WORKING PARTY TO ESTABLISH STATISTICAL FACTS OF TRADE AT
MOST-FAVoured-NATION AND AT OTHER RATES

Note on the meeting of 27 January 1972

1. The Working Party met on 27 January 1972 to discuss appropriate directives for the statistical exercise. The Working Party had before it a summary of a review conducted by the secretariat outlining the availability of relevant information and identifying some of the problems involved in the establishment of the statistical facts of trade and most-favoured-nation and other rates.

2. With respect to country coverage, it was agreed that the secretariat should immediately begin work on those countries which had already supplied information in connexion with the Tariff Study, i.e. the EEC countries, the United States, Canada, Japan, the United Kingdom, Sweden, Denmark, Norway, Finland, Switzerland, Austria, Australia, New Zealand and South Africa. Members of the Working Party felt, however, that the exercise should not be limited to these countries as, in their view, the coverage should be as broad as possible. After having considered the possibility of submitting the results in two stages, the Working Party agreed that the secretariat should circulate a request for relevant information to all contracting parties and place special emphasis on obtaining as complete information as possible on the major importing countries or regional groupings in each continent. The Director-General's report on the findings would contain relatively complete information on the countries covered by the Tariff Study, along with as much information on the trade of the main countries in other continents as could be processed by that time; an indication of the availability of relevant data from other contracting parties would also be incorporated. A decision as to further work could be taken in the light of these findings.

3. It was agreed that where adequate information was unavailable from national statistical services, the secretariat could make use of independent studies of trade flows. It was recognized that the information obtained would most likely fall into three categories: (i) information from the Tariff Study countries and possibly from a few other countries, which would be available in detail and more or less comparable; (ii) information from certain other countries which would be in less detail, not cover all the years, and be only roughly comparable; and (iii) information on other countries based on independent studies which would show the order of magnitude involved without necessarily indicating the trend.

4. Considering the years proposed by the secretariat for this exercise, some members indicated their preference for regular five-year intervals, but agreed that the work would be considerably simplified if the data for 1961 and 1964, already
available for the countries covered by the Tariff Study, were used. Most members did not indicate any particular difficulty in supplying information for the years 1955, 1961, 1964 and 1970, which were therefore accepted as reference years. It was recognized that in respect of certain individual countries it would be necessary to make some adjustments with regard to the years selected in order to take account of special circumstances. In many cases calculations for earlier years would have to be based on estimating factors derived from more recent trade statistics. Some members reserved their position on the use of 1955 as a starting year, as they would have preferred a year closer to the entry into force of the General Agreement; 1950 was mentioned in this connexion. Other members, however, pointed out that the inclusion of years prior to 1955 was outside the time period specified by the CONTRACTING PARTIES. In addition, questions would arise in regard to the interpretation of trade figures for years before 1955 due to the existence of dollar discrimination and the prevalence of quantitative restrictions at that time. Those members preferring an earlier year noted that these factors were still present in 1955.

5. Some members indicated their preference for separate results on agricultural and on industrial products. Other members pointed out that in view of the changes which had taken place in the tariff and import classifications of most countries during the 1950's, the definitions of these two categories would not be comparable over time. The Working Party agreed that it would not be necessary to make a distinction between agricultural and industrial imports. The overall figures would contain only three categories: (i) total; (ii) most-favoured-nation; and (iii) preferential. It was recognized that the sum of the latter two categories would, in certain cases, not add up to the total due to imports at rates (e.g. "general" rates) above the most-favoured-nation rates. Individual country statistics, however, could be further broken down to the extent possible according to provenance. In some cases, the only practicable way would be to separate intra-area trade from imports under other preferential or association agreements, and possibly, imports from developed and developing countries.

6. It was noted that in this exercise preferential imports would only include those supplies from preferential or intra-regional sources which actually enjoyed tariff preference. For items where the most-favoured-nation rate was zero, or was the lowest rate, imports from preferential or intra-area sources would therefore be considered as most favoured nation. Imports subject to variable levies would be treated in the same manner.

7. The above considerations gave particular importance to the problem of temporary duty suspensions, tariff quotas, and other special tariff treatment. While temporary suspensions of a general nature presented little difficulty, complications arose in the case of duty suspensions applicable, for example, where an imported good was destined for a specific end-use or where there was no domestic production of the particular product in question. The same complications arose where the duty was refunded when the imported product was re-exported as such or after further processing. It was recognized that re-exports accounted for a very small percentage of the total trade of the contracting parties combined, but were of significant importance for certain individual countries.
8. It was pointed out that in some instances imports entered on a preferential basis but where there was no formal provision in the tariff schedule for preferential rates. The most important trade flows of this type related to arms and other military supplies. The Working Party noted that trade in military goods received varying treatment in national trade statistics. In some cases goods destined for military purposes were entirely omitted from trade statistics; in others they were included but not specified as to source, while in some countries certain military imports were excluded or unspecified while others were registered in the normal fashion.

9. It was recognized that in addition to military supplies, temporary suspensions and re-export trade, other cases would arise where estimates would have to be based on whatever information might be available. Since the breakdown of each country's import data will involved elements of estimation and some residual imprecision, the Director-General's report would be accompanied by a technical note specifying where estimations had been made, outlining the estimating method and indicating any further shortcomings of the basic data which had affected the precision of the final results.

10. The Working Party recognized that it might prove necessary to have further meetings to provide the secretariat with additional instructions should serious difficulties arise. A decision regarding the necessity of another meeting would be taken on the basis of a progress report to be circulated by the secretariat towards the end of March. The view was expressed that there should be at least one further meeting of the Working Party before the presentation of the Director-General's findings to the CONTRACTING PARTIES.