

GENERAL AGREEMENT ON TARIFFS AND TRADE

Preparatory Committee

TARIFFS

Note by the Secretariat

1. This note is issued under the responsibility of the secretariat and is intended to facilitate further discussion in the Preparatory Committee. It seeks to identify, in the light of the discussions recorded in PREP.COM(86)SR/2 and earlier discussions, the main considerations which would appear to be relevant should the Committee decide to formulate recommendations on the question of tariffs. The note is not intended to be a summary of the discussions. It in no way prejudices the views that delegations may have as to whether and how the question of tariffs might figure in the Preparatory Committee's recommendations to Ministers, nor should the listing of points for further discussion be regarded as exhaustive.

Main points emerging from the discussion

2. There was agreement that negotiations on tariffs would, as in previous rounds, have their importance. While the average level of tariffs in developed countries had progressively been reduced during the life of the GATT, further improvements in market access - especially for products of export interest to developing countries - were possible and necessary.

3. One view put forward was that all participants in the negotiations would have to make a contribution in the area of tariffs. In this connection, reference was made to the disparity between average tariff levels in developed and developing countries. It was also stated, however, that the principle of special and differential treatment should continue to be applied to developing countries. It was also stressed that it would be necessary to ensure that the Generalized System of Preferences would not suffer erosion through m.f.n. tariff cuts; where this was unavoidable, compensatory measures should be taken.

4. The following particular problems in the area of tariffs were mentioned: tariff escalation on products processed from raw materials, many of which were of particular interest to developing countries, especially textiles and clothing, leather goods, tropical products and processed foods; the continued existence of tariff peaks in sensitive areas, again often for products in which developing countries were competitive suppliers; uncertainty resulting from non-bound duty rates, especially in the agricultural sector, and from disparities between contracting parties in the number of bindings accepted; and the existence of nuisance tariffs (below 5 per cent).

Points for further discussion

5. Is it agreed that the renegotiations leading to the introduction of the Harmonized System should be concluded as soon as possible in order to obtain a solid basis for the general tariff negotiations?

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6. Is there room for advance implementation of tariff results before the end of the negotiations, either in general terms or at least for products of interest to developing countries?

7. Can the problems of tariff escalation and tariff peaks effectively be solved through a formula such as the one used in the Tokyo Round, or is a different approach required?

8. To what extent would developed contracting parties be prepared to consider complete elimination of nuisance tariffs (e.g. below 5%); of tariffs in particular product areas including those of interest to developing countries; or of all industrial tariffs?

9. To what extent could developing countries make a contribution in the tariff area, e.g. through an increase in the number of their tariff bindings?

10. Could negotiations on tariffs on agricultural products be subject to the same rules and principles, in terms of their elimination or reduction and their level of bindings, as negotiations on industrial tariffs?