

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG1/2

7 May 1987

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Group of Negotiations on Goods (GATT)

Negotiating Group on Tariffs

MEETING OF 27 APRIL 1987

Note by the Secretariat

A. Continuation of exchange of views on submission of proposals by participants relating to the tariff negotiations.

1. The Chairman recalled that at the Group's first meeting in February, some delegations had already made specific comments and suggestions related to tariff negotiations, which had been reflected in document MTN.GNG/NG1/1. He noted that the secretariat had also prepared two background documents, i.e. a paper on the tariff negotiations in the Kennedy and Tokyo Rounds (MTN.GNG/NG1/W/1) and a survey of the importance of tariff bindings related to the twelve delegations participating in the Tariff Study (MTN.GNG/NG1/W/2). The Group then discussed the following points:

(a) Approach to tariff negotiations and treatment of low tariffs

2. Some participants insisted on the need for the adoption of a tariff formula of general application, similar to the one adopted in the Tokyo Round. Other participants which said that they had substantially reduced their tariffs in previous trade negotiations considered that there was little room for them for further tariff reductions; consequently, the use of a request-and-offer procedure which would also take account of the problems of tariff peaks and tariff escalation, would be more appropriate for them. A further view was that a combination of the two procedures might be the best approach, providing for formula cuts for rates above a certain level and for requests and offers below that level. The proposal made at the first meeting by one participant for complete elimination by developed countries of industrial tariffs (except for mineral and forestry products) was further elaborated. Another participant suggested that countries should, by mid-December 1987, submit their request lists in order that the problems to be negotiated in the tariff area be clearly identified. Developing countries stressed the fact that the main problems for them remained tariff peaks and tariff escalation in the markets of the developed countries. A participant reiterated that rates below 7 per cent should not be the subject of negotiations at this stage, a view contested by some other participants.

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(b) Base rates for negotiations

3. Divergent views were expressed whether the negotiations should be based on the applied rates or on bound rates. It was also pointed out that the tariff negotiations should be carried out on the basis of the Harmonized System for those countries that would have adopted the new system of nomenclature at the time of the negotiations.

(c) Degree of bindings

4. Several participants stressed that contributions by developing countries could be made in the form of increasing the degree of their tariff bindings, the actual rates depending on their level of development. It was also proposed that all participants bind the totality of their tariffs in order to ensure greater security in world trade.

(d) Revision of Article XXVIII

5. It was suggested that all proposals related to the modifications of this Article should be discussed in the Negotiating Group on GATT Articles, with a possibility to revert to this matter at a later stage, if necessary.

B. Broadening and updating of factual basis for the tariff negotiations

6. The Chairman recalled that at the last meeting the view had been expressed by several delegations that it would be desirable that the two data bases on tariffs presently existing, i.e. the Tariff Study and the Harmonized System Data Bank, be broadened and up-dated and that more countries participate in the collection of tariff and trade data in computerized form. Pending a decision on the establishment of an integrated data base which would bring together information on trade flows, tariffs, quantitative restrictions and other non-tariff measures and for which a proposal by the secretariat would be circulated shortly, the Chairman explained that the existing sources would be brought up-to-date and used for the negotiations.

7. Several participants considered that the existing data bases, the Tariff Study and the HS Data Base, needed to be expanded to include information for more contracting parties so that they could serve as useful tools for the negotiations. The secretariat was requested to prepare a note outlining the type of information which countries would be required to submit in order to participate in the Tariff Study and/or the Harmonized System Data Base.

C. Observer organizations

8. The Chairman recalled that at its meeting of 14 April 1987 the Group of Negotiations on Goods had decided in principle to invite, for the initial phase, the executive heads of the United Nations Secretariat, UNCTAD, the IMF and the World Bank to be represented at its meeting and that each of the fourteen Negotiating Groups would consider the question of

inviting to their meetings, as appropriate, international organizations which could assist them in the pursuit of their tasks. Recommendations made by the Negotiating Groups to this effect would be submitted to the Group of Negotiations on Goods. It was therefore for the Negotiating Group on Tariffs to decide what recommendations it wished to submit to the GNG. He added that it would of course always be open to the Group to hold closed meetings when necessary.

9. Some participants considered it useful to invite international organizations to attend formal meetings of the Group in order to provide factual information and appropriate technical support, while others questioned the appropriateness of such general invitations. No consensus could be reached concerning a recommendation to invite certain international organisations, to be submitted to the Group of Negotiations on Goods. The matter will be taken up again at the next meeting of the Group.

D. Date of next meeting

10. The next meeting of the Negotiation Group will take place in the week beginning 29 June 1987.