

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED  
LIMITED W  
GATT/IW.2/12  
27 February 1952  
ENGLISH  
ORIGINAL: FRENCH

---

CONTRACTING PARTIES

INTERSESSIONAL WORKING PARTY ON THE REDUCTION OF TARIFF LEVELS

Exclusion from the Weighted Average of those Items for which  
Imports from non-GATT Countries exceed 50%.

Note by the German Delegation

1. The purpose of the discussions in the Sub-Committee relating to the exclusion from the weighted average of items for which imports from non-GATT countries exceed 50% within the framework of the general reduction of import is to provide the opportunity to have such items available for the purpose of negotiations with the supplying countries.
2. An examination of German statistics indicate that a very considerable part of German imports in 1950 represent more than 50% from non-GATT countries, in particular from Switzerland. The exclusion of such items from the weighted average is likely to have some influence on the computation and to exclude from the application of the plan a considerable percentage of German imports.
3. As a consequence, the items that are likely to be excluded from the weighted average are sometimes those for which import duties have already been negotiated at multilateral level within the framework of the GATT, and which, in the course of subsequent negotiations with non-GATT countries, have been the object of other reductions. Although multilateral negotiations under the GATT are based on the principle that there is no obligation to negotiate items of which the contracting party is not the principal supplier, it was not possible however, as far as Germany is concerned, to maintain this principle in every case at Torquay. In view of the considerable interest that GATT countries have shown in the reduction of import duties on goods of which they were principal suppliers in the course of the previous years, it appeared necessary also to negotiate items of that nature with GATT members. The exclusion of items from the weighted average would therefore also affect items in which GATT countries are interested.

4. The difficulty in determining the items which, for the reasons given, are likely to be excluded from the weighted average lies in that post-war imports have been affected by the quota systems and other special circumstances, and that therefore import statistics do not always indicate clearly which country is normally the principal supplier. Furthermore, experience shows that imports are submitted to constant fluctuations, and that therefore principal suppliers change from year to year, a fact which would have definite consequences if any exceptional treatment were to depend upon the determination of a demarcation line in the form of a fixed percentage of total imports.
5. The question arises as to whether it would not be more useful to lay down as a rule that the chief basis for the computation of the weighted average would only be the duty rates negotiated under the general agreement as well as unbound rates of duties, rather than to exclude the items in question altogether from the weighted average.
6. Such a procedure would in fact be equitable. Among the duty rates negotiated with a country that is not a member of the GATT, there could well be some in the reduction of which the country in question, though not the principal supplier, were highly interested. It would therefore seem equitable to take these duty rates negotiated with non-GATT countries as a basis for a further reduction of tariff rates. Thus, any further possibility of negotiations with the non-GATT members in question would be eliminated and the non-GATT countries might very well, in such cases, enjoy the advantage of duty rates lower than those negotiated with them.
7. Furthermore, it would also be within the spirit of the plan for the general reduction of tariff rates under the GATT to limit the application of the plan to rates negotiated at multilateral level under the General Agreement. It should also be necessary to take account of the fact that GATT members enjoy the benefit of rates negotiated at multilateral levels only by full rights, whereas the advantage of rates negotiated with non-GATT countries accrue to them only by virtue of Most-Favored-Nation treatment.
8. If this proposal was accepted, the goods imported principally from non-GATT countries would also be included in the weighted average and the plan would considerably gain in efficiency.
9. In the initial proposal submitted by the French delegation concerning the general reduction of tariffs, the date of 17th September 1951 has been proposed as the reference date applicable to duty rates to which the reduction would apply, it being understood that the rates negotiated in the Torquay Tariff Conference would be taken as a basis for the computation of the weighted average. This would mean that any rates of duty made effective after that date as a result of negotiations with non-GATT countries, would not be taken into account. That principle would therefore only have to be clearly stressed.