Committee on Trade in Industrial Products

DRAFT REPORT TO THE COUNCIL

1. At their twenty-sixth session, the CONTRACTING PARTIES noted with satisfaction the progress that had been made under the Work Programme established in 1967 and directed the Committee on Trade in Industrial Products to proceed with the task of formulating conclusions on possibilities for concrete action that might appropriately be taken to deal with the trade problems that arise in the field of industrial products. In this connexion, the CONTRACTING PARTIES stressed the importance of the earliest possible completion of the Tariff Study so that tariffs as well as non-tariff barriers could be fully taken into account in the execution of the Work Programme.

2. In February 1971 the Committee was able to report progress on both aspects of its work: preparation of the basic data on the Tariff Study had been completed and five sub-groups on non-tariff barriers had concluded a preparatory stage of examining the non-tariff barriers on the illustrative list.

3. At that stage, further work on both tariffs and non-tariff barriers was approved by the Council on the recommendation of the Committee. An extensive exchange of views on the Tariff Study resulted in agreement to establish a Working Party to submit a preliminary report on an agreed form of analysis, whilst on non-tariff barriers it was decided that the relevant existing Groups would make an effort to elaborate solutions on an ad referendum basis, beginning with the three topics which appeared to lend themselves most readily to concrete action. These topics were also selected with a view to giving priority attention to problems of interest to developing countries. The topics were: standards and their enforcement, existing systems of valuation for customs purposes, and problems within the area of Group 4, where it was envisaged that initially work would focus on the operation of licensing systems. There has also been continuous exploration of the possibility of adding other topics to the work programme on non-tariff barriers, taking into account the results of work in other GATT bodies.
4. The Committee now submits its third report to the Council in accordance with the decision of the Council of 22 February that it should report on both tariff and non-tariff work in time to permit the Council to report to the twenty-seventh session. This report sets out the actual situation of work in the three non-tariff barrier groups, and on the Tariff Study, as well as the views prevailing in the Committee on the work to be undertaken between the twenty-seventh and twenty-eighth sessions.

5. Technical work on valuation has succeeded in reaching a measure of agreement on two texts comprising principles on valuation and interpretative notes which attempt to give greater precision to certain concepts in Article VII, including "actual value" and "like merchandise"; it also defines more clearly the procedures to be followed when actual value is not ascertainable, and in certain other respects makes Article VII more meaningful, also for developing countries. The text still contains a few points on which different members of the Group favour alternative formulations. The Group considers, however, that the time has come for reflection and decisions on whether and under what conditions the proposed drafts are acceptable. The Group therefore considers that it would be appropriate to refer the texts to their administrations for careful examination and for consideration of changes which might be implied in accepting them.

6. In Group 3 on Standards, three meetings and the work of a Drafting Group of Experts have produced a draft text covering definitions, the making of standards, their use, procedures to be followed relative to publicity and hearings, compliance, testing procedures and consultations concerning interpretation of the obligations. The Group has also debated certain issues involving differences of view which exist in the text, including the question to what extent the principles of the instrument should be binding, to which States the instrument should be open, the kind of consultations wanted, and in particular the role of standards which are developed by limited groups of States in cases where other States interested in the trade are not permitted to participate or choose to abstain from preparation of and participation in standards. Involved in this debate was also the question of the ability of States to enforce international obligations in the field of standards. At its latest meeting, the Group instructed the Chairman to pursue actively informal consultations with key members with a view to convening a meeting early in January.
7. In Group 4 on Licensing, an examination of individual countries' licensing systems has been carried out in an effort to determine what solutions would be appropriate to the problems identified. Some fifty replies were received from contracting parties in response to a questionnaire sent out by the Group, and a selection of replies was reviewed by the Group. Revised and supplementary documentation and a secretariat study of the replies are in preparation. The Group has prepared a draft which is now under study in capitals, containing elements for possible agreement concerning automatic licensing systems. It has also begun consideration of ways of improving existing systems of licensing to implement quantitative restrictions and this work will be continued on the basis of a secretariat study.

8. Tariff Study

The Working Party on the Tariff Study met in March, June and October. As instructed by the Working Party, the secretariat has performed an analysis of the tariff and trade situation in each of the twenty-three product categories as well as general analysis of industrial tariffs and trade. Supplementary tables to the basic documentation, presenting the data in a form more suitable for analysis were also prepared. Replies to the requests for information in relation to the feasibility study are presently being received and collated by the secretariat.