

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

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MODALITIES FOR TARIFF NEGOTIATIONS

Submission by Austria

The aims of the Punta del Este Declaration in the tariff field and an overall balance of rights and obligations in this sector can best be achieved by a harmonizing tariff-cutting formula which is to be applied by a maximum of participating countries. Austria therefore supports the formula proposal as contained in Part 1 of the Swiss submission in document MTN.GNG/NG1/W/16 as a basis for further negotiations.

1. Disadvantages of an approach exclusively based on request-and-offer procedures:

- participating countries having substantial supplying interests only in a few instances have very limited possibilities to obtain concessions;
- too large a number of items would probably not at all be covered in the negotiations because no contracting party might care to submit a request on items of relatively minor importance or because the identification of specific export interests is difficult. Taken together, however, tariff reductions for these items have a considerable potential for trade creation;
- exclusive reliance on the cumbersome request-and-offer procedures might overburden smaller participating countries and thus have a tendency to limit active participation.

2. Advantages of a general harmonizing tariff cutting formula:

- a greater part of international trade is covered;
- more dynamic approach, because tariff reductions apply also to those items where due to high tariffs or for various other reasons no or only very small imports occur, whereas request-and-offer procedures typically take only existing trade flows into account;

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- better guarantee for an overall balance of advantages; more equitable burdensharing, because countries which have cut their tariffs to a larger extent in earlier rounds will have to contribute relatively smaller reductions this time;
- supplementary bilateral negotiations on specific tariff related problems are not excluded and would, indeed, usefully supplement the formula-method.

3. Scope and bindings:

In principle, the formula should apply to all items in Chapters HS 25-97. The right of contracting parties to exempt some items should be limited by appropriate multilateral surveillance in order to achieve a generally balanced result.

The formula should cover bound and unbound rates and the aim should be the binding of all rates resulting from the application of the formula, if possible for all participating countries, but in any case including developed and more advanced developing countries. The existing imbalance in the degree of bindings should be rectified.

4. Base rates and date:

The base rates should be the bound rates or the autonomous m.f.n. rates for unbound items as per 30 June 1988. Advance implementation of partial results is to be taken into account when evaluating the total results.

5. It is desirable to conclude the discussion of basic questions for the tariff negotiations in time to achieve an understanding on these matters at the mid-term review.