

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG1/8

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Group of Negotiations on Goods (GATT)

Negotiating Group on Tariffs

MEETING OF 24 JUNE 1988

Note by the Secretariat

1. The Group was chaired by H.E. Mr. L. Duthie. 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. A new proposal containing the main elements of a possible common approach to the tariff negotiations was presented to the Group by several participants.¹ This submission foresees the application of a tariff-cutting formula such as the Swiss formula used in the Tokyo Round, which should also reduce or eliminate low duties and deal with tariff escalation. The base rates should be the bound m.f.n. rates or, for unbound items, the applicable m.f.n. rates as of 1 January 1988; however, where autonomous or unilateral changes have been made in advance of that date, the base rates should be those normally applicable as of the date of the Ministerial Declaration. The objective would be to bind all negotiated tariff reductions and also increase the level of bindings by developing countries. The objective would be the broadest possible participation of all developed and developing countries, but taking into account the special needs of the latter. No a priori exclusions would be envisaged in this tariff negotiating approach; however, progress in other negotiating groups would have to be taken into account and, if there were limited exceptions agreed upon, appropriate rules to ensure that these would be kept to an absolute minimum would be needed.

3. Many participants expressed strong support for various elements of the proposal, in particular the use of a tariff-cutting formula and considered the proposal as a good basis for further discussion. Some other participants requested more time to examine the proposal. Another participant stated that some of the elements described in the proposal were interesting but that certain aims in the tariff area would be better achieved through a request-and-offer procedure than a harmonization formula. One participant emphasized the need for establishing a

¹Subsequently circulated as document MTN.GNG/NG1/W/18.

macro-target for the tariff negotiations, which would not only create a new momentum for the tariff negotiations as a whole but also enable the developing countries to push forward their trade liberalization plans and increase their contributions to the negotiations through further tariff reductions and increase of bindings.

4. One participant described a phased programme of across-the-board reductions in tariffs and other assistance measures, which were part of a comprehensive programme of micro-economic reforms. The programme of tariff reductions would consist of the following basic elements: tariffs above 15 per cent would be reduced in five stages to 15 per cent by 1 July 1992; tariffs greater than 10 per cent but at or below 15 per cent would be phased down to 10 per cent by 1 July 1992, and the current 2 per cent revenue duty on imports would be abolished from 1 July 1988 (see also document L/6368). Finally, a developing country participant reported to the Group that her Government had decided to promote substantive changes in its tariff sector, involving a complete revision of the national customs tariff, the elimination of some para-tariff measures and the simplification of import procedures.

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

5. As agreed at the last meeting of the Group, the secretariat had prepared an informal note on the nature of the simplified information required for the tariff negotiations, in advance of the material to be submitted for the Integrated Data Base. The secretariat had also revised and updated the list of tariffs available in the Tariff Division which had been circulated in document TAR/W/40/Rev.5.

6. Two participants from developing countries confirmed their participation in this exercise and informed the Group that the required documentation would be submitted to the secretariat in the near future.

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

7. In view of the progress made during the meeting towards a possible agreement on a common negotiating basis and of the fact that the Group was expected to have only one more meeting before the mid-term review, the Chairman suggested holding an informal meeting on 19 July 1988 in order to continue the discussion, particularly on the various elements contained in the new proposal submitted at the meeting.

8. The Group agreed that the next formal meeting would be held on 13-14 October 1988.