DRAFT SECTIONS FOR INCLUSION IN REPORT ON MEETING
OF THE SUB-COMMITTEE ON 27 AND 30 OCTOBER

(a) Offers of less than the linear cut

The Sub-Committee agreed that it should be left open to countries, in cases
where they can make an offer of less than the linear cut, either to indicate this
fact only in their exceptions lists, or to state more precisely just what offer
they could make.

(b) The staging of the tariff reductions

The Sub-Committee agreed to recommend to the Trade Negotiations Committee that
the rule relating to the staging of the tariff reductions should be as follows:

"1. The tariff reductions to be made under the linear rule, and under the rules
relating to tariff disparities, may be spread over a maximum period of four years,
commencing on a date to be set in the Protocol. At any time in this period, the
aggregate reductions by then made shall be at least as great as would have been made
by that time had:

(a) one fifth of the total reduction been made on the date referred to above;

(b) the remaining four fifths of the total reduction been made in four equal
instalments at one year intervals after the date referred to above.

"2. Any country participating on the basis of the linear reduction which proposes
to implement the tariff reductions on a particular product at a slower rate than that
required in (1) above should so indicate in its exceptions list."

\[1\] It would be understood that this provision might need to be amplified or
modified in the light of the discussion in the Sub-Committee on the Participation
of Less-Developed Countries.
(c) **Definition of products to which the rule relating to the linear cut shall apply.**

The Sub-Committee agreed to recommend that:

(i) For the purpose of drawing up the exceptions lists, the rule relating to the linear cut should be regarded in principle as applying to products included in chapters twenty-five to ninety-nine of the Brussels nomenclature.

(ii) Pending a final decision on which products are to be the subject of the linear rule, countries participating on the basis of the linear offer which consider

(a) that there are products within the first twenty-four chapters which should be subject to the linear rule and should not be dealt with in the negotiations on agricultural products or

(b) that there are products not included in the first twenty-four chapters which should be dealt with in the negotiations on agricultural products and should not be subject to the linear rule,

may table their exceptions lists either on the basis set out in (i) or on the basis of their views under (a) and (b); in the latter case a list of the products concerned under (a) and (b) should be submitted before or at the time their exceptions lists are tabled.

(iii) It is understood that changes might need to be made in exceptions lists in the light of the final decision on which products were to be subject to the linear rule, and which should be dealt with in the agricultural negotiations. Discussions, with a view to establishing an agreed list, should take place as soon after 16 November as possible.
(d) **Notifications of the basis on which participating countries propose to apply the linear reduction in their case**

The Sub-Committee discussed the notifications which had been submitted. This discussion revealed that, while no problems arose on the major part of the tariffs as notified, problems arose on some parts of the tariffs because of differences in the basis used in regard to the choice of effective, as opposed to legal, rates of duty, the question which arises when rates are bound in the relevant GATT schedules at levels higher than those in the legal tariff or those effectively applied, and the treatment of revenue duties. Differing views were expressed about what, in principle, the basis ought to be in these cases. Several delegations emphasized that in their view any assessment of the value of the offer made by countries participating on the basis of the linear offer would have to take into account *inter alia* the basis on which it was proposed to apply the linear cut to the tariff in question, and that it would be open to countries where they regarded this basis as unsatisfactory, to make consequential adjustments to their own offers. Other delegations stressed that, to avoid unnecessary complications or inequitable treatment as between participants, the rates to be used for the linear reduction should be the bound rates or, where the rates are not bound, the rates in the tariff.*