

MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND

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

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PROPOSAL BY THE REPUBLIC OF KOREA

The Republic of Korea hereby submits a proposal on tariff negotiations. The proposal is a preliminary one, without any prejudice to Korea's future position on the negotiations.

1. Modalities for tariff negotiations

It is widely recognized that earlier rounds of multilateral trade negotiations including the Kennedy Round and the Tokyo Round, brought about substantial reductions of tariff rates of contracting parties, especially developed contracting parties. It is highly commended that the low average level of tariff rates resulting from these negotiations has contributed considerably to further liberalization and expansion of world trade, including the improved market access.

Despite these significant tariff reductions on industrial products in developed countries, access to certain markets of developed countries continues to be restricted by tariff barriers set up by these countries' tariff peaks and tariff escalations.

The tariff peaks of developed countries covering certain sectors constitute an impediment to developing countries' exports of particular interest to them. In addition, the application of high tariffs by developed countries to processed goods creating high added-values has hindered the development of processing industries in developing countries and has caused them to specialize in primary product production. As a result, the distribution of resources of developing nations has been distorted and their economic development has been retarded.

Accordingly, these negotiations should focus on the solution to these problems. Agreement on the most appropriate and possible modalities for tariff negotiations, should be sought through discussions among participating countries in future negotiations.

In connection with this, the Republic of Korea supports the proposal made by some countries that developed countries eliminate the tariff rates

on industrial products to zero. However, if that proposal is not acceptable, we feel that the harmonization formula cut is appropriate in meeting the objectives set out in the Ministerial Declaration.

A request-and-offer procedure advocated by some contracting parties is not expected to lead to a substantial reduction of tariffs. It would entail a number of bilateral negotiations which would require much time and effort of participating countries and provide little incentive for the majority of contracting parties to participate. Even though modern data processing techniques have been developed, a request-and-offer procedure, therefore, is likely to prove ineffective and to bring about the result of the contracted balance in exchange of concessions among participating countries, as the results of past multilateral trade negotiations have shown.

The less developed contracting parties, who have participated in the previous multilateral trade negotiations to a very limited extent, are urged to participate more fully in the framework of rights and obligations through the binding of more items in the negotiations.

However, due attention should be given to the particular economic situation facing developing countries and the principle of differential and more favourable treatment as envisaged in the Punta del Este Declaration should be applied in a manner that is effectively beneficial to developing countries.

In this regard, we would like to call participating countries' attention to the relevant provisions of the Ministerial Declaration that the developed countries do not expect the developing countries, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs.

In reference to appropriate methods for the expansion of the scope of tariff concessions made by less developed countries, the Republic of Korea, recognizing that an increase in binding is the most important contribution that developing countries could provide, proposes that the less developed countries bind the items corresponding to a certain proportion of respective total imports.

The autonomous trade liberalization programme undertaken by the developing countries also should be recognized in the negotiations.

## 2. Base rates and base date for negotiations

According to our proposal, base rates, from which specific offers on specific products are derived in negotiations, is one of the most important issues to be discussed. We advocate the proposal that the base rates for reduction be the rates bound in participants' schedules annexed to GATT or, when no GATT binding exist, the domestic statute rates.

Regarding the base date of unbound items, September 1986 when the Uruguay Round was launched, is generally appropriate, but for those countries introducing the Harmonized System (HS) on 1 January 1988, the statutory rates on that date by the nomenclature should be used.

3. Low tariffs

Low tariffs of developed countries should be reduced or eliminated as they are ineffective as revenue producers and constitute procedural barriers to trade in industrialized countries.

4. Broadening and updating the factual basis for tariff negotiations

For thorough preparation for the substantive phases of tariff negotiations, we recognize that it is essential to update and enlarge the GATT secretariat's Tariff Study and other data bases.

However, developing countries have encountered some technical difficulties in participating in the above-mentioned data bases.

The GATT secretariat and the developed countries are urged to provide the developing countries for technical assistance in removing these obstacles to their participation in these data bases.

At present, the Republic of Korea is seriously considering whether to participate in these data bases.