DRAFT CONCLUSIONS

1. Content of exceptions lists

The Sub-Committee agreed to recommend that the lists should:

(a) indicate why the inclusion of the products listed was necessitated for reasons of overriding national interest;

(b) indicate where it was proposed totally to exclude a product from the negotiations and where some offer other than that of a 50 per cent reduction could be made.

2. The procedure for circulating exceptions lists

The Sub-Committee agreed to recommend that exceptions lists and offer lists submitted at that stage should be circulated on 16 November 1964 to all governments participating in the negotiations on the basis of the linear offer and to governments submitting an offer on the same date in a form and on terms agreed by the Trade Negotiations Committee. The lists should be circulated to other participating governments at a later stage.

3. The procedures for the justification and subsequent negotiation of exceptions

The Sub-Committee agreed to recommend that:

(a) as a first stage the lists should be subject to a process of justification on the basis of the objective criterion that exceptions should be only those necessitated by reasons of overriding national interest;
(b) this process should be conducted, on the basis of a preliminary report on the lists submitted by the Chairman of the Trade Negotiations Committee, in a body consisting of the countries participating in the negotiations on the basis of the linear offer;

(c) the second stage would be that of confrontation and negotiation, including the working out of the possibilities of offers on products included in the lists on another basis than that of a linear reduction;

(d) all countries participating in the negotiations on the basis of the linear offer and which had submitted by that date an offer in a form and on terms agreed by the Trade Negotiations Committee should be free to participate in this second stage;

(e) simultaneously with (c), there should be an examination of exceptions lists and lists of offers with particular regard to the export interests of less-developed countries.

4. The procedure for notifying and discussing the base date and the level of duties by reference to which the 50 per cent linear reduction would be calculated in the case of particular participating countries

The Sub-Committee agreed that:

(a) each participating country should notify by 1 August the basis on which the across-the-board tariff reduction would apply in its case, it being understood that this basis would have to be acceptable to the other participating countries and that in all cases the duties used for reference purposes should be those existing after the 1960-61 Tariff Conference and should reflect the results of that Conference;

(b) except where otherwise indicated, the tariff nomenclature used would be that in force on 1 August.
5. **Products primarily imported from non-participating countries**

Subject to an indication by the United States delegation that it might wish to revert to this question at a later stage, it was agreed to recommend that such products should be subject to the normal rules relating to the linear tariff reduction.

6. **Questions relating to binding of results of the tariff regulations**

It was agreed to recommend that:

(a) the results of the tariff negotiations should be bound by incorporation in the schedules annexed to the GATT;

(b) in the case of countries making a linear offer, zero duties should be regarded as bound unless the products concerned are included in the exceptions lists;

(c) as regards products included in exceptions lists, where no binding, or rebinding is agreed, the present position of the products under the GATT would be unchanged.

7. **Staging of the tariff reductions**

It was agreed to recommend that participating countries should be free to spread the agreed tariff reductions over a maximum of five equal annual installments, it being understood that it would be open to any country to implement the results more quickly.

8. **The treatment of mixed and seasonal duties**

It was agreed to recommend that all elements in such duties should be subject to the general rule of the 50 per cent linear reduction and that, where a country wishes to except one element in a mixed duty from this reduction, it should so indicate in its exceptions list.

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1. The European Economic Community have reserved their position on this question.

2. Where a product is already bound, a "rebinding" would make it subject to whatever new procedures, if any, are agreed as regards the application of Article XXVIII to the results of the present negotiations.

3. Subject to a reservation by the European Economic Community.