

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG1/10
22 November 1988

Special Distribution

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

MEETING OF 5 AND 9 NOVEMBER 1988

Note by the Secretariat

1. The Group was chaired by H.E. Mr. L. Duthie. The agenda for the meeting included the following points:

- Report of the Chairman to the GNG
- Consideration of all proposals received by the Group
- Consideration of the Group's future work and arrangements for further meetings
- Other business

Report of the Chairman to the GNG

2. The Group examined in detail the draft of the Chairman's report to the GNG for the Uruguay Round Mid-Term Review which was distributed to all participants on 25 October 1988. A revised text of the report was distributed to the Group on 5 November. The Group met in formal and informal sessions and elaborated a text which is annexed to a letter by the Chairman to the GNG, dated 14 November 1988.

Consideration of all proposals received by the Group

3. A new proposal contained in MTN.GNG/NG1/W/20, was submitted to the Group. It introduced a number of elements for a comprehensive approach, containing inter alia, (a) higher levels of tariff protection facing exports of less developed contracting parties and thus the need for negotiating modalities to correct this; this proposal provides for the GATT secretariat to prepare a note on methodology for such an evaluation; this note would assist the less developed contracting parties to assess the concrete benefits in the on-going negotiations and would be based on the comparison between the levels of protection faced by their exports in the markets of developed contracting parties and the level of protection on exports among developed contracting parties; (b) specific elements in any tariff reduction formula approach to secure reduced levels of tariff protection applied to the exports of less developed contracting parties; (c) inclusion of charges having a protective effect in the base rates;

(d) improvements in the rules of origin; (e) the linkage of tariff reductions to the removal of non-tariff measures as well as other trade distorting measures which would impair the benefits from tariff liberalization; (f) overall reduction in tariff levels for exports of less developed contracting parties to a level less than that applicable to trade among developed contracting parties; and (g) complementary measures to assist less developed contracting parties that lose preferential margins as a result of m.f.n. reductions.

4. Other participants did not comment on this proposal and it is still open for discussion.

Consideration of the Group's future work and arrangements for further meetings

5. The Chairman suggested holding the next meeting of the Group during the week starting 23 January 1989. At this meeting, the Group will take stock of the Montreal Ministerial meeting, establish its work programme and schedule its meetings for 1989.

Other business

6. At the end of the meeting referring to the Chairman's report to the GNG, one participant stated that his delegation had repeatedly demonstrated its willingness to work constructively with other delegations in an effort to narrow outstanding differences and focus attention on a few areas of greatest divergence of view. Differences had remained, but his delegation was willing to acknowledge those differences with the use of brackets where absolutely necessary, recognizing that there were some political issues that required the intervention at a higher level. In his view the discussions of the Group to date had reinforced his delegation's view that there were certain key elements which should be incorporated in a report to the GNG. These ideas had been contained in the Chairman's draft dated 5 November 1988, and they had, in general, been received favourably by many delegations. The first of these elements, full participation by all contracting parties in tariff reductions, was the key item and his delegation was not prepared to accept anything less. In this regard, his delegation indicated its willingness to consider the individual development, financial and trade needs of developing participants and recognized that within the context of their participation, allowances might need to be made for their special, individual circumstances. The second element, the acceptance of a results concept, appeared to be the key to progress in the Group. It had been offered in the spirit of compromise so that the Group could proceed with its work, recognizing that modalities had been of secondary importance to results. If meaningful tariff concessions were to be achieved, the Group must focus its effort on substantive results and away from a never-ending debate over modalities. As stated in earlier occasions, his delegation intended to conduct a request/offer negotiation and would not adopt a formula modality. The third fundamental element was that there needed to be agreed parameters

that would assist in achieving the results established by the Group. Among these were the binding of all tariffs and by reducing or eliminating tariff disparities, tariff peaks, tariff escalation and low tariffs, and the phased implementation of tariff reductions. Agreement on these parameters would ensure that targets were achieved through meaningful and broad-based reductions. These fundamental elements, along with others that were contained in the revised draft report, were seen by his delegation as comprising a solid foundation upon which the Group could achieve a positive outcome towards substantive negotiations. He regretted, however, that other participants had not endorsed the Chairman's efforts. His government had therefore instructed him to submit a new proposal to go forward to the GNG along with the text proposed by the Chairman. The proposal read as follows:

"Proposed recommendations for consideration and/or decision by Ministers

1. Recognition that negotiations in the tariff area are considered an important element in the Uruguay Round in view of the need for improved market access for all Uruguay Round participants.
2. Affirmation of the political will to effectively implement the Ministerial Declaration as it concerns tariffs by: (a) exchanging participants' tariff and trade data no later than 15 March 1989, and (b) commencing substantive negotiations no later than 1 July 1989."
7. One participant doubted that this proposal of an alternative text would meet the objectives of his delegation and reserved the right to comment on the matter in other fora.
8. Another participant representing a group of countries expressed concern regarding this proposal since, in his view, it did not bring anything new which had not been included in the Chairman's report. His delegation could not accept that this proposal would be annexed to the Chairman's report.