

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG1/4
23 October 1987

Special Distribution

Group of Negotiations on Goods (GATT)
Negotiating Group on Tariffs

MEETING OF 16 AND 19 OCTOBER 1987

Note by the Secretariat

1. The Group was chaired by H.E. Mr. L. Duthie. It pursued the discussion on the following points.

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

2. The Group had before it two new submissions by participants relating to the modalities for tariff negotiations, contained in MTN.GNG/NG1/W/11 and 12, respectively, in addition to the submissions on the same subject, which had already been considered at the third meeting (MTN.GNG/1/W/5-9). The Group also had before it a synoptic table, prepared by the secretariat upon the request of the Group, containing the main elements of the different proposals and statements made by participants, as they relate to the tariff negotiations.

3. The first of the two new submissions, relating to tariff negotiations except in the areas of tropical products, agriculture and natural resource-based products, emphasizes the need to substantially narrow the gap between the tariff levels of various contracting parties. It provides for tariff reductions by participants, coupled with a commitment by all contracting parties to achieve full bindings of their industrial tariffs, through the application of a general harmonization formula for high tariffs in excess of a level to be determined, and a request-and-offer procedure for tariffs in a middle range; low tariffs should only be considered on a case-by-case basis after careful examination. It is pointed out that tariff escalation cannot be readily resolved by the application of a general tariff cutting formula and that, since this problem tends to affect particularly tropical products, natural resource-based products and agriculture, it should be tackled in the three negotiation groups concerned. The submission, while recognizing the link between tariffs and non-tariff measures, proposes that these areas should - in view of their distinct character and procedures - be dealt with separately in the negotiating process, especially during the early phases.

4. The second new submission before the Group, dealing with all tariffs except on agricultural products, proposes the application of a tariff-cutting formula with a harmonizing effect, with the Tokyo Round

formula as a starting point for further discussion. It also envisages the possibility that interested participants carry out negotiations on reductions that would go beyond those achieved by the general formula. The submission underlines the need that all participants bind all their tariffs on industrial products, which for some participants and for some products would not need to entail actual tariff reductions. Negotiations on tariffs should not procedurally be mixed with negotiations on other subjects, as this would make the work much more complex and cumbersome.

5. Several participants made detailed comments on the two most recent submissions, as well as on submissions made at an earlier stage. Among the issues discussed were the possible approach to the tariff negotiations (formula, request-and-offer procedure, combined approach), the treatment of low tariffs, the link between negotiations on tariffs and non-tariff measures, the need for increased bindings by all participants, and the question of base rates to be used in the negotiations. The Group requested the secretariat to revise the synoptic table (MTN.GNG/NG1/W/10) in light of the comments made at the meeting as well as any further submission that may be made by 30 October 1987.

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

6. Several participants referred to the lack of information relating to tariff and trade data from a large number of countries. It was stressed that, in order to be able to analyse the various proposals made and to subsequently carry out the actual negotiations, a sufficient pool of data for all participants - regardless of their state of development - must be available. One participant put forward its ideas on the details of the information that should be provided. The requirement to have sufficient data was independent of the proposal for the creation of an integrated data base that was presently under consideration in the GATT Council. Two delegations not participating in the Tariff Study or the Harmonized System Data Base stated that the matter was under active consideration by their authorities, but that practical difficulties, especially due to the introduction of the Harmonized System, had so far made it impossible to come to a final decision. The Chairman noted the consensus in the Group that comprehensive tariff and trade data by as many participants as possible were essential for the conduct of the tariff negotiations and that this question should receive more rigorous attention in the future by the Group and by individual delegations.

7. Other business

Date of the next meeting

As decided by the GNG at its meeting of 12 October, the Group agreed to meet again on 16 and 17 November 1987.