

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/TAR/4

20 October 1975

Special Distribution

Multilateral Trade Negotiations

Group "Tariffs"

GROUP "TARIFFS" MEETING, OCTOBER 1975

Note by the Chairman

1. The Group met on 14-16 October. It invited the Secretary-General of UNCTAD, or his representative, to attend this session of the Group as an observer.
2. The Group had a further discussion on tariff cutting formula or formulae to be used in the negotiations. There was also a preliminary discussion of a suggestion that such a formula should be based on the concept of substantially equivalent competitive opportunities (document MTN/TAR/W/9). Several delegations considered that this concept needed some further clarification and precision before they could take any stand on it. Because some delegations had not yet concluded their domestic consultative procedures, carried out with a view to deciding on a detailed negotiating mandate, the Group agreed that it would revert to the matter of the tariff cutting formula or formulae at its next meeting.
3. There was further discussion on the question of how account might be taken of the importance of maintaining and improving the Generalized System of Preferences and how special and more favourable treatment might be provided to exports of developing countries. The Group noted a proposal from a developing country that special procedures could be developed along the following lines:
 - (a) multilateral agreement on the special measures from which developing countries might benefit in the negotiations on tariffs; in discussing such possible special measures reference was made not only to those which were advanced during previous meetings and which are enumerated in MTN/TAR/2, paragraph 7, and MTN/TAR/3, paragraph 6, but also to the opening of new tariff sub-headings for products of special interest for developing countries;
 - (b) submission of lists of products of interest to developing countries which should be the object of such measures;

- (c) identification of products which would be excepted from these lists;
- (d) negotiations on exceptions.

4. An alternative suggestion on special procedures was made by one developed country (MTN/TAR/W/10) and following a preliminary discussion it was concluded that further clarifications were needed before delegations could take a more definite stand on it.

5. The Group agreed to revert to the question of special procedures for negotiations between developed and developing countries, including the question of special measures from which developing countries might benefit, at its next meeting. There was considerable support for the view that a decision should be taken regarding such special measures not later than at the time of the choice of the general tariff cutting formula, and it was agreed to revert to this matter at the next meeting.

6. With respect to a proposal that the secretariat undertake an initial examination of products of special export interest to developing countries with the particular objective of sorting out and indicating products in which effective protection rates were high, the Group noted that the "countries studies" prepared for individual developing countries contained information on the escalation of nominal rates. The Group agreed that the secretariat examine the feasibility of calculating the effective protection rates applicable, in the developed countries' markets, to products on which developing countries either had at present or seemed likely to develop processing facilities. In carrying out this examination, the secretariat would consult delegations of the exporting countries on the availability of data on value added by manufacturing and the corresponding cost structure for individual products.

7. As regards the question of base rates/base date a number of delegations stated that their positions had not changed since the last meeting. In view of bilateral consultations underway on these matters the Group agreed to revert to this question at its next meeting.

8. A suggestion was made that the assessment of reciprocity in the tariff negotiations should take into account whether duties were applied on c.i.f. or f.o.b. basis, and that to this effect an appropriate adjustment of the depth of tariff cuts should be made. Several delegations believed that this suggestion needed more clarification and reflection. The Group agreed to revert to this question at its next meeting.

9. When discussing questions concerning the Tariff Rate Information File, the Group noted that some of the explanatory notes on procedures for fixing and modifying tariff rates needed to be completed and it was proposed that the

secretariat establish a synoptic table of the information submitted. A detailed proposal by a delegation would be circulated and considered at the next meeting of the Group. The Group also noted that different methods could be used in calculating ad valorem equivalents of specific or compound duties and requested the secretariat to prepare a technical note explaining the various methods which might be used and describing those applied by various countries. The Group again urged those delegations which had not done so to submit the requested information as soon as possible.

10. The Group had a discussion on the secretariat's note on a system for rapid evaluation of the implications of different tariff cutting formulae on the exports from developing countries (MTN/TAR/W/8). It was agreed that the secretariat continue its work in consultation with interested delegations and report to the next meeting of the Group. Given the technical nature of some of the issues, some delegations anticipated the need for the future establishment of a technical sub-group to assist the Group "Tariffs" in its considerations of this and other problems likely to come before it.

11. The Group noted that questions relating to the link with negotiations on particular non-tariff measures were being discussed in the Group on Non-Tariff Measures and agreed to revert to this matter.

12. It was agreed that all items of the "Checklist of possible elements of a tariff negotiating plan" (MTN/TAR/W/4/Rev.1) would remain on the agenda for the next meeting of the Group.

13. The Group agreed that the Chairman should make a brief oral report to the December meeting of the Trade Negotiations Committee.

14. The Group agreed to hold its next meeting in the week of 9 February 1976.