Committee on Industrial Products

TARIFF STUDY

Note by the Secretariat

1. The Committee on Trade in Industrial Products was set up by the CONTRACTING PARTIES at their twenty-third session "to explore the opportunities for making progress toward further liberalization of trade, taking into account the discussion on the subject at their twenty-fourth session". One of the two initial tasks specifically given to the Committee was the preparation of "an objective analysis of the tariff situation as it will be when all Kennedy Round concessions have been fully implemented". The secretariat was instructed to "prepare documentation, in consultation as appropriate with contracting parties, to serve as a basis for this analysis".

2. The secretariat has twice reported on progress to the Council, which supervises all aspects of the programme for expansion of international trade (C/M/44 and COM. IND/2; C/M/46 and COM. IND/3). The Council has also approved certain additional expenditure which would be incurred in 1968 (C/M/46 and L/2993).

The basic files

3. As a first step, the secretariat is assembling, for as many countries as possible, a file containing the data on which the study can be based. The secretariat proposes that, initially, the study should cover Austria, Denmark, the European Communities, Japan, Norway, Sweden, Switzerland, United Kingdom and United States. These account for 70 per cent of total imports of contracting parties.

4. The files will contain the full post-Kennedy most-favoured-nation tariff for each country. The rates taken would be the rates in the tariff, leaving aside any purely temporary suspension of rates. All the rates would be reduced to ad valorem terms, so that comparisons can be made between rates. The fact that all countries use their own sub-headings in their tariffs means, however, that, without detailed concordances between the sub-headings of different countries, it is not possible to make systematic international comparisons of the height of rates on individual products. Such concordances are not available. Comparisons will be possible of the average of rates on sub-items within each four-figure heading of the Brussels Nomenclature since all countries covered by the study, with the exception of the United States, have adopted this Nomenclature and a concordance between it and the tariff schedule of the United States will be included in the file.
5. The files will also indicate whether each rate is bound, wholly or partially, in the GATT. Where there are ceiling bindings (bindings at a rate above the rate in the tariff), this would be shown. 

6. The file should also show the value of goods imported under each tariff rate, broken down to show the value of imports from each country of origin. The values in national currencies will be converted to a single currency unit (the United States dollar) to ensure comparability. Trade figures will be for the latest year available for all countries; where new tariff sub-items have been created in the Kennedy Round secretariat estimates will be made of the trade split.

Basic documentation for the study

7. The secretariat will circulate, as a basic document, a print-out of the information on file summarizing the trade data. One table will be prepared for each country in the study showing all tariff sub-item numbers, a short description of the products classified under each sub-heading and the rate of duty on each sub-heading in ad valorem terms. The table will also show when sub-items are wholly or partially bound in the GATT and where bindings are at rates above those shown in the tariff. Imports will be shown in value terms for each sub-item. Imports from the first three suppliers will be shown separately, as well as imports from developing countries taken together and imports from the first supplier among developing countries. Imports from preferential sources and from other countries in regional groupings would also be shown.

8. The secretariat will also prepare tables summarizing the information in this basic document. Summaries will be prepared for each four-figure heading of the Brussels Nomenclature, showing the simple average of tariff rates on the sub-items into which the heading is divided, the average obtained when each tariff rate is weighted by total most-favoured-nation imports, the range of rates under the four-figure heading and the number of rates under the heading. A summary of the trade information will also be produced for each four-figure heading. Comparable information will be produced for all countries covered by the study.

9. Summaries will also be produced for each of the sectors of production listed in the Annex and for all industrial products taken together. This will allow comparisons to be made of the height and structure of tariffs of the countries dealt with in the study both overall and sector-by-sector. The summary will show the median of rates in each sector, the simple and weighted averages 

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1 Information will be included on the file in summary form. The secretariat will be circulating separately complete lists of tariff bindings for countries covered by the study.
of these rates and the standard deviation (an indication of the extent to which rates are dispersed about the average). The summaries would also show the numbers of duty-free items in each sector and the number of items falling within ranges of rates (0.1 per cent to 5 per cent, 5.1 per cent to 10 per cent, etc.). Fuller information would therefore be provided at the sector level, where a larger number of items are involved, than at the level of four-figure Brussels Nomenclature headings, where only the lowest and highest rates would be shown in the summary table. A further set of summary tables will give information, sector-by-sector and overall, on items not bound in the GATT, on items bound at the rate in the tariff and on ceiling bindings (items bound at rates above those in the tariff).

10. The secretariat will also circulate a second set of basic documents, for each country covered by the study, showing separately all items imported from each of their main suppliers. These tables would show tariff sub-item number, rate of duty in ad valorem terms, status of bindings, total most-favoured-nation imports and imports from the supplier in question. These tables will give each contracting party precise information on the tariff which it faces in the main industrialized countries covered by the study, and would, in particular, provide developing countries with information on which to base an assessment of the general incidence of tariffs on products of export interest to them, as called for in paragraph 10C(k) of the programme of work adopted by the CONTRACTING PARTIES at their twenty-fourth session (BISD, Fifteenth Supplement, page 72).

11. The preparation of the basic files and the documentation referred to above is in an advanced stage. By the time of the October meeting of the Committee the secretariat expects to have ready the material for the first of the countries covered by the study (Sweden). The documentation for the remaining countries will be produced as quickly as possible thereafter.

Countries not included in the general exercise

12. The secretariat expects soon to have information on the Canadian tariff on computer tape. The Canadian tariff is not, however, on the Brussels Nomenclature and no concordance exists between the Canadian Nomenclature and the Brussels Nomenclature and results will not be fully comparable to those produced for other countries. The secretariat expects, however, to produce a set of basic tables on the Canadian tariff and to include Canada in the analysis by sectors.

13. The secretariat is exploring the possibility of obtaining information on computer tape on other countries, e.g. Australia.

14. The secretariat also intends to do studies analyzing the tariffs of individual countries, including developing countries, not covered by the computer exercise.
ANNEX

SECTORS TO BE DISTINGUISHED IN THE TARIFF STUDY

(BTN Chapter or heading)

A. Agricultural, forestry and fishery products

1. Temperate zone foodstuffs
   a) Live animals and meat
      i) Beef and veal
         01.02: 02.01-4: ex 16.02: 16.03
      ii) Other
         01.01: 01.03-06: 02.01 B-E: 02.02-06: 16.01: ex16.02
   b) Fish
      03: 16.04-05
   c) Dairy produce
      04.01-04
   d) Fruit and vegetables
      C7.01-05: 03.02-13: 20
   e) Cereals
      10.01-05: 10.07: 11.01
   f) Other food products
      04.05-06: 06: 09.09-10: 11.02-11.05: 11.07-11.09: 12.03: 12.05-10:
      15.01-04: 15.06: 15.13: 17.04-05: 18.06: 19.01-03: 19.05-08:
      21: 22: 23.01-03: 23.05-07

2. Tropical foodstuffs
   a) Crude
      07.06: 09.01-09.01-08: 18.01
   b) Processed
      11.06: 18.02-05: 19.04

3. Foodstuffs of both temperate and tropical origin
   a) Crude
      10.06: 12.01: 12.04: 24.01
   b) Processed
      12.02: 15.07-08: 15.12: 17.01-03: 23.04: 24.02

4. Materials for industry
   05: 13: 14: 15.05: 15.07-11: 15.14-17:
   40.01: 40.03-04: 41.01: 41.09: 43.01: 44.01-04:
   45.01-02: 50.01-03: 53.01-04: 54.01-02: 55.01-03:
   56.03: 57.01-04: 63

B. Mining and manufacturing products (other than food)

5. Crude minerals
   a) Metalliferous ores and concentrates
      26: 73.03
   b) Other minerals
      25.01-22, 24-32: 31.01

6. Fuels (incl. petroleum products)
   27

7. Basic chemicals
   a) Organic chemicals
      29: 39.01-06: 40.02: 51.01-02: 56.01-02
   b) Inorganic chemicals
      28: 31.02-05

8. Other chemicals
   30: 32: 33: 34: 35: 36: 37: 38

9. Manufactures of rubber or plastic
   39.07: 40.05-16
B. Mining and manufacturing products (other than food) (continued)

10. Leather, dressed furs and articles thereof

11. Wood manufactures
   a) Wood, shaped or simply worked
   b) Manufactures of wood and cork (excl. furniture)

12. Wood pulp and paper
   a) Wood pulp
   b) Paper and articles of wood pulp and paper

13. Textiles
   a) Textile yarns and fabrics:
      i) of wool
      ii) of cotton
      iii) of synthetic and artificial fibres
      iv) of other textile materials
   b) Floor coverings
   c) Made-up articles
   d) Other textiles (narrow fabrics, pile fabrics, etc.)

14. Apparel and accessories

15. Footwear

16. Cement and articles thereof, articles of stone, mica, asbestos, etc

17. Ceramics, glass and glassware

18. Pearls, precious stones and metals, coins and jewellery

19. Metals
   a) Pig iron and non-ferrous metals, unwrought
   b) Steel, basic shapes and forms
   c) Copper, basic shapes and forms
   d) Aluminium, basic shapes and forms
   e) Lead and zinc, basic shapes and forms
   f) Non-ferrous metals, basic shapes and forms
B. Mining and manufacturing products (other than food) (continued)

20. Metal manufactures (other than machinery) 73.21-40: 74.09-19: 75.06: 76.08-16: 77.03-04: 78.06: 79.05-06: 80.06: 82: 83

21. Machinery (other than electric)
   a) Heavy industrial machinery 84.01-09: 84.23-39: 84.42-50: 84.56-57: 84.59-60
   b) Office machines 84.51-55
   c) Other 84.10-22: 84.40-41: 84.50: 84.61-65

22. Electrical machinery
   a) Power machinery and equipment for distributing electricity 85.01: 85.19: 85.23-27
   b) Other electrical machinery and appliances 85.02-18: 85.20-22: 85.28

23. Road motor vehicles 87.01-06, 09

24. Other transport equipment 86: 87.07-08, 10-14: 88: 89

25. Precision instruments
   a) Watches 91
   b) Optical instruments 90.01-13
   c) Other precision instruments 90.14-29: 92: 93.04-07A

26. Other manufactures
   a) Furniture 94
   b) Toys and sports requisites 97

Note: Not included: military arms and ammunition 93.01-03, 078.