

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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

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MODALITIES FOR TARIFF NEGOTIATIONS

Statement by the Delegation of Egypt at the Meeting
of the Negotiating Group on Tariffs, November 1987

The Punta del Este Ministerial Declaration calls on this Negotiating Group to, "by appropriate methods, reduce or, as appropriate, eliminate tariffs including the reduction or elimination of high tariffs and tariff escalation. Emphasis shall be given to the expansion of the scope of tariff concessions among all participants".

Paragraph (iv) of Section "B" of the Ministerial Declaration provides for the application of the principle of relative reciprocity in the negotiations between developed and developing countries. It states:

"CONTRACTING PARTIES agree that the principle of differential and more favourable treatment embodied in Part IV and other relevant provisions of the General Agreement and in the Decision of the CONTRACTING PARTIES of 28 November 1979 on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries applies to the negotiations".

Since the work of this Group is still at an early stage, we would like to submit our initial views on the questions at issue, without prejudice to any further ideas we might have on them.

1. Approach to tariff negotiations

Participants in the Group so far have different views as to whether the negotiating objective would be best achieved by the use of a tariff cutting formula or by a request-and-offer technique, or by a combination of both.

We would think at this stage that a tariff cutting formula with a harmonizing factor should be applied by developed countries, and we can draw useful examples from some of those previously proposed and used in the Tokyo Round:

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a) a linear reduction formula of a certain percentage to be agreed upon, with a harmonization element of 2% ad valorem;

or

b) the formula which was actually used in the Tokyo Round
($Z = \frac{A X}{A + X}$) but with a different coefficient to achieve more reductions (8 or 10).

As for developing countries, we think that more than one option should be provided, and a choice could be made by each of them; a request-and-offer approach or for example a linear reduction formula of a certain percentage, to be agreed upon later, with a permanent harmonization element, also to be agreed upon subsequently. In the case of the latter approach, exceptions would be needed.

2. Low tariffs

The question of low tariffs is much related to the tariff policy objectives of each and every country. Such low tariffs do serve a number of useful and essential purposes. In the case of developing countries, they are not only used for fiscal purposes but they also provide a minimum level of protection which helps avoid other forms of trade measures. Therefore, we think that tariffs below 10% in the case of developing countries should not be included in the negotiations. Since the situation is different in developed countries, low tariffs should be looked at in a different way and they should not be excluded from the negotiations.

3. Base rates

The base rates on which negotiations are to be based for developed countries should be the applied rates, while as far as developing countries are concerned, negotiations should be based on their bound rates.

4. Degree of binding

It is generally recognized that increased bindings would provide more stability and predictability to the trading environment. Our view is that developed countries should bind all their industrial tariffs. Each developing country should be in a position to determine the extent to which it is ready to undertake commitments in this area.

It should also be recognized that the concessions that may be made by developing countries in this regard shall be determined by them, according to their own assessment of the benefits that would accrue to their trade from these negotiations, and that the question of binding should be considered separately from tariff reductions. Due account should be taken of unilateral liberalization measures taken by developing countries in recent years.