

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.IND/7

16 January 1969

Limited Distribution

Committee on Trade in Industrial Products

TARIFF STUDY

Meeting of Group of Technical Experts

Note by the Secretariat

1. At its first meeting the Industrial Committee took note of the work being done on the tariff study by the secretariat described in COM.IND/5 and of the sample tables circulated as Spec(68)104, and established a group of technical experts to give advice on the organization of the data for the study (L/3083, paragraph 18).
2. The Group, composed of experts from Canada, the European Communities, India, Japan, Sweden, South Africa, Switzerland, United Kingdom and United States, met on 21 and 22 November 1968.
3. The Group noted that it had also been requested by the Committee on Trade and Development to examine the secretariat's study on the effects of specific duties on the exports of developing countries (COM.TD/W/74) with a view to suggesting how it might be supplemented or improved. Points made in the discussion of this study are summarized in paragraphs 17 to 23 of the present note.

The basic files

4. Several points were raised relating to paragraphs 3 to 6 of COM.IND/5 in which the secretariat described the information which it is including in the basic files. It was noted that Finland was being added to the list of countries covered by the computer exercise. It was also noted that the secretariat would base the ad valorem equivalents of specific duties on global most-favoured-nation imports and that, at the present stage, ad valorem equivalents for each country of origin were not available. It was suggested that the preferential rate should be included in the basic files; it was pointed out that the rate was, in most cases, zero and that separate lists of preferential rates above zero would be circulated with the basic documentation. It was agreed that any questions regarding the concordance between the tariff schedule of the United States and the Brussels Nomenclature at the four-digit level or trade allocations supplied by the United States for new items created in the Kennedy Round should be checked with the EEC delegation.
5. The experts discussed the tabulations to be prepared from the data already on the file on the basis of the secretariat's proposals in paragraphs 7 to 10 of COM.IND/5.

6. The expert from the United States said that the tabulation proposed in paragraph 7 of COM.IND/5 should be expanded to provide a basic universe of information for the tariff study so that they would give full information on individual supplying countries under each sub-heading. Trade sub-totals should be given for each four-figure heading of the Brussels Nomenclature and for each Brussels chapter and a total for the whole tariff. The percentage of imports from individual suppliers and supplier groups should also be given. The secretariat pointed out that the cost of printing full supplier information would probably be prohibitive. There was general agreement that fuller supplier information, including fuller information on leading developing country suppliers, was desirable and it was agreed that the secretariat would work out a presentation of the data in consultation with delegations which would give fuller information without unduly increasing costs.

7. The experts agreed that summaries should be prepared for each four-figure heading of the Brussels Nomenclature. Several detailed suggestions were made for changes to the proposals of the secretariat in paragraph 8 of COM.IND/5. It was in particular agreed that duty-free and dutiable imports should be separated and summaries prepared on both total and dutiable imports. It was agreed that the secretariat should prepare a new format taking these suggestions into account and clear this with delegations.

8. The expert from the United States said that it was premature to summarize by sectors, as proposed by the secretariat in paragraph 8 of COM.IND/5. He agreed that sectors would be defined at a certain stage, but felt that this could only be done after study of the basic tabulations. Other experts stressed the importance which they attached to having summaries by aggregates larger than the four-figure Brussels headings. The expert from the Community supported the proposal that the basic data should be summarized by sectors, using those proposed by the secretariat in the Annex to COM.IND/5 with slight modifications designed to distinguish, within each sector, primary products, semi-manufactured products and manufactured products. As a compromise, and in order not to delay the work, the Community supported the suggestion that the secretariat should prepare a summary based on the two-digit headings of the Standard International Trade Classification. This was agreed, it being understood that the presentation of such a summary table by the secretariat would not prejudice the use to which the Committee would put it.

9. The experts agreed that the tabulations proposed in paragraph 10 of COM.IND/5 could be presented as suggested for selected countries if the budget permitted.

10. The experts also considered a suggestion by the secretariat that tabulations should be prepared listing tariff rates falling in certain ranges. The expert from the European Communities said that in such tabulations a distinction should be made between rates on primary products, semi-manufactured products and manufactured products. The expert from the United States felt that, at that stage, it was not possible to agree on a definition of these categories. It was noted that the secretariat already had instructions from the CONTRACTING PARTIES to examine the escalation of tariff rates with the degree of processing and that the question could be re-examined when this material became available.

Additions to the basic files

11. The Group then considered suggestions from some experts for additional information to be included on the files. The expert from the United States said that the tabulations to be submitted to the Committee should include trade data for the latest year available and that the ad valorem equivalent based on more recent trade data should also be included. It was noted that 1967 trade data should by now be available on tape. It was agreed that delegations of countries included in the computer exercise should be requested to supply ad valorem equivalents based on 1967 data. After discussion the Group agreed that the addition of 1967 data would delay the work and that the secretariat should, in the first instance, produce information based on 1964. In the case of the first basic tabulation, a decision as to whether or not copies of the 1964 data should be printed should be left to the Committee, which would be able to weigh the usefulness of the information against the cost involved. The expert from the United States pointed out that any conclusions or recommendations reached by the Committee on the 1964 data could only be purely preliminary and tentative until more recent data could be obtained and analyzed.

12. The expert from the United States suggested that information on non-tariff barriers to trade should be added at this stage to the basic files. It was pointed out that the Committee was already dealing with non-tariff barriers in a separate exercise, that the addition of this information would delay the submission of the documentation and that the information might be added in a second stage when the non-tariff barrier exercise was more advanced. The United States suggestion was referred to the Committee on Trade in Industrial Products.

13. The expert from the United States said that the tariff study should cover all products, agricultural as well as industrial, and that the tariff rates used should include quantifiable protective charges such as supplemental and variable levies. The secretariat noted that it interprets its mandate to relate only to industrial products. The secretariat had collected the basic data for all products because there was no agreed definition of industrial products. The experts agreed that while chapters 25 to 99 were usually taken as a first approximation, it would not be possible for them to agree on a precise definition of industrial products. They also agreed that the question whether agricultural products and additional quantifiable protective charges such as supplemental and variable levies should or should not be included in the tariff study was not within their terms of reference.

Countries not covered in the general exercise

14. The need to include Canada in the general exercise was stressed. It was suggested that a small group should be established to draw up a concordance between the Canadian tariff nomenclature and the Brussels Nomenclature. The membership of the Group would be open to all members of the Committee in a position to supply technical experts. It was already indicated that experts from the secretariat and the European Communities would be made available if the Canadian authorities agreed to participate in the work.

15. It was noted that Australia, New Zealand and South Africa might be added to the study at a later stage.

16. It was agreed that the possibility of making separate studies on the tariffs of individual developing countries should also be examined.

The study on the effects of specific duties

17. The Group examined the secretariat's preliminary study on the effects of specific duties on trade of developing countries (COM.TD/W/81).

18. It was suggested that in further studies ad valorem incidences should be shown not only for developing countries taken together and developed countries taken together, but also for some individual developing and developed countries so that variations in the incidences within the larger groups of countries could be shown. It was pointed out that incidences based on very small trade volumes could be misleading since goods imported in small consignments tended to carry a higher unit value than those imported in large quantities.

19. Noting that the preliminary study showed only cases where the application of specific duties resulted in significantly different incidences in respect of imports from developing countries as compared with those from other regions, the experts felt that it would be useful if an indication could be given of the proportion of such cases to cases where no significantly different incidences were found.

20. The expert from India stated that in a number of cases products of particular export interest to the developing countries only were subject to specific duties whereas similar products imported primarily from developed countries were subject to ad valorem duties often of lower incidence. He therefore suggested that further studies should show duties on such similar or related products even where they are not subject to specific duties. He also referred to the adverse effects mixed duties, especially those with maxima and minima, could have on trade of developing countries, and suggested that further studies should pay particular attention to these.

21. Experts pointed out that relationships between incidences on imports from developing countries and those on imports from other countries could vary over time, and suggested that it should be useful to show incidences based on data of two or more years in further studies. It was also pointed out that the incidences of specific duties tended to decrease in line with currency depreciation.

22. It was noted that, while developed countries all had some specific duties, the Swiss tariff was entirely specific, primarily for reasons of administrative convenience. The expert from Switzerland said that his Government would be prepared to examine cases in which developing countries referred to difficulties which, in their opinion, were due to the application by Switzerland of a specific tariff.

23. In conclusion, the experts agreed that it would be useful if, on the basis of specific written suggestions from developing contracting parties, the products in which their trade was adversely affected by specific duties maintained by developed countries were identified. The secretariat, in the pursuance of further study on this subject, would take into account any such notifications submitted. The experts also agreed that they would provide assistance as necessary to the secretariat for the continuation of the study.