

GENERAL AGREEMENT ON
TARIFFS AND TRADE

TARIFF CONFERENCE - 1956

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THE RULES AND PROCEDURES FOR THE TARIFF NEGOTIATIONS

COMMENCING ON 18 JANUARY 1956

I. Objectives of the Negotiations

1. The CONTRACTING PARTIES, recognizing that customs duties often constitute serious obstacles to trade, have decided to sponsor a tariff negotiations conference based on the principles of Article XXIX of the revised General Agreement¹ and conducted with due regard to the objectives of the General Agreement.
2. The negotiations shall be directed towards the reduction of the general level of tariffs and other charges on imports and, in particular, to the reduction of such high tariffs as discourage the importation of even minimum quantities and shall aim at the exchange of reciprocal and mutually advantageous concessions. Governments participating in the negotiations shall endeavour through common effort to ensure that the results of the negotiations are as great as practicable.

II. Scope of the Negotiations

3. Participating countries may request concessions on products of which they, individually or collectively, are or are likely to be the principal suppliers to the countries from which the concessions are asked. This rule shall not apply to prevent a country not a principal supplier from making a request, but the country concerned may invoke the principal supplier rule if the principal supplier of the product is not participating in the negotiations or is not a contracting party to the General Agreement.

¹ The text of Article XXIX (revised) is reproduced on page 6.

4. In addition to customs tariffs and other charges on imports, certain regulations, protection afforded through the operation of import monopolies, etc., as provided in Articles II (including the Annexes thereto), III and IV of the revised General Agreement, shall be subject to negotiation in accordance with these rules. Accordingly, requests may be submitted for concessions in respect of these matters in the same way as requests for tariff concessions.

5. Participating governments agree to make a maximum effort towards achieving the objectives of the negotiations in accordance with Article XXIX and to this end shall cooperate to further their multilateral character by making overall concessions commensurate with the overall concessions received.

III. The Opening of the Conference

6. On the first day of the Conference each participating government should submit a consolidated list of the concessions it is prepared to offer, with an indication for each item of the country or countries to which the concession is offered. Forty copies of each consolidated list of offers shall be sent to the Executive Secretary who will furnish one copy to each other government which has submitted its consolidated list.

IV. The Tariff Negotiations Committee

7. With a view to facilitating the negotiations and ensuring the fullest possible multilateral effort to achieve their objectives, a Tariff Negotiations Committee, composed of all the governments which have submitted consolidated lists of offers in accordance with paragraph 6, shall be established. The functions and terms of reference of the Committee shall be the following:

- (a) The Committee shall exercise its good offices for the purpose of achieving the maximum practicable progress toward the objectives of the Conference.
- (b) The Committee shall review the consolidated offers as soon as practicable after the opening of the negotiations, at any time deemed appropriate and useful during the Conference and again in the final phase of the negotiations; provided that the opening of negotiations bilaterally shall in no way be conditioned upon the carrying out of the initial review referred to above.
- (c) The Committee shall be at the disposal of any country or group of countries to arrange for negotiations on a triangular or multilateral basis to improve the scope of concessions.
- (d) Upon the request of any participating country, the Committee shall consider any problems that such country may believe are impeding or unduly delaying the successful conclusion of negotiations.

- (e) The Committee may give advice and make recommendations on any of the foregoing matters and in so doing shall be guided by the principles of Article XXIX.

8. Participating governments shall give full consideration to the advice and recommendations of the Tariff Negotiations Committee. Each country retains the right to determine for itself whether to accept such advice or recommendations and to decide on the basis of its own assessment whether to accept the results of the negotiations.

9. The Committee shall appoint a Tariff Negotiations Working Party to assist in the conduct of the negotiations and may appoint such other subsidiary bodies as may assist the Committee in carrying out its functions.

10. The Committee shall make arrangements to prevent the disclosure of confidential material.

V. Methods of Negotiation

11. The negotiations shall be conducted in accordance with the following rules:

- (a) The negotiations shall be conducted on a selective product-by-product basis which will afford adequate opportunity to take into account the needs of individual countries and individual industries. Participating governments will be free not to grant concessions on particular products and, in the granting of a concession, they may reduce the duty, bind it at its then existing level, or undertake not to raise it above a specified higher level.
- (b) No participating government shall be required to grant unilateral concessions, or to grant concessions to other governments without receiving adequate concessions in return.
- (c) The binding against increase of low duties or of duty-free treatment shall, in principle, be recognized as a concession equivalent in value to the reduction of high duties. This rule takes account, inter alia, of the position of countries which, whilst maintaining low or moderate duties on all or most of the products imported from their principal suppliers, find their exports or potential exports generally impeded by high rates of duty.
- (d) In so far as negotiations relate to preferences, the applicable provisions of the General Agreement shall be applied in accordance with the rules, as relevant, followed hitherto in negotiations sponsored by the CONTRACTING PARTIES.

- (e) Participating governments will be expected to take into consideration the indirect benefits which they will receive from the negotiations between other governments.

12. The participating governments shall refrain from increases in tariffs and other protective measures inconsistent with the principles of the General Agreement and designed to improve their bargaining position in preparation for the negotiations.

VI. Preparations for the Conference

13. Not later than 1 October 1955 each government intending to participate in the Conference shall transmit:

- (a) A list of requests to each government with which it desires to negotiate. (Forty copies shall be sent simultaneously to the Executive Secretary for distribution to the other governments intending to participate.)
- (b) To the Executive Secretary, two copies of the latest edition of its customs tariff and of its foreign trade statistics for 1953 and 1954. (The same information shall be sent to any other government intending to participate which requests it, together with such additional information as may be requested and is readily available.)

VII. Incorporation of the Results in the General Agreement

14. Before the close of the Conference each participating government shall prepare for distribution through the secretariat a consolidated list of the concessions granted and a supplementary list showing the country or countries with which each concession was initially negotiated.

15. The results of the Conference shall be incorporated in the General Agreement by means of a protocol to which will be annexed the schedules of concessions of the participating governments.

NOTES ON THE RULES AND PROCEDURES

The CONTRACTING PARTIES have adopted the following Notes relating to the rules and procedures for the negotiations:

¹ References: Notes (i) to (iv)- L/408; Note (v) - SR.10/15.

(i) The proposed rules for the negotiations have been drafted on the basis of the provisions of Article XXIX (revised) which stipulate that negotiations sponsored by the CONTRACTING PARTIES shall be conducted on a basis which affords adequate opportunity to take certain considerations into account. The fact that paragraph 3(a) of that Article is stipulated in the proposed rules, whereas paragraphs 3(b) and (c) are not cited, does not mean that the latter are any less relevant. In fact, it is stated in the rules and procedures that the negotiations are to be based on the principles of Article XXIX.

(ii) It is stated in rule 5 that overall concessions granted by a participating government should be commensurate with the overall concessions received. This phrase is intended to be interpreted broadly and not in the sense of requiring any form of mathematical equivalence.

(iii) While it is recognized that various factors may in practice restrict the negotiating possibilities of participating governments, it is agreed that it is desirable to enlarge the scope of the negotiations as much as possible so as to achieve the maximum progress towards the objectives of Article XXIX. In particular, it is agreed that the fact that the negotiating powers of the United States are in general limited to 15 per cent over a period of three years should not preclude other governments from negotiating for greater reductions among themselves.

(iv) Regarding rule 11(c), the countries described in the second sentence continue to believe that the only satisfactory method of meeting their problems would be by the adoption of an automatic formula for tariff reduction. The statement that the rule in question "takes account of" these problems is only a recognition of the special problems of these countries in negotiations of the kind contemplated. The rule in itself affords no solution of these problems and the position of the countries concerned will only be improved to the extent to which the rule is effectively applied.

(v) The Tariff Negotiations Committee, in giving consideration to the application of rule 11(c), should pay due regard to the nature of the product. Thus a level of duty which might be considered to be low in respect of a manufactured article might well be judged to be high when applied to a primary product.

¹ Some members stressed that the inclusion of this phrase does not prejudice in any way what countries may consider, in terms of the principles of Article XXIX, to be an acceptable overall balance of concessions and advantages.

THE TEXT OF ARTICLE XXIX (REVISED)

Tariff Negotiations

1. The contracting parties recognize that customs duties often constitute serious obstacles to trade; thus negotiations on a reciprocal and mutually advantageous basis, directed to the substantial reduction of the general level of tariffs and other charges on imports and exports and in particular to the reduction of such high tariffs as discourage the importation even of minimum quantities, and conducted with due regard to the objectives of this Agreement and the varying needs of individual contracting parties, are of great importance to the expansion of international trade. The Organization may therefore sponsor such negotiations from time to time.

2. (a) Negotiations under this Article may be carried out on a selective product-by-product basis or by the application of such multilateral procedures as may be accepted by the contracting parties concerned. Such negotiations may be directed towards the reduction of duties, the binding of duties at then existing levels or undertakings that individual duties or the average duties on specified categories of products shall not exceed specified levels. The binding against increase of low duties or of duty-free treatment shall, in principle, be recognized as a concession equivalent in value to the reduction of high duties.

(b) The contracting parties recognize that in general the success of multilateral negotiations would depend on the participation of all contracting parties which conduct a substantial proportion of their external trade with one another.

3. Negotiations shall be conducted on a basis which affords adequate opportunity to take into account:

- (a) the needs of individual contracting parties and individual industries;
- (b) the needs of less-developed countries for a more flexible use of tariff protection to assist their economic development and the special needs of these countries to maintain tariffs for revenue purposes; and
- (c) all other relevant circumstances, including the fiscal, developmental, strategic and other needs of the contracting parties concerned.