DRAFT REPORT ON THE MEETING OF JUNE 1972

1. The Working Party met from 27-30 June 1972 under the Chairmanship of Mr. Hans Colliander (Sweden). Two main items were discussed at this meeting, (a) the future work programme of the Group\(^1\) and (b) the special tasks regarding the techniques and modalities assigned to the Working Party at the June meeting of the Committee on Trade in Industrial Products.\(^2\)

A. Work programme

2. With regard to the Feasibility Study, the Working Party noted the replies to the questionnaire regarding the availability of statistics (Spec(72)32+Add.1) and to the letter soliciting information on study and research methods (summarized in Bibliography of Studies, Spec(72)40/Add.1) as well as the study performed by the secretariat on possible approaches to a study of trade effects of tariff changes (Spec(72)40). The delegation of the United States was of the view that this material indicated that adequate, although not always comparable or complete, data existed to permit the expansion of the existing Tariff Study data base through the inclusion of a time series of available production and consumption statistics concorded to the existing trade and tariff data classified into two-, three- and four-digit SITC groups, for each of the countries covered by the Tariff Study. After a discussion of the specific proposal by the United States to this effect (Spec(72)53), the Working Party

\(^1\) L/3609 paragraph 19

\(^2\) COM.IND/W/83 paragraphs 52 and 53
decided that the secretariat should make a detailed assessment of the magnitude and complexity of the problems involved in such a task. This assessment should be based on an attempt to collate the requisite statistics for a few selected product groups for all countries for 1970 and in the case of at least a few countries, for the period 1964-70. The secretariat would report its findings to the next meeting of the Working Party.

3. Following instructions from the Committee on Trade in Industrial Products, the Working Party examined a number of proposals for presenting the tariff and trade data in forms that would facilitate an assessment of the implications of the various possible techniques and modalities for tariff negotiations. The Working Party agreed to recommend the following presentations:

(a) As an exploration of the linear approach, two tabulations could be prepared. The first, based on the alternative assumptions that all tariffs would be completely phased out in ten and in fifteen years, would indicate for each tariff the number of tariff lines and the amount of imports subject to average annual reductions of varying absolute extent (for example, zero, 0.1-0.5 percentage point, 0.5-1.0 etc.). This would be shown for all most-favoured-nation imports, imports by the three stages of processing, by the twenty-three product categories and 119 sub-categories, and by four-digit BTN headings. The second table would show, on the same basis of 1970 trade data, the cumulative frequency distributions of tariff lines and the corresponding most-favoured-nation imports as they would appear after one third and two thirds of any given period over which tariffs would be phased out.
(b) A revised version of Table F in the supplementary tabulations could be prepared which would include for both 1967 and 1970, those BTN headings under which the developing countries supplied more than 20 per cent of combined imports of the countries covered by the Tariff Study with the relevant trade and tariff data. The resulting comparative data would show inter alia the most dynamic growth items in the exports of developing countries and new items which have only recently become important.

(c) A tabulation could be prepared showing total 1970 imports into each of the countries covered by the Study broken down exhaustively by country of origin; it could present on this basis, all imports of manufactured products as well as imports in the twenty-three categories, 119 sub-categories and at the three stages of processing. Sub-totals would be included indicating duty-free dutiable most-favoured-nation and preferential imports; in the latter sub-total, a distinction would be made between all imports from countries eligible for preferential treatment and imports that actually received a margin of tariff preference (based on the concept in the Director-General's Note on Statistical Facts of Trade at Most-Favoured-Nation and Other Rates). The supplying countries would be grouped according to geographical region.

(d) The Working Party recognized the need for additional tabulations of trade and tariff data which would facilitate the analysis and evaluation of the techniques and modalities necessary for an effective participation of developing countries in future negotiations. In particular, a tabulation should be prepared which would summarize all information on the actual tariff situation facing developing countries after the implementation of the general
system of preferences. The Working Party noted that the secretariat was about to distribute an analytical note exploring in a general way the implications of the negotiating techniques presently under discussion for the trade interests of developing countries. It was also noted that the Committee on Trade in Industrial Products may provide the Group with additional instructions regarding the exploration of techniques and modalities for developing countries. It was agreed that the Working Party would discuss the required additional tabulations at its next meeting in early autumn in the light of the secretariat note and such additional instructions as it may receive from the Committee. In the meantime the secretariat will study the technical problems involved in compiling on computer tape the available information on the general preferential schemes in existence and of up-dating such information on a continuous basis.

(e) For the examination of several techniques and modalities, it would be useful to know the degree of dispersion in the existing tariffs. To this effect a tabulation could be made based on an average of all thirteen tariffs calculated in two stages: a simple average of tariff lines in each BTN heading and as a second stage a simple average of the BTN heading averages in each product category or sub-category. In each product category or sub-category, one standard deviation on both sides of the "world" average would define a uniform interval. The distribution of national tariff lines and trade in and outside this interval would be established. As the determination of the "world" average gives rise to some technical difficulties, the calculations would also be done on the basis of average No. 1 as defined in the Tariff Study and the two series of results would be compared in the September meeting.
4. With regard to the other items on the group's work programme, it was decided that first priority should be given to the updating of Summary Table 1 (based on BTN headings) and Tables A to D of the Supplementary Tabulations. The secretariat would update the general analysis of tariffs and trade (COM.IND/W/62/Add.1) adding simple frequency distribution tables on stages of processing and on dutiable tariff lines and imports only. The text would be amended, where necessary, in the light of the new statistical data, taking into account the additional relevant insights gained in the exercise to establish statistical facts concerning trade at most-favoured-nation and other rates. The updating of the remaining tables, as well as of the analyses of four or five product categories in which the greatest changes in the size or pattern of trade flows had occurred, would be carried out at a later date. A view was expressed that it would be useful, when updating to 1970 was completed, to update the existing trade and tariff data files to 1971 as well. It was decided that the question of adjusting the data to take into account the adoption of the EEC tariff by three countries included in the study would be discussed at the next meeting in the autumn.

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1 This would not conflict with preparatory work on the tabulations discussed above.