GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONTRACTING PARTIES
Thirteenth Session
Working Party on Schedules

SCHEDULE XIV - NORWAY: CONVERSION OF SPECIFIC DUTIES

Note by the Leader of the Norwegian Delegation

In response to a request of the Working Party, I am setting out what my Government considers to be the appropriate procedure — both from the point of view of case history and of practical convenience — for the conversion of specific into ad valorem duties.

The Norwegian Government is having recourse to the "rectification" procedure to secure the approval of its new schedule transposed into Brussels nomenclature. This is done in accordance with a Decision of the CONTRACTING PARTIES taken at their Fifth Session (document GATT/CP.5/SR.3). My Government does not propose that the same procedure be necessarily followed for the conversion of specific duties. The need for a "modification" procedure with respect to the conversion of specific duties was referred to in my Government's explanatory memorandum which has been circulated as document L/856 (see paragraph 7). The CONTRACTING PARTIES have in fact made it clear that "there is no provision in the General Agreement which authorizes a contracting party to alter the structure of bound rates of duty from a specific to an ad valorem basis" (BISD, Third Supplement, page 128, paragraph 3).

My Government also agrees that the conversion of specific duties cannot be made in accordance with any general rule laid down in advance. The CONTRACTING PARTIES have never been prepared to lay down rules or formulae for the measurement of the value of concessions; and at the Ninth Session (Review) they explicitly affirmed the principle that governments "should retain complete freedom to adopt any method they might feel most appropriate for estimating the value of duty reductions or bindings" (BISD, Third Supplement, page 219, paragraph 38).

It is clear from what I have said that I do not dispute the right of any contracting party having an interest in a particular item and claiming that its commercial and trade interests are adversely affected, to discuss the matter and, if necessary, to negotiate with Norway. I submit, however, that the CONTRACTING PARTIES have in the past taken the view that any such conversion need not involve negotiation under Article XXVIII if all contracting parties are satisfied that the new ad valorem rate does not impair the value of the concession.
It is considered that in past similar cases - in recognition of the fact that such conversions may, but need not, impair the value of concessions - the CONTRACTING PARTIES have adopted a simplified procedure. This was done for instance in the case of Turkey's conversion of specific duties (BISD, Third Supplement, page 127).

The advantage of this procedure is clear: it maintains all the necessary safeguards while simplifying, and even, I submit, possibly dispensing with, the cumbersome process of negotiation under the procedures of Article XXVIII.

The procedure I envisage is the same as that followed in the case of the conversion of specific rates in the Turkish Schedule. As I see it, the steps would be the following:

(i) Submission to the CONTRACTING PARTIES of a list of the specific duties and of the proposed new ad valorem duties. This is what we have done in respect of the specific duties which it is proposed to convert at this stage (L/856, Add.1).

(ii) Decision by the CONTRACTING PARTIES, under Article XXVIII if it is so desired, that Norway:

(a) may apply the proposed ad valorem duties if no contracting party raises objections;

(b) but shall give an opportunity to any interested contracting party claiming that in a particular case the conversion adversely affects its interests to discuss the matter with Norway and, if necessary, to conduct appropriate negotiations.

(iii) Incorporate the new ad valorem rates in Schedule XIV - Norway.

I would point out that my Government proposes for the time being to convert only those specific duties listed in document L/856, Add.1. It is possible that my Government may wish to convert at some later date a further limited number of specific duties in the Norwegian Schedule. A decision taken on the lines I have suggested would permit my Government to carry out the conversion by going through the proposed procedure but avoiding the need to put the matter each time to the CONTRACTING PARTIES for authorization.