This note represents an initial attempt to specify certain methods of applying the French proposal for a general lowering of customs tariffs, which was submitted to the Contracting Parties at their meeting on 20 September 1951.
1. DETERMINATION OF THE WEIGHTED AVERAGE LEVEL OF CUSTOMS PROTECTION

A. Division of economic activity into different branches

Point 3 of the French proposal states that the automatic and progressive reduction of customs duties in the various countries should not be computed for each individual tariff item, but should be based on the weighted average level of customs protection afforded to each main branch of economic activity.

In that connection, the French delegation had suggested the division of economic activity into five main branches of products:

- Raw materials,
- Semi-finished products,
- Foodstuffs
- Capital goods,
- Industrial consumer goods.

The above list was given merely as an indication, it being understood that the number and structure of the branches should be defined by general agreement.

The elements of these different branches should follow similar or comparable lines for all countries. It would, of course, be desirable for all States members of GATT to use a common nomenclature; but failing that, statistics should be transposed under one of the common nomenclatures already framed, either the Brussels or the United Nations nomenclature.

B. Calculation of weighted average levels

The average level of customs protection for each of the branches proposed should be a quotient having:

a) as its numerator, the total duties which would have been collected if the rates specified in the tariff on 17 September 1951 had been applied in full. (Countries which have not yet applied the duties negotiated at Torquay should base their calculations on the latter);

b) as its denominator, the total value of the goods imported and marketed.

If it is to have any real significance, the weighted average level should be computed on the basis of comparable elements worked out from the statistical material published by the various governments.

The value used for the calculation should, as a rule, be the C.I.F. value of the goods. Countries using other criteria in compiling their import statistics and in determining the dutiable value would be requested to convert their figures into C.I.F. values with a view to ensuring that the bases of calculation are roughly the same for all countries.
As a rule, duties on products which a particular country does not itself manufacture would be excluded in calculating the average level of customs protection. Certain consumer goods liable to duties of an essentially fiscal character in countries where consumption is largely dependent on imports might be studied separately.

Should the application of the proposed method involve a given country in excessive difficulties, other weighting methods might be considered.

C. Choice of the reference period

The reference period would be one of the years 1948, 1949 or 1950, or the average for those three years. In the latter case the duties theoretically collected and the values of goods would be calculated on the basis of the last year included.

However, it would appear preferable to select a single year in order to facilitate statistical work. The year selected might be 1949, one during which international trade was not, on the whole, upset either by exceptional shortages or by external events.

The use of 1949 as the reference year would have the further advantage of making it possible to utilise final statistics which are now available in most countries.

2. PRODUCTS ORIGINATING FROM COUNTRIES NOT MEMBERS OF GATT

Imports of any product originating from States not members of GATT could be excluded from the calculation of weighted averages and from plans for tariff reductions where they represent at least 50% of the total imports of the product in question.

3. SPECIAL WAIVERS OR SPECIAL METHODS

According to point 6 of the French proposal special waivers or special methods can be provided for in two cases:

a) As regards some branches of production in under-developed countries

Under-developed countries could ask for the exclusion of a given product from their calculations of weighted averages and their plans for tariff reductions with a view to facilitating the establishment, development or reconstruction of some branches of industrial or agricultural activity.

Any waivers granted should be for limited periods and, in any case, be withdrawn should the beneficiary country become a competitive exporter of the products in question in world markets.
b) As regards products benefiting by exceptionally low duties

Countries able to show that the full application of the system of a general and automatic lowering of duties would involve them in serious difficulties could ask for waivers, the form of which would be agreed upon at the time.

4. ARBITRATION PROCEDURE

The Contracting Parties will set up the body empowered to grant waivers and to settle any other questions arising out of the application of the plan for tariff reductions.