

GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Trade in Industrial Products

PRELIMINARY REPORT OF THE WORKING PARTY
ON THE TARIFF STUDY

1. The Working Party on the Tariff Study was established by the Committee on Trade in Industrial Products in February 1971, with the following terms of reference:

"On the basis of documentation that has been prepared and such other material as may be found useful, the Working Party should carry out an objective analysis of the tariff situation as it will exist when all Kennedy Round concessions have been fully implemented, with a view to providing the Committee on Trade in Industrial Products with the necessary elements for carrying out its terms of reference in the tariff field. This analysis, incorporating trade flows, will provide an objective basis for the contracting parties, at the appropriate time, to explore various possible approaches to future action in the tariff field and would include, inter alia, an examination of the variations in tariff rates as between and within categories and as between countries, and of the differentials in duties according to the degree of processing. The report of the Working Party will present the results of the various parts of the analysis, but should not make recommendations as to possible action.

"The Working Party should submit to the Committee, as soon as possible, a preliminary report on the basis of the present documentation. A final report incorporating additional trade and tariff data will follow.

"The Working Party will also examine the feasibility of analyzing and developing better measures of the effects on trade of tariffs and tariff changes and should report, as soon as possible, the results of its examination to the Committee on Trade in Industrial Products."

Since its establishment the Working Party has met three times - in March, June and October.

2. In compliance with the first two paragraphs in the terms of reference, the Working Party carried out a general analysis of industrial tariffs and trade, (see Addendum to this document) which included inter alia a section on the trade of developing countries. In addition, the secretariat has prepared preliminary analyses of the tariff and trade situation in each of the twenty-three product categories (see index annexed to Addendum). The preliminary report will not be complete until the product category analyses are finalized and submitted to the Committee on Trade in Industrial Products as addenda.

3. Supplementary tables to the basic documentation, presenting the data in a form more suitable for analysis, were also prepared.

4. With regard to the feasibility study (the third paragraph in the terms of reference), the Working Party decided that the first step should be to determine what relevant information was available. A questionnaire regarding the availability of statistics was sent to the countries which had already supplied data for the Tariff Study. Nine countries have already replied to this questionnaire while the remaining countries stated that their response would be submitted in the near future. In addition, a letter was circulated to all members of the Committee on Trade in Industrial Products requesting information on studies and research relevant to the feasibility study. One country so far has submitted an interim response.

5. At the October meeting of the Working Party it was agreed that the next step in the Tariff Study should be to bring the supplementary tabulations and the general analysis up to 1970 trade figures and to add data on Australia and New Zealand. This would also apply to certain product category analyses, particularly those accounting for a large amount of trade or for which world trade had shown its greatest increase since 1967. It was also agreed that the secretariat should prepare, on a country basis, analyses of the tariff and trade situation with regard to Australia and New Zealand and to proceed to tabulate data on South Africa as soon as they are finalized.

The secretariat was also instructed to contact other countries with a view to determining whether they would be prepared to furnish material for inclusion in the tariff study.

With regard to the feasibility study, it was decided that the secretariat would compile responses to the statistical questionnaire on a question-by-country basis, and would prepare a summary of replies to the letter regarding study and research methods. These would both be circulated to the Working Party prior to its next meeting. The secretariat might prepare suggestions as to how the study could be conducted.