

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

Group "Tariffs"

INFORMATION FOR ASSESSMENT OF TARIFF-CUTTING FORMULAE

Report by the Secretariat

At its last meeting held in October 1975, the Group "Tariffs" discussed the secretariat Note, MTN/TAR/W/8, and agreed that the secretariat continue its work on a system which would rapidly provide the information needed by delegations for their evaluation of tariff-cutting formulae. The secretariat was then asked to report at this meeting.

The secretariat has continued its examination of the matter and consulted informally with a number of delegations in order to better assess their needs. These consultations are still continuing.

Since the Group's last meeting, there has been one technical change. Our early discussions of the system for a rapid provision of tariff and trade information were based on the assumption that the new computer facility which was being installed, the so-called GIM-II system, could be utilized for this purpose. The secretariat was, in fact, planning a system that would have made it possible to provide information tailored to specific needs of individual delegations. The technicians have now made clear that the new facility cannot handle calculations and tabulations as complex as those required for the present purpose. It is therefore necessary to prepare a programme for normal computer processing, through which each developing country will still obtain information relevant for its own trade but this information will be arranged according to a uniform pattern.

Subject to further suggestions, the secretariat has identified a number of points on which an interested developing country may need information enabling it to examine what the implications of different tariff-cutting formulae would be for the tariff

treatment of its exports. Information may be required by each interested country broadly on the following points:

- (i) The volume and the proportion of the trade of the country concerned going to markets comprised by the tariff study in each category and sub-category, facing: (a) zero m.f.n. tariffs; (b) zero preferential tariffs; (c) positive preferential tariffs; and (d) m.f.n. tariffs both before and after application of a given formula.
- (ii) With respect to each product in each category and sub-category, the principal m.f.n., GSP, or other preferential suppliers.
- (iii) How imports from the country concerned are distributed by the degree of processing, what degree of tariff escalation these products face and how would the degree of escalation be affected by a given formula.
- (iv) The rate of growth of selected products in each category in principal markets during recent years.
- (v) The overall tariff reduction pattern which a formula would produce with respect to all products supplied by the country concerned to a particular market and to all developed markets combined. This would be in the form of a table summarizing the distribution of tariff lines according to the level of tariff cuts and covering all products of interest to the country concerned so that the effects of the concessions on items of potential interest can also be taken into account.

It should be emphasized in this context, what delegations know already, namely, that the information contained in the Tariff Study files on the GSP and imports under it is not very satisfactory. For example, only imports eligible for GSP can be shown instead of those actually admitted under the scheme. Some donor countries cannot provide detailed information by tariff lines, sometimes it is difficult to distinguish between ceilings and more flexible surveillance arrangements, and there are other problems.

Now for timing. A computer programme to provide information on the five points described is obviously a complex exercise. If the computer unit is not to fall behind with its regular work - updating the Tariff Study files to 1974, preparation of the Tariff Rate Information Files, and the tabulations already promised to a large number of developing countries - the whole set of these programmes could not be ready in less than three months. Once it is ready, any new formula could be processed by it for any number of developing countries within two or three weeks.

While these programmes would be in preparation, the secretariat could still provide to interested developing countries useful, if not as usefully arranged, information on the numerical effects of various tariff formulae. The secretariat has already prepared printouts from the Tariff Study files concerning items of interest to each developing country and their existing tariff treatment. Without much difficulty, these "country studies" could be supplemented by additional columns, indicating the tariff levels which would result from the application of several of the formulae discussed in this meeting. This could be done within a month from now.

This report has tried to indicate, in as precise detail as possible at this stage, the kind of information that may be made available to delegations by the secretariat, given the facilities at its disposal and some of the inherent limitations of the exercise. For preparation of some of the tabulations, the secretariat would of course have to seek the co-operation of individual delegations, e.g. in selecting lists of products on which data may be compiled. It follows that the time needed for the completion of the exercise will also depend on the speed with which this information can be provided to the secretariat. The secretariat remains open to suggestions from delegations and if the general approach outlined is acceptable to the Group, we could discuss further details of the tabulations with the countries most interested and proceed with the exercise.