

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)

Negotiating Group on Tariffs

MEETING OF 23 NOVEMBER 1989

Note by the Secretariat

1. The sixteenth meeting of the Group was chaired by Mr. H.E. L. Duthie. It pursued the discussion on the following points contained in paragraph 2 of the airgram GATT/AIR/2869.

Item A: Establishment of detailed procedures, approaches and methods necessary for the tariff negotiations (MTN.TNC/11, Page 4, paragraph 1)

2. The Chairman recalled that he had revised the paper which contained suggestions for procedures, approaches and methods necessary for the tariff negotiations in light of the discussions the Group had held previously, and that the Group had the new Chairman's paper before it. Before inviting comments on his paper, the Chairman urged the participants once again that, due to the severe time constraints, the Group should be able to reach a consensus on the procedural aspect of the tariff negotiations as soon as possible.

3. Many participants shared the sense of urgency expressed by the Chairman and voiced their appreciation for the paper put forward by him. Participants who had previously supported the systematic formula approach for the tariff negotiations maintained that such an approach was the best way to reach the targets agreed by Ministers in Montreal. Most of them therefore considered the new Chairman's paper as a useful basis for further work of the Group. One of these participants stated that it was a matter of fairness to adopt a systematic approach because of its strong support by a majority of participants in previous discussions in the Group. Several participants indicated their preference for a more specific description of the modalities, with more pronounced multilateral and systematic character, in particular relating to the harmonizing element as agreed in Montreal. Another participant stressed that the bilateral element of the tariff negotiations should be kept to a minimum. One view put forward was that it might not be possible to find a consensus on a single modality; the Group should therefore adopt a more flexible approach in order to attain the Montreal target. One participant challenged the limited coverage of the formulae previously proposed by two major proponents and wanted to know whether the positions taken by those participants had since been altered; he emphasized that a formula should cover all sectors, and any formula excluding specific sectors would not be acceptable for his delegation.

4. One participant reiterated that her delegation continued to have serious reservations on the Chairman's paper. She was of the view that the Group should focus on the targets agreed upon in Montreal rather than continue the debate on procedures. To this effect, she suggested that the participants should agree to provide, at an early date, preferably by 15 January 1990, specific details regarding their initial "plan" for implementing the commitments made at the Mid-Term Review. These initial "plans" would be intended to be item-specific listings of specific tariff reductions and liberalization of non-tariff measures that each participant would offer for consideration by other trading partners. This approach would make each participant's intentions as specific and as concrete as possible and would enable a substantial dialogue to take place between participants with a view to improving the "plans".

5. Some developing country participants stated that although they recognized that the formula approach would be the most suitable one for the tariff negotiations, they would not be able to participate in the formula reduction of tariffs because of the fiscal importance of tariff revenues in those countries and other reasons. However, they reaffirmed their commitment to the tariff negotiations through increasing the scope of binding and reducing some tariffs. Many developing country participants stressed that certain flexibility should be provided to facilitate the participation of developing countries in the tariff cutting exercise. In this regard, one participant maintained that more than one option should be accorded to developing countries whichever modalities, either the formula or the request-and-offer approach, were to be agreed upon. Some participants also stressed that the Mid-Term Agreement contained several targets to be attained. It would therefore not be appropriate to concentrate solely on reaching the target amount for tariff reductions.

6. Several participants attached importance to a further elaboration of the concept of credit for bindings and the multilateral review and assessment mechanism and suggested that consultations be held in order to examine in detail these two problem areas.

Item B: Broadening and updating of factual data base for the tariff negotiations

7. A member of the secretariat reported to the Group that work on the Tariff Study had been completed. It included twenty countries for which 1986 and 1987 tariff and trade data were available. Concerning the Integrated Data Base, initial submissions (mostly import statistics and coded tariff data) had been received from thirteen countries; an additional twelve countries might submit data during the next twelve months. He pointed out that the IDB would not be operational until it covered ninety per cent of GATT contracting parties' trade. He also informed the Group that the secretariat had received from eight countries

import and trade data in their national format, to be exchanged on a bilateral basis at their request. In recent months, the secretariat had been examining the possibility of broadening and updating the factual data base for the tariff negotiations, while continuing its work on the development of the IDB. In this regard, the secretariat had identified a minimum set of data which could be supplied on IDB format or in national format for the purpose of analyzing the results of the Uruguay Round negotiations. These submissions would be in the Harmonized System nomenclature or, for countries which had not implemented the HS, in the CCCN. This approach would increase the early participation to IDB while providing the opportunity to convert this more limited set of data to the Tariff Study format to achieve standardization. He stressed that, over time, participants would still be expected to provide the full range of data requested for the IDB. The need to convert to the Tariff Study format was to establish initially a more comprehensive data base and subsequently for purposes of analysis, and also to make use of the application systems which existed for the Tariff Study and which had still to be developed for IDB. Depending on the nature of the submissions received from contracting parties (IDB format or national format) and the extent of work required by the secretariat to standardize these files, some twenty-five countries could be covered by the end of March 1990 in the Tariff Study format. The information would at a later stage also be required by the secretariat to make a global assessment of the results of the Uruguay Round negotiations. A letter to this effect, i.e. to create computer files containing 1988 or 1989 tariff and trade information, would be sent shortly to the delegations in question asking for their approval to create such files on the understanding that the information would not be released without their prior written approval.

8. One participant raised the question of urgency related to the submission of basic information on trade data and duty rates for the negotiations. He requested the secretariat to provide the Group with the list of the twenty-five countries to which the secretariat intended to write in order to know what to expect for the negotiations, and which were the countries with which it would be possible to exchange trade and tariff data. He also requested the secretariat to indicate the nature and format of the information that those countries had submitted to the secretariat. Several participants endorsed this request and stressed the urgency with which this matter should be treated. The secretariat agreed to supply the requested information shortly.

Item C: Consideration of the Group's future work and arrangements for future meetings

9. The Chairman stated that he would carry out informal consultations with participants on the question of procedures, approaches and methods for the tariff negotiations. Subsequently, he would convene a meeting of the Group prior to the next meeting of the Trade Negotiations Committee (TNC) scheduled in December.