PROPOSALS FOR TARIFF REDUCTION

Draft Revision of Annexes A and B to W.9/161

ANNEX A: DRAFT PROPOSAL FOR A NEW ARTICLE

Article 00. Tariff Negotiations

1. The contracting parties recognize that many customs duties in many countries often constitute serious obstacles to trade; thus negotiations on a reciprocal and mutually advantageous basis, directed to the substantial reduction of the general level of tariffs and other charges on imports and exports and in particular to the reduction of such high tariffs as prohibit the importation even of minimum quantities, and conducted with regard to the objectives of the Agreement and the varying needs of individual contracting parties, are of great importance to the expansion of international trade. The Organization may therefore sponsor such negotiations from time to time.

2. (a) Negotiations which contracting parties agree to conduct under this Article may be carried out on a selective product-by-product basis or by the application of such multilateral procedures as may be accepted by the contracting parties concerned. Such negotiations may be directed towards the reduction of duties, the binding of duties at then existing levels, undertakings not to raise duties above specified higher levels, or undertakings that individual duties or the average duties on specified classes of imports, categories of products, shall not exceed specified levels. The binding against increase of low duties or of duty-free treatment shall, in principle, be recognized as a concession equivalent in value to the reduction of high duties.

(b) The contracting parties recognize that the success of multilateral negotiations would depend on the participation of all contracting parties which conduct a substantial proportion of their external trade with one another.

(c) In such negotiations, contracting parties shall be free not to grant concessions on particular products, and shall not be required to grant unilateral concessions or to grant concessions to other contracting parties without receiving adequate concessions in return. Account shall be taken of the value to any contracting party of obtaining in its own right and by direct obligation the indirect concessions which it would otherwise enjoy only by virtue of Article I.

3. Negotiations shall be conducted on a basis which affords adequate opportunity to take into account:

   (i) the needs of individual contracting parties and individual industries;
(ii) the needs of less developed countries for a more flexible use of tariff protection to assist their economic development and the special needs of these countries to maintain tariffs for revenue purposes;

(iii) all other relevant circumstances, including the fiscal, developmental and strategic and other needs of the contracting parties concerned.

The contracting parties recognize that negotiations of the kind envisaged in this Article constitute a basic contribution to the objectives of this Agreement.

Interpretative Note to Paragraph 3

It is understood that the reference to fiscal needs would include the revenue aspect of duties and particularly duties imposed primarily for revenue purposes or duties related to such duties.

ANNEX B: DRAFT PROPOSAL FOR PROCEDURES FOR FUTURE WORK

The CONTRACTING PARTIES decide

that a special working party shall be established, to be convened at a time deemed appropriate by the Chairman of the CONTRACTING PARTIES, with the following terms of reference:

that the Intersessional Committee be instructed:

(a) to study generally the possibilities of future action directed to the reduction of the general level of tariffs, with special consideration being given to the reduction of excessively unreasonably high tariffs;

(b) to examine various particular plans or procedures which may be proposed for carrying out the objectives set forth in paragraph (a);

(c) to recommend to the CONTRACTING PARTIES the convening of a tariff conference as soon as it is felt by the working party that progress in this field is possible, and to make preparations for such a conference;

(d) to report to the CONTRACTING PARTIES at their Tenth Session.