

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG1/6

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Special Distribution

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

MEETING OF 23 FEBRUARY 1988

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 a total of eleven proposals or submissions by participants on tariff modalities 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, which had been circulated in MTN.GNG/NG1/W documents. Two new papers were presented to the Group at the meeting: a supplementary submission contained in document MTN.GNG/NG1/W/8/Suppl.1<sup>1/</sup> and a new proposal in document MTN.GNG/NG1/W/16. The Group also had available a revision of the synoptic table prepared by the secretariat, which included all the proposals and comments made by delegations (document MTN.GNG/NG1/W/10/Rev.2).

3. One of the proposals submitted to the Group at an earlier stage had envisaged the complete abolition of all tariffs in the industrial sector, with the exception of mining and forestry products. The supplementary submission foresees the elimination, for the developed countries, of a proportion of their tariffs on industrial and mining products, the proportion to be defined by agreement as a rate which represents, in terms of either tariff revenue or import value, the share of products for which tariffs are to be eliminated. For the remaining tariffs, a harmonization formula method would be applied. The supplementary submission foresees also that developing countries would be expected to make appropriate efforts to increase the degree of their tariff bindings and reduce their tariffs commensurate to their stage of economic development.

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<sup>1/</sup> Subsequently circulated again as document MTN.GNG/NG1/W/8/Suppl.1/Rev.1.

4. The new proposal submitted to the Group foresees the application by all participants of the harmonization formula used in the Tokyo Round, but with a coefficient 15 instead of 14. This formula, to be applied to industrial products, would have a particular impact on tariff peaks and might contribute effectively to reduce tariff escalation. It would cover bound and unbound tariffs and the base rates would be the rates actually applied and not the bound rates. The proposal also stresses that, in the context of updating of the data base, each participant should furnish the secretariat with a complete and up-to-date tariff actually in use.

5. Several participants commented on the new submissions as well as on the proposals made earlier to the Group. The discussion focussed particularly on the question of product coverage of the tariff negotiations. Some delegates voiced their disagreement with the exclusion from the scope of work of the Negotiating Group of certain sectors like agriculture, forestry, fishery, petroleum and tropical products. A participant said that his delegation did not accept that natural resource based products should be left outside the scope of this Negotiating Group. Another issue which was the subject of interventions from participants related to the lack of special and differential treatment to be accorded to developing countries in the tariff negotiations in various proposals submitted to the Group. A few delegates reiterated that the rationalization of tariffs and autonomous tariff reductions made by developing countries should be given due credit.

6. One participant referred to the proposal made by his country concerning an integrated approach to the negotiations through the measurement of the effective rate of assistance of tariff and non-tariff measures existing in individual countries' market and encouraged members of the Group to explore further the utility of this concept.

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

7. The Chairman noted that although this item had been on the agenda of the Group since its first meeting, little progress had been made concerning the wider participation of countries in the Tariff Study. He recalled that a number of participants had pointed out on several occasions that they saw a direct link between the question of availability of tariff and trade data and the selection of an agreed approach to the tariff negotiations.

8. A participant suggested that the secretariat examine a possible solution for countries to gather basic information on trade flows with a view to preparing a simplified submission than that required for the Tariff Study. He also suggested that the secretariat document on the scope of bindings (MTN.GNG/NG1/W/2) be expanded to include as many countries as possible, but another participant said that she could not accept this suggestion at this stage. Reference was also made to the work being carried out for the establishment of an Integrated Data Base and the wish to accelerate the submission of tariff and trade data in this context.

C. Consideration of next steps in the work of the Group and arrangements for further meetings

The Chairman said that the Group had now terminated its initial phase and should enter into the negotiating process and search for an agreement on a common negotiating basis which would include the issues considered in the initial phase, i.e. a tariff cutting approach, the elimination of high tariffs and tariff escalation, as well as the expansion of the degree of bindings by all participants.

9. The Group agreed that the next meeting of the Group would be held on 18 and 19 April 1988.