TARIFF ESCALATION

Communication from Brazil and India

The following communication has been received from the delegations of Brazil and India.

In the quest for trade liberalization the question of tariff escalation appears as the most neglected major area. Although its overall significance is not disputed, as high levels of nominal and effective protection constitute barriers to trade in products of increased degree of processing, no systematic effort has yet been made to come to grips with the problem.

At its meeting held last October the Committee on Tariff Concessions was of the general view that the problem was of "major importance". In an attempt to begin to assess the impact of tariff escalation on trade, the Committee then agreed that the secretariat should carry out a pilot study on certain products to be selected in consultation with interested delegations (TAR/M/5, paragraph 8).

Some information on the broad situation relating to tariffs applying to areas of interest to developing countries had already been provided in document COM.TD/W/315. In addition, studies carried out by the secretariat on a number of products for the programme of consultations on trade liberalization of tropical products have determined the widespread incidence of escalation in the tariff levels applied to such products in their various degrees of processing, whether under GSP or m.f.n. tariff treatment.

Tariff escalation thus stands out as a major problem requiring of the Ministerial meeting a decision to eliminate/substantially reduce the escalation of tariffs on products with increased processing. To this end the necessary studies should be completed expeditiously and intensive work followed up so as to have such barriers to trade as result from the application of escalation promptly eliminated.