

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG1/11

25 May 1989

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Group of Negotiations on Goods (GATT)

Negotiating Group on Tariffs

MEETING OF 9 MAY 1989

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: Stock-taking of the results of the Montreal Ministerial Meeting and further conduct of the tariff negotiations:

2. The Chairman recalled the results which had been achieved at the mid-term review in the tariff area, but underlined the need for the Group to find a common understanding on certain important issues before the negotiations could actually start. These were the following: (1) the negotiating approach or approaches; (2) the product coverage; (3) phasing; and (4) credit for bindings.

3. In the discussion, many participants echoed the Chairman's view about the very good results achieved at Montreal. On the question of the negotiating approach or approaches, one participant stated its strong preference for a formula approach based on tariff harmonization, including the possibility of elimination of tariffs, for the following reasons: (i) the adoption of a formula approach in previous rounds had brought about substantive reductions of duty rates; (ii) the formula approach was most appropriate to ensure transparency of the negotiations and the widest participation of countries including developing countries; (iii) in view of the great number of participants in the Uruguay Round, request-and-offer procedures would make the negotiations too complex. This participant, whose views were supported by others, expressed the hope that the Group would be able to reach agreement on a formula by July 1989. It was also said that a formula approach might be supplemented by a request-and-offer procedure in order to achieve deeper than formula cuts for individual products.

4. Some participants supporting a general harmonization formula approach stressed the importance of a multilateral surveillance mechanism as the tariff negotiations progressed. One of these participants maintained that it was only through such multilateral procedures that the Group could achieve the objectives set by the Ministers, and therefore a clear guideline for detailed procedures should be established. One participant, while recognizing that no single approach might be possible, emphasized that guidelines for the negotiations should be elaborated and an agreed

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arrangement was needed to start substantive negotiations. Another participant stressed that it favoured the use of a single formula by all participants, and that it reserved its right to make a new proposal in this regard.

5. One participant stated that the Montreal text provided the Group with all the necessary parameters for the work over the coming months and that only technical issues remained to be worked out by the Group. This participant reiterated its position that it would use an integrated, product-specific request-and-offer approach for its negotiations and indicated the intention to submit initial request lists comprising both tariff and related non-tariff measures. The participant explained that the initial requests would be addressed only to those participants who had provided tariff and trade data. It did not intend to make concessions to participants which did not fulfil the basic requirement of providing such data, and it would not make offers on products which would indirectly benefit such participants. It attached importance to considering both tariffs and non-tariff measures concerning individual products to ensure that the negotiations would result in real market access. Another participant stated that it could have difficulty in applying a harmonization formula approach because the revenue generated from customs duties was an important factor in its national budget; therefore, it intended to use the request-and-offer approach as it had done in previous rounds.

6. A number of developing country participants agreed to the urgent need to establish multilateral procedures for the negotiations. These should fully take into account the special and differential treatment which developing countries required in this area of the negotiations. These countries underlined that their own contributions would depend on their individual development, financial and trade needs.

7. On the question of the coverage of the tariff negotiations, several participants reiterated their respective positions. While some participants strongly advocated the inclusion of all tariffs in the work of the Group, others stressed that certain product categories were fully covered in other fora of the negotiations.

8. With regard to the question of the phasing of tariff reductions, the Group took note of the agreement reached at the mid-term review that the phasing of tariff reductions over appropriate periods was to be negotiated. One participant took the view that different time-frames should be accorded to the developing countries for the implementation of tariff reductions.

9. Concerning the credit for bindings, one participant stressed the need for credit to be given to bindings as well as liberalization measures adopted since 1 June 1986. It stated that it would submit a paper on this subject in due course.

10. One participant suggested that the secretariat prepare a factual note explaining for each element set out in the Montreal text the practice used

in previous rounds. The participant agreed to submit its proposal in written form for consideration at the next meeting of the Group.

Item B - Broadening and updating of the factual data base for the tariff negotiations

11. One participant stressed that all participants should engage in tariff negotiations and that data should be duly provided. It reiterated its suggestion that those developing countries which had difficulties in presenting a complete set of data might prepare data in simplified format which should contain absolutely necessary information for the tariff negotiation. Some participants stated that they could not negotiate without appropriate tariff and trade data and urged those countries which had not provided such data to do so as soon as possible. Following a progress report made by a member of the secretariat on this matter, participants gave an oral report on the progress of preparing data.

Item C - Consideration of the Group's future work and arrangement for further meetings

12. The Group agreed that the next meeting would be held on 15 and 16 June 1989, to be followed by a further meeting in mid-July.

Other business

13. The Chairman raised a point which had been brought to his attention by the Chairman of the GNG and which related to proposals made by least-developed countries, contained in document MTN.GNG/W/14/Rev.1. The Chairman read out the communication from the Chairman of the GNG and the Group took note of it.

14. One participant made an announcement stating that it had the intention to implement autonomous tariff reductions on 1 July 1990, subject to parliamentary approval. A list of items for reductions would soon be circulated to the contracting parties; a fuller account would be given at the Council meeting in June 1989. This participant explained that these reductions would be implemented on an m.f.n. basis and without staging. They were meant to be advance contributions to the Uruguay Round tariff cutting exercise on the basis of a harmonization formula. Its government was prepared to bind these reductions, and full credit should be given to these measures.