

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Committee on Trade in Industrial Products

NOTE BY THE SECRETARIAT ON MEETING OF 12-13 NOVEMBER 1970

1. The Committee met on 12-13 November 1970 under the chairmanship of Mr. G. Stuyck (Belgium) to consider the terms of reference for a Working Party on the Tariff Study.
2. The Chairman recalled that at the previous meeting of the Committee on 5 October 1970, there had been divergencies of opinion with regard to what further action should be undertaken by a Working Party on the Tariff Study (see document COM.IND/W/35). At the meeting, the United States representative had made a statement containing certain suggestions, which had been circulated in COM.IND/W/34. After that meeting the EEC had proposed a text for the terms of reference which also was before the Committee in document COM.IND/W/39.
3. The representative of the United States referred to the proposals made by his delegation at the October meeting of the Committee and said that his Government was working on a more detailed proposal for tariff and trade analysis. It was expected that the proposal could be submitted before the end of November. He suggested therefore that another meeting of the Committee to set the terms of reference for the Tariff Study Working Party should be held in December, when members of the Committee had had time to examine the United States proposal. As the Tariff Study had made more progress, at least as far as documentation was concerned, than the work in the other sectors - non-tariff barriers and agriculture - such a short delay would not cause any harm.
4. The representative of the European Economic Community said that there had already been considerable delay in the work on the Tariff Study. It was high time for the Committee to establish a working party to carry out, on the basis of the documentation prepared by the secretariat under the guidance of an Expert Group, the analysis of the tariff situation in accordance with the decisions of the CONTRACTING PARTIES. The terms of reference of the Working Party as proposed by the Community in document COM.IND/W/39 could, however, be amended by the addition of a third item requesting the Working Party to analyze the feasibility of a study of the effect of tariff reductions on trade flows. This would cover the area in which the United States was understood to be making further, more detailed proposals, and the Working Party could then in due course take them up. There was no reason to postpone further, by at least two or three months, the establishment of the Working Party to carry out the instructions of the CONTRACTING PARTIES because the United States wished to enlarge the scope of the study to include elements not envisaged by the CONTRACTING PARTIES.
5. The draft terms of reference proposed by the EEC, amended as indicated in paragraph 4 above, were supported in principle by all members of the Committee, who took part in the discussion, except the United States. It was pointed out by most delegations that the terms of reference could, if necessary, be extended by the Committee when it had had an opportunity to consider the United States proposal.

6. The representative of Canada noted that no time-limit for the completion of the Tariff Study had been fixed by the CONTRACTING PARTIES in the Conclusions of the twenty-sixth session. Although it was desirable that the work in the tariff sector should advance without delay and generally parallel with the work on agriculture and non-tariff barriers, he could in the present circumstances, support the proposal for another meeting of the Committee in December, to establish terms of reference for the Working Party, taking into account, inter alia, the proposals to be made by the United States regarding trade effects of tariff cuts.

7. The representative of the United States said that the terms of reference proposed by the Community, including the amendment set out in paragraph 4 above, could not ensure that a broad and comprehensive approach would be taken to the Tariff Study, could prejudice future negotiating techniques and were for those reasons not acceptable to the United States.

8. The representative of the United Kingdom said that the time had come to decide in which direction the Tariff Study should move. In order not to prejudice the negotiating techniques, the Working Party should, however, be given wide terms of reference. He suggested that the secretariat should be requested to carry out without delay the two analyses foreseen in the terms of reference proposed by the Community (the variations in tariff rates as between and within categories and as between countries; and the differentials in duties according to the degree of processing). The Committee should in its present meeting establish a Working Party and instruct it to:

- (i) consider the detailed proposals to be made shortly by the United States delegation,
- (ii) receive and consider the secretariat's analyses when completed, and
- (iii) consider what further analyses of the basic Tariff Study data that might be required in order to enable the Committee on Trade in Industrial Products to carry out its terms of reference in the tariff field.

9. Most representatives indicated that they could support the United Kingdom proposal.

10. The representative of the United States stressed that even the terms of reference as proposed by the United Kingdom could still partly prejudice future negotiations and was unacceptable to his Government. He therefore repeated the suggestion that the Committee should meet again in December to further consider the terms of reference.

11. The representative of the European Economic Community stressed that no progress has been made with regard to the Tariff Study since the month of July. He felt that the question was of such an importance that it should be taken up in the Council for a discussion of its policy aspects. The Community would in any case reserve the right to ask for the matter to be put on the agenda for the forthcoming meeting of the Council. It could have accepted the United Kingdom proposal if it had been unanimously accepted by the Committee but as the proposal had been rejected by the United States, the EEC would not accept it.

12. Several representatives expressed a preference for continuing to discuss the terms of reference at a meeting of the Committee rather than in the Council. The representative of the United States said that the matter could of course be taken up in the Council on 2 December, but as the questions involved were highly technical, such an approach could hardly be expected to lead to a meaningful discussion.

13. The Chairman noted that the terms of reference for the Tariff Study Working Party proposed by the representative of the United Kingdom had been supported by all representatives, who had spoken, except the representative of the United States. With regard to the future procedure, most members of the Committee had supported the United States proposal that the Committee should meet again in December to discuss the terms of reference, taking into consideration the suggestions to be submitted by the United States. Such a meeting would thus be convened. The European Economic Community could of course, if it so wished, refer the matter to the Council.¹

¹The representative of the European Communities has subsequently requested the inclusion of the matter on the agenda of the Council (GATT/AIR/838/Add.1).