

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/TAR/5
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Special Distribution

Multilateral Trade Negotiations

Group "Tariffs"

SUMMING-UP BY CHAIRMAN OF THE MEETING HELD ON 23-25 MARCH 1976

1. The Group met from 23-25 March 1976. The Group invited the Secretary-General of UNCTAD or his representative to attend this session of the Group as an observer. At the end of the meeting the Chairman, on his own responsibility, gave the following summing-up.
2. The Group noted a statement from one delegation containing a specific and major proposal for a tariff-cutting formula. This is spelled out in MTN/TAR/W/15 and Add.1. The Group noted furthermore that the statement also contained suggestions concerning tariff escalation, a tariff floor, exceptions and staging of cuts. It was also noted that the statement elaborated on a proposal on special procedures for negotiations between developed and developing countries put forward by the same delegation at the previous meeting of the Group (MTN/TAR/W/10).
3. A number of delegations welcomed this statement and while making some preliminary remarks and raising some questions, they reserved their right to present their definitive position at a later stage.¹
4. Some delegations gave further explanations and clarifications concerning the proposals and hypotheses they had made earlier on a tariff-cutting formula (MTN/TAR/2, paragraphs 2 and 3, and MTN/TAR/W/18). Some delegations stated that at a later stage they would present further details and precisions as regards these proposals thereby taking into consideration comments made by other delegations on this subject. In the discussion on the proposals and hypotheses put forward at earlier meetings and the proposal referred to in paragraph 2 above, inter alia, the following issues were raised:
 - Depth of reduction (including the possibility of deeper cuts for products of export interest to developing countries)
 - Scope and nature of a harmonization element in a general formula.

¹Statements submitted in writing are reproduced in MTN/TAR/W/18, MTN/TAR/W/20, MTN/TAR/W/21 and MTN/TAR/W/25.

- Treatment of low duties
- Link between the general formula and the number of exceptions
- Implications of a general formula on tariff escalation and on tariff disparities
- Product coverage of a general tariff-cutting formula
- Implications of m.f.n. tariff reductions on the Generalized System of Preferences and ways and means of maintaining and improving the GSP
- Special attention to the particular situation and problems of the least developed among the developing countries in accordance with paragraph 6 of the Tokyo Declaration
- Link between negotiations on tariffs and on particular non-tariff measures
- Possibility of taking into account the special economic and trade structures of certain developed countries in a general formula
- Problems concerning comparison between duties based on various methods of customs valuation.

5. While no attempt was made by the Group to reach agreement on the specific elements in these various suggestions and proposals, it did appear to the Chair that a consensus was beginning to emerge on a few points:

First, the tariff negotiating plan should contain an important element harmonization and should aim at a significant reduction of duties;

Second, the formula finally adopted must serve importantly to reduce the escalation of tariffs;

Third, great restraint must be exercised in any provision for exceptions;

Fourth, the negotiations on tariffs cannot be conducted in isolation but must be considered, inter alia, in the context of the negotiations on non-tariff measures.

6. It was agreed that the tariff-cutting formulae put forward at the present meeting as well as the proposals, hypotheses and suggestions which had been put forward earlier (MTN/TAR/2, paragraphs 2 and 3) should remain before the Group.

7. In answer to a question, the delegation that had put forward the proposal referred to in paragraph 2 above pointed out that the aim of its proposal on special procedures was to provide a mechanism in which the interests of developing countries were especially taken into account. This procedure should go on in parallel with the establishment of a tariff cutting formula which, however, would apply only to developed countries. Under this proposal, developed countries should later have the right to notify items of particular export interest to them in developing countries' markets.

8. Another proposal on special procedures for negotiations between developed and developing countries was made by some delegations (MTN/TAR/W/17). While spokesmen from some developing countries pointed out certain shortcomings and deficiencies this proposal was welcomed. Several delegations made preliminary comments on it.¹ One delegation reiterated a proposal put forward at the previous meeting of the Group and further elaborated on it (MTN/TAR/W/4, paragraph 3 and MTN/TAR/W/22). It was pointed out that it should be possible to combine proposals on this subject which had been submitted so far in order to arrive at generally acceptable procedures. There seemed to the Chair to be a wide measure of support for the view that the Group should elaborate these procedures in parallel with its work on the general tariff cutting formula. Some delegations considered that the process of bilateral notifications and consultations would be the most appropriate way to identify the products of special export interest to developing countries and that it should constitute the first step in this procedure. Delegations from developing countries stressed the need for establishing the principles for differentiated and more favourable treatment before entering into such a process of bilateral notifications and consultations. It was also proposed that before entering into such a process an indicative list of products of export interest to developing countries should be drawn up on the basis of data available in the secretariat.

9. The Chair believes that important progress was made in this area in the sense that several developed countries made specific suggestions as to ways in which special and more favourable treatment in the tariff field might be accorded to exports from developing countries.

10. On the question of base rates/base date regarding unbound duties, a number of delegations further explained their position. The Group noted that this question constituted an important element in any general tariff cutting formula. It further noted that bilateral consultations were going on and agreed to revert to this question at its next meeting.

¹Statements submitted in writing are reproduced in MTN/TAR/W/19, MTN/TAR/W/23 and MTN/TAR/W/24.

11. Some delegations reiterated the need for participants to submit consolidated schedules of GATT concessions, which was seen as an essential part of the factual basis for the negotiations (MTN/TAR/2, paragraph 13). The Group agreed that the secretariat would consult with delegations concerning the present situation with respect to consolidated schedules.

12. The Group noted that further consultations between delegations were going on concerning the suggestion that assessment of reciprocity in the tariff negotiations should take into account whether duties were applied on c.i.f. or f.o.b. basis and that appropriate adjustment of depth of cuts should be made. The Group agreed to revert to this item at its next meeting.

13. The Group noted that the question relating to the link between negotiations on tariffs and negotiations on particular non-tariff measures was under consideration in Group "Non-Tariff Measures" and agreed to revert to the matter at an appropriate time.

14. It was noted that the secretariat would proceed as expeditiously as possible with providing assistance to developing countries along the lines set out in MTN/TAR/W/16. The Group agreed that the secretariat should consult with interested members of the Group on what might be done in the way of analysis of the effects of different tariff cutting formulae on the tariffs facing the exports of the developing countries taken as a group and would report back to the Group "Tariffs" at its next meeting.

15. The Group requested the secretariat to draw up, on the basis of the explanatory notes describing procedures for fixing and modifying tariff rates (MTN/TAR/W/6 and Addenda) and of any additional information it might obtain from delegations, a synoptic table, country by country, along the lines contained in paragraph 3 of MTN/TAR/W/11.

16. It was agreed that all the items on the agenda for the present meeting should continue on the agenda for the next meeting.

17. It was agreed, on the assumption that considerable work would be done in the interval by all delegations, that the Group should meet again in the week of 5 July 1976.