Committee on Trade in Industrial Products

DRAFT REPORT TO THE COUNCIL

Addendum

[Delete old paragraph 8]

Future work on non-tariff barriers

8. The Committee agreed that encouraging progress had been achieved in all three subjects currently under consideration in the non-tariff barrier field, notwithstanding the differences in the stage which various groups had, for good reason, been able to attain. It was agreed that this work should be actively pursued to the preparation of solutions which could be placed before governments for acceptance. In the case of valuation the Committee accepted the Group’s suggestion to transmit the texts to administrations for careful examination and for consideration of changes which might be implied in accepting them. It was also agreed that the valuation drafts might be reviewed at a future meeting of the Committee after governments have had an opportunity of taking positions in regard to them. It was understood that work on standards and licensing should be actively pursued to the stage of submission of ad referendum solutions to governments hopefully in the coming months.

9. It was agreed that in the light of this progress, a list of topics should be agreed upon, on which similar work should be done during the interval from now to the twenty-eighth session. Whether completion of work now in hand proved to take a short or a long time was immaterial, as new topics would be needed sooner or later and new work would in any case be undertaken only as and when work on existing topics on the technical level permits. A number of possible subjects were mentioned, including government procurement, export subsidies (on the understanding that work on countervailing duties would follow immediately after), consular formalities, import documentation, marks of origin, packaging and labelling, quantitative restrictions, and interpretative notes for Articles III, XX and XXI. It was agreed that the diversity of subjects available, together with the desire to complete work already under way, argued for adoption at this time of a short list. Subjects chosen should be selected with a view both to generality of interest, especially to developing countries, and to the immediate practical possibilities for finding solutions.
10. Following discussion of various possibilities there was virtually unanimous agreement that work should be undertaken on export subsidies, followed by work on countervailing duties. This work, to be undertaken by a reactivated Group 1, would consist at a minimum in clarifying the scope of Article XVI:4 but might also include suggestions for modification of that Article. Further, as and when their present tasks permit existing Groups would turn to the following subjects, respectively: Group 2 - import documentation, marks of origin on consular formalities; Group 3 - packaging and labelling; Group 4 - quantitative restrictions in particular those affecting developing countries, to the extent that practical possibilities of agreement remain after completion of current work. Other subjects? It was agreed that the time had come to take a firm decision on the question of future work.

11. It was agreed that this procedure would be without prejudice to the possibility that farther-reaching decisions might be reached in the near future, including the establishment of a policy group concerning negotiating techniques and the manner in which balance of advantage might be assured to participating contracting parties in giving effect to the results of this and other work comprising the GATT work programme.

III. Tariff study

12. The Working Party on the Tariff Study was established by the Committee on Trade in Industrial Products in February 1971, with the following terms of reference:

"On the basis of documentation that has been prepared and such other material as may be found useful, the Working Party should carry out an objective analysis of the tariff situation as it will exist when all Kennedy Round concessions have been fully implemented, with a view to providing the Committee on Trade in Industrial Products with the necessary elements for carrying out its terms of reference in the tariff field. This analysis, incorporating trade flows, will provide an objective basis for the contracting parties, at the appropriate time, to explore various possible approaches to future action in the tariff field and would include, inter alia, an examination of the variations in tariff rates as between and within categories and as between countries, and of the differentials in duties according to the degree of processing. The report of the Working Party will present the results of the various parts of the analysis but should not make recommendations as to possible action."
"The Working Party should submit to the Committee, as soon as possible, a preliminary report on the basis of the present documentation. A final report incorporating additional trade and tariff data will follow.

"The Working Party will also examine the feasibility of analyzing and developing better measures of the effects on trade of tariffs and tariff changes and should report, as soon as possible, the results of its examination to the Committee on Trade in Industrial Products."

Since its establishment the Working Party has met three times - in March, June and October.

13. In compliance with the first two paragraphs in the terms of reference, the Working Party carried out a general analysis of industrial tariffs and trade. The sixteen countries which are included in the analysis are: Canada, the EEC (counted as six countries); the following EFTA countries: Austria, Denmark, Finland, Norway, Sweden, Switzerland and the United Kingdom; Japan and the United States. It included inter alia a section on the trade of developing countries. In addition, the secretariat has prepared preliminary analyses of the tariff and trade situation in each of the twenty-three product categories. The preliminary report will not be complete until the product category analyses are finalized and submitted to the Committee on Trade in Industrial Products as addenda.

14. Supplementary tables to the basic documentation, presenting the data in a form more suitable for analysis, were also prepared.

15. With regard to the feasibility study (the third paragraph in the terms of reference), the Working Party decided that the first step should be to determine what relevant information was available. A questionnaire regarding the availability of statistics was sent to the countries which had already supplied data for the Tariff Study. Nine countries have already replied to this questionnaire while the remaining countries stated that their response would be submitted in the near future. In addition, a letter was circulated to all members of the Committee on Trade in Industrial Products requesting information on studies and research relevant to the feasibility study. One country so far has submitted an interim response.
Future work

16. At the October meeting of the Working Party it was agreed that the next step in the Tariff Study should be to bring the supplementary tabulations and the general analysis up to 1970 trade figures and to add data on Australia and New Zealand. This would also apply to certain product category analyses, particularly those accounting for a large amount of trade or for which world trade had shown its greatest increase since 1967. It was also agreed that the secretariat should prepare, on a country basis analyses of the tariff and trade situation with regard to Australia and New Zealand and to proceed to tabulate data on South Africa as soon as they are finalized.

The secretariat was also instructed to contact other countries with a view to determining whether they would be prepared to furnish material for inclusion in the tariff study.

With regard to the feasibility study, it was decided that the secretariat would compile responses to the statistical questionnaire on a question-by-country basis, and would prepare a summary of replies to the letter regarding study and research methods. These would both be circulated to the Working Party prior to its next meeting. The secretariat might prepare suggestions as to how the study could be conducted.

17. The Committee at its 2-3 November meeting approved this work programme.