

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)
Negotiating Group on Tariffs

NEGOTIATING GROUP ON TARIFFS

Meeting of 10 February 1987

Note by the Secretariat

Agenda item A: Appointment of a Chairman

1. Ambassador L. Duthie (Australia) was appointed Chairman of the Negotiating Group for the initial phase.

Agenda item B: First exchange of views on submissions of proposals by participants to tariff negotiations

2. According to the negotiating plan for this Group adopted by the Group of Negotiations on Goods on 28 January 1987 (see document MTN.GNG/5), participants discussed issues relating to

- a tariff cutting approach/approaches, including elimination of tariffs;
- the elimination or reduction of high tariffs and tariff escalation in appropriate product areas;
- possible criteria to expand the scope of tariff concessions including the degree of tariff bindings.

3. Several delegations considered that tariffs represented an important aspect of the negotiations and that although the tariff average on industrial products in developed countries had been reduced to a significant extent, tariff peaks and tariff escalation needed to be given serious consideration. The view was expressed that the negotiations should be based on a request-and-offer procedure rather than a general formula, covering all products and sectors as well as all tariffs and non-tariff measures, thus dealing effectively with the problems of tariff peaks and tariff escalation. Another view was that a formula, possibly similar to the one applied in the Tokyo Round, should be envisaged. One delegation proposed the complete elimination of customs duties by developed countries in the industrial sector. Another delegation stressed that in view of the erratic exchange rate fluctuations, low tariff rates did not really constitute barriers to trade and that it did not intend to negotiate on these tariffs. This view was challenged by others who asserted that at least for certain sectors, even low tariffs constituted impediments to trade. It was also mentioned by some delegations that a greater degree of tariff bindings at low levels should be achieved by all contracting parties.

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4. As far as the basis for the negotiations is concerned, it was said that these should be conducted on the rates applied erga omnes rather than on the bound rates. It was also stated that the Harmonized System which a number of contracting parties intended to introduce in early 1988 provided a real opportunity to advance world trade, and that participants should agree at an early stage to base the tariff negotiations on the Harmonized System. Another point made in the discussion was that negotiations should aim at changing the existing rules of Article XXVIII by according negotiating rights not only to the principal supplier but also to a contracting party for which the exports of the product in question has the most importance in terms of the size of its population.

Agenda item C: Broadening and updating of the factual basis for the tariff negotiations

5. The Chairman recalled that at the present time, two separate factual bases relating to tariffs existed in the secretariat, i.e. the Tariff Study which contained tariff and trade data for twelve participants, and the Harmonized System Data Bank which had been established more recently in order to facilitate the negotiations under Article XXVIII in connection with the introduction of the Harmonized System; a total of five participants had supplied tariff and trade data to the Data Bank. In addition, there was a certain amount of tariff information in printed form available in the secretariat, including the GATT schedules of most contracting parties.

6. Several delegations pointed out that in order to facilitate the tariff negotiations, it would be desirable that the two data bases be broadened and updated, and that more countries participate in the collection of tariff and trade data in computerized form. It was pointed out that technical assistance would be provided by the secretariat to developing countries in preparing trade data files and in supplying other relevant information.

7. In order to provide a basis for further discussion, the secretariat was requested to prepare a factual note on various elements of the tariff negotiations in the Kennedy and Tokyo Rounds, as well as information on the degree of bindings of countries participating in the Tariff Study.

Agenda item D: Observer organizations

8. It was noted that a number of international organizations had sought observer status, that consultations among delegations had taken place on this subject and that the GNG would at its next meeting take a decision on these requests on a co-ordinated basis, taking into account any views expressed in the negotiating groups in this respect.

Agenda item E: Other business

(a) Recording of discussions

9. It was agreed that the secretariat would prepare a short factual note after each meeting.

(b) Date of next meeting

10. It was agreed that the next meeting of the Negotiating Group on Tariffs would take place in the week beginning 27 April 1987.