

GENERAL AGREEMENT ON TARIFFS AND TRADE

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TARIFF ESCALATION

Note by the Secretariat

1. In connexion with work on trade liberalization in the Committee on Trade and Development, tariff escalation was identified by many delegations of developing countries at the March 1980 meeting of the Committee as one of the areas of priority interest to their countries. At that meeting, the view was generally expressed that as an initial step in the work of the Committee, an adequate data base showing the post-MTN situation regarding conditions of access for exports of developing countries in developed country markets with respect to the areas of work indicated would need to be put together (COM.TD/104, paragraph 27).
2. Accordingly, with respect to the question of tariff escalation, the secretariat made available in document COM.TD/W/315 information identifying the broad situation relating to tariffs applying to areas of interest to developing countries at different stages of processing following the Tokyo Round. Based on the industrial product categories utilized in the documentation for the tariff study, modified to the extent considered necessary to take account of the trade interests of developing countries, the tabulations provided information on pre- and post-Tokyo Round m.f.n. duty rates (simple and weighted averages) for eight industrial markets as well as relevant statistical data.
3. In an exchange of views on this matter in the Committee, it was noted that tariff escalation raised questions of a global nature and that the subject (particularly its methodological and technical aspects) was under discussion in the Committee on Tariff Concessions. For this purpose, the secretariat had circulated document TAR/W/18, drawing attention to some of the issues involved and suggesting in paragraph 11 an approach for carrying out an examination of problems relating to tariff escalation.
4. Further discussions on various aspects of work in this area took place in both the Committee on Trade and Development and in the Committee on Tariff Concessions as well as on an informal basis among interested delegations.
5. At its meeting held in October 1981, and after further discussion of some of the issues involved, the Committee on Tariff Concessions decided to request the secretariat to proceed with work on tariff escalation by way of case studies in regard to selected chains of production or product areas. These studies would be

in the nature of pilot studies, which it was felt could, among other things, help to clarify some of the technical points that had been raised. It was noted that the secretariat would select the chains of production or products for the initial "pilot" studies in consultation with interested delegations taking into account the various comments and suggestions made relating to economic and technical criteria which appeared to be relevant. The Committee on Trade and Development would be kept informed of developments.

6. For full details of the discussions on this matter, delegations may wish to refer to the minutes of the October meeting of the Committee on Tariff Concessions to be issued shortly.