noted that Group 3(a) had decided to update the tariff information for BTN Chapters 1-24 to 1 January 1974. It was agreed to revert to this question at a later meeting.

C. The Generalized System of Preferences and most-favoured-nation reductions (COM.IND/W/111 and Add.1)

6. The Group exchanged views on the possible work that could be undertaken with regard to the tabulations proposed for examining the application of the GSP to trade flows. It was noted that revisions of the GSP which several countries had introduced as from 1 January 1974 were currently being recorded in the basic files of the Tariff Study and that this work was to be completed shortly. The tabulations would then be prepared by the secretariat along the lines described in COM.IND/W/111 and Add.1.

7. Some delegations were of the view that the thirty product groups in COM.IND/W/111 and Add.1 were too broad, and that there was a need for further refinements or re-formulations in order to make the categories more meaningful. It was agreed that, to this end, interested delegations should discuss their specific suggestions with the secretariat.

8. The same conclusion was reached with regard to the breakdown of information into the four headings listed in paragraph 6 of document COM.IND/W/111 and Add.1, which some delegations said they felt could usefully be modified or elaborated.

9. The Group could discuss what further analysis of the relationship of the GSP to most-favoured-nation reductions could be undertaken, in the light of the suggestions made at the present meeting, when these tabulations become available. In the meantime the secretariat would consider the possibilities on an internal basis.

D. Illustrative tabulations

10. The Group discussed the various illustrative tabulations that had been made in the Working Party on the Tariff Study, as set out in paragraph 11 of document MTN/3A/1.

11. The Group considered that the tabulation described in paragraph 11(b)(iii) should be completed as soon as possible. The tabulation mentioned at paragraph 11(b)(ii) should also proceed as work on it had already begun. It was felt, on the other hand, that the tabulations described in paragraph 11(b)(i) and 11(c)(i)(ii) and (iii) should be put aside for the time being, on the understanding that any delegation would be free to revert to these proposals at a later stage.

Work under items 5 and 6 of document MTN/2

12. The Group decided that it should proceed to a discussion of items 5 and 6 at its next meeting. Group 3(e) would be informed of the results of the discussion through the report of the meeting.

13. One delegation presented a working paper (MTN/3A/W/1) on the need for more complete and precise tariff information in the context of the base date/base rate question under points 5 and 6 of the Work Programme. After a preliminary exchange of views, it was agreed to discuss this paper at a future meeting of the Group.

Work under item 7 of document MTN/2

14. The Group had an initial exchange of views on the question of unit of account or common reference unit to be used in the negotiation. The Group agreed that it would revert to this point at the next meeting on the basis of a working document to be submitted by the EC. It was also agreed that the secretariat would prepare a technical note on the statistical practices of various international organizations with respect to the presentation of trade data in the recent period of unstable exchange rates.

Other questions

15. One delegation considered that, because of rapid changes in exchange rates, the information on value of trade flows contained in the basic files of the Tariff Study might not be adequate and suggested that use might also be made of quantitative data. It was noted that most of the countries participating in the Tariff Study were already supplying this information to the secretariat in their annual submissions.

16. The Group agreed that in a number of product categories, the addition of quantity data would improve the value of the basic information. It was, however, noted that certain technical problems would need to be dealt with before deciding on the most useful presentation of this data. The Group therefore agreed to revert to this problem at its next meeting following the informal consultations that would take place between delegations and with the secretariat.

17. The Group agreed that it would, at its next meeting, discuss the question of extending the country coverage of the Tariff Study.

Future work

18. The Group agreed to start its next meeting on 14 May 1974. Items for consideration at this meeting would include items 5 and 6 of the Work Programme, including the proposal in MTN/3A/W/1, the problem of quantitative import data. to be included in the basic files, item 7 of the Work Programme, and the possibility of further extension of the country coverage of the Tariff Study.