

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG1/5

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

MEETING OF 16-17 NOVEMBER 1987

Note by the Secretariat

1. In the absence of H.E. Mr. L. Duthie, the Group was chaired by Mr. Charles R. Carlisle, Deputy Director-General. It pursued the discussion on the following points.

Item 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/13 and 14, respectively, in addition to the submissions and proposals on the same subject submitted by seven participants which had already been considered at previous meetings of the Group and which were contained in documents MTN.GNG/NG1/5-9 and 11-12. A third proposal was submitted orally during the meeting and will be circulated in document MTN.GNG/NG1/W/15. The Group also had before it a revised synoptic table prepared by the secretariat since the last meeting (MTN.GNG/NG1/W/10/Rev.1), which incorporated statements and elements that had been put forward at the last meeting and thereafter.

3. The first new submission proposes the application of a harmonization formula with special and differential treatment for developing countries, the increase of the scope of tariff bindings by developing countries relating to a proportion of their total imports, it being understood that autonomous liberalization measures taken by these countries should be recognized in the negotiations; it also foresees the broadening and updating of factual bases for negotiations. According to the proposal, the base rates should be the bound rates and, if the rates are not bound, the domestic statutory rates; for countries introducing the Harmonized System on 1 January 1988, the statutory rates on that date in the HS nomenclature should be used. Finally, low tariffs of developed countries should also be subject to negotiations.

4. The other proposal provides for an integrated approach to the assessment of negotiated reductions of both tariffs and non-tariff measures, including subsidies, which act as barriers or disrupt trade. It foresees the calculation by each participant of the protective effect of existing tariffs and non-tariff measures using a single measurement technique called the effective rate of assistance; a detailed explanation of this technique is described in the submission. Negotiations would aim at reducing and/or eliminating the total industry assistance and not merely the most visible measure, i.e. the tariffs. The proposal also envisages the negotiation of formula cuts and the phase-out of quantitative restrictions, as well as bindings in all sectors.

5. The third proposal made orally during the meeting envisages the application of a tariff cutting formula with a harmonizing effect, to be applied by developed countries but leaving the choice of approach to developing countries. Low tariffs should not be excluded from the negotiations by developed countries whereas tariff rates below 10 per cent applied by developing countries should not be included in the negotiations. The base rates for negotiations should be the applied rates for developed countries and the bound rates for developing countries. All industrial tariffs should be bound by developed countries, whereas developing countries should determine themselves the extent to which they can bind their tariffs.

6. A discussion took place on the new as well as on the previous proposals made, in the course of which several participants requested further clarifications of specific points contained in the various proposals.

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

7. It was generally recognized that it was important to enlarge the participation in the existing data bases and that the latter should be brought up to date, since accurate information was essential to carry out the tariff negotiations. Some delegations were of the view that priority should be placed on the supply of data before deciding on the tariff-cutting approach. Other participants underlined that work on the collection of data and on the search for a tariff-cutting approach should proceed in parallel.

8. One participant which at an earlier meeting had submitted a proposal relating to tariff negotiations requested that the secretariat prepare a study on the effects of the Kennedy and Tokyo Round results on the exports of developing countries, a statistical description of the present tariff restrictions and their impact on the developing countries' trade in the developed economy-market countries, and an assessment of the effects of the proposals listed in document MTN.GNG/NG1/W/10/Rev.1 on the developing countries' trade. In the absence of an agreement on this proposal, it was decided to revert to this matter at a later stage.

Item C: Other business, including date for next meeting

9. The Chairman proposed that the Group meet again in the week of 18 January 1988, remaining in session during the whole week for formal and informal meetings, this date being subject to confirmation by the GNG at its meeting of 16 December 1987.

10. At the end of the meeting, the Chairman said that the Group now had before it a substantial number of substantive and detailed proposals which relate to the approach to the tariff negotiations, including elements pertaining to the tariff-cutting approach, the elimination of high tariffs and tariff escalation, and the possible expansion of tariff concessions including bindings. The Group also had available a good deal of background documentation provided by the secretariat, including the synoptic table contained in MTN.GNG/NG1/W/10/Rev.1 which would be brought up-to-date on the basis of the most recent discussion and contributions. He expressed the hope that this table would continue to be useful for the future work, including a more detailed consideration of the proposals made. Somewhat less progress seemed to have been made in the Group on the question of a wider participation of countries in the tariff data bases, although some delegations had stated that this matter was under serious consideration in their capitals. The Group would keep this item on the agenda for subsequent meetings, especially since a number of participants saw a direct link between the question of the availability of tariff and trade data and the selection of an agreed approach to the tariff negotiations. The Chairman concluded by saying that a good basis had been laid for the Group to search, in the meetings to be held in the new year, for an agreement on a common negotiating basis comprising the issues just mentioned. He invited participants to give this matter serious and urgent consideration in order that the Group could move forward expeditiously on this front in 1988.