

GENERAL AGREEMENT ON TARIFFS AND TRADE

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TARIFF FORMULA

Statement made by the United States Delegation at the October Meeting of the Group

As the United States has indicated in previous meetings of the Tariffs Group, our domestic legislation requires the Executive Branch to conduct a series of hearings and to consult with a complex, private sector series of advisory committees and with the Congress before the United States takes a series of definitive positions in the MTN. The United States does not expect to be in a position before 1 January to make any definitive statements about its preferences on a tariff formula or working hypothesis. We are reviewing intensively the advice from the private sector and from the Congress which we have received.

The United States Government has, however, concluded, in the light of its legislative mandate and its domestic consultative procedures, that tariff and non-tariff barrier liberalization in the MTN must result in substantially equivalent competitive opportunities among the developed countries. This objective, viewed in the context of alternative tariff negotiating techniques, would appear achievable by application of the principle of equal access in duty rates. Many formulae have been tabled both in this and previous groups considering tariff negotiating techniques, but none of these approaches suggested thus far squarely address the goal of substantially equivalent competitive opportunities. The United States expects to be in a position after the end of the year to indicate clearly in terms of a tariff formula how this goal of substantially equivalent competitive opportunities might best be achieved. At that point in time, the United States believes that a discussion of a tariff negotiating plan should explore how participants in this negotiation might best move toward agreement assuring this goal of substantially equivalent competitive opportunities.

The United States believes that all developed countries should apply the tariff formula ultimately agreed upon to their tariffs. All countries are bound by the Tokyo Declaration to seek general approaches to reducing tariffs and the United States would view most seriously the failure of any country not generally recognized as "developing" to meeting its commitments.

An integral part of consideration of a tariff formula is the question of treatment of low duties. The United States has made no decision regarding the concept of a floor or threshold. It sees both advantages and disadvantages to this concept.