1. The Working Party met from 19 to 29 March 1963. It was agreed that
discussion in the Working Party was exploratory at this stage and that the
record of these discussions would be ad referendum.

The linear approach

2. There was a measure of agreement in the Working Party that, in order to
launch the negotiations in the most favourable conditions, the aim should be
the offer of a 50 per cent linear cut, staged over a maximum period of five
years. In this connexion, the suggestion was made that such an approach
predicated a broad participation in the negotiations on this basis.

* Further points related to this question, such as disparities in tariff
levels and the position of countries with a limited range of export products,
have been touched on in the discussions of the Working Party without being
fully discussed. It is intended that reference would be made to these in the
final record of the present meeting.
Exceptions Procedure

3. It was agreed that exceptions to the general rule of an offer of a $50$ per cent linear cut should be kept to a minimum. Two proposals designed to limit the exceptions to the initial offers list were before the Working Party:

Proposal a)

The rules of the negotiation would lay down the principle that initial lists of exceptions should be minimal and that items should be included only for reasons of over-riding national importance. Initial lists of exceptions would be subject to confrontation and justification.

This process would afford an opportunity for the negotiation of concessions which, while not as far reaching as a $50$ per cent cut, would not mean the total exclusion of products from the scope of the negotiations.

Proposal b)

The two conditions in proposal a) would be accompanied by the addition of a quantitative limitation. This limitation would be expressed as a percentage of a participating country's imports. It was agreed that, if this proposal was retained, the Working Party should propose both a percentage figure and the basis for its calculation.
Agriculture

4. It was common ground that the tariff negotiations would form a part of an overall trade negotiation covering all products. The balance of advantage would be assessed on the results obtained from the negotiations as a whole.

5. There was wide agreement that the basic rules of the tariff negotiation were not appropriate for dealing with certain agricultural products and that it would be necessary to deal with some products through commodity arrangements. Cereals represented the clearest example of a product where a commodity arrangement might be appropriate. Commodity arrangements might also be appropriate in one or two other instances such as meat and dairy products.

6. If it should appear that the negotiations were likely to be so prolonged that agreement might not be reached on a commodity by the time that countries were assessing the balance of negotiations, then consideration would have to be given to interim arrangements designed to ensure that the position of exporters would not be impaired.

7. As far as other agricultural products were concerned, it was suggested that these would be dealt with within the framework of the tariff negotiations. Where products were subject to fixed tariffs only, they would be subject to the linear rule for a 50% per cent reduction of tariffs in the same way as industrial products. For the remaining agricultural products, where protection was afforded other than through a fixed tariff, the aim should be to offer concessions which would afford a reduction in the level of protection comparable to a 50% per cent reduction in a fixed rate of duty. If this were not possible, the item would be put on the list of exceptions.
8. The Working Party felt that in negotiations aimed at such far-reaching reductions in duties, it would probably be necessary to provide opportunities for consideration of non-tariff measures and practices which affect the value of concessions. The problems are of two types:

a) Practices and measures of protection of particular countries:

It was felt that, in most cases, the proper way to deal with these was to provide that they should be dealt with in direct discussion between the countries concerned with a view to providing assurances to the exporting country or countries concerned that the value of the tariff concession offered would not be impaired.

The question was raised as to what was to be done if a 50\% per cent tariff cut were to be offered on a product subject to protection by quotas.

b) Safeguard measures:

The suggestion was also made that the application of certain provisions of the General Agreement e.g. Articles XIX and XXVIII or the procedures thereunder might need to be reviewed. It was agreed that these matters should be examined further by the Working Party and, in the event that it was considered necessary, the Working Party could suggest that Ministers should recommend multilateral consideration of this matter.

Less-Developed Countries

[To be added]

Principal Supplier Rule

[To be added]

Multilateral Balance

[To be added]
Procedural and Administrative Arrangements

The Working Party would no doubt wish at this meeting to indicate the type of machinery necessary for the conduct of the Trade Negotiations.

Next Meeting of the Working Party

The Working Party should agree on the date of its next meeting, at which it would presumably finalize its report to Ministers.