PLANS FOR TARIFF REDUCTION

(Item 4 of the Ninth Session Agenda)

Draft Report to the CONTRACTING PARTIES

1. Pursuant to the decision of the CONTRACTING PARTIES that item 4 shall be considered by Working Party II in connection with the Review of the Agreement, the Working Party considered what steps could be taken in the near future to make further progress in formulating plans for the reduction of customs tariffs. This question was examined in the light of the declaration by the Benelux Governments (L/210) that they were prepared to participate in tariff negotiations based on the principles of the report adopted at the Eighth Session and in the light of the discussions in plenary meetings.

2. Some members stated that it would probably not be possible for them to join in an automatic plan for the reduction of tariffs and that they preferred that any future negotiations should follow the procedures which governed the Geneva, Annecy and Torquay negotiations. Several others considered that little useful work could be done until the attitude of some of the major trading nations, in particular the United States of America, becomes known. Other members, and especially those representing European low-tariff countries, pressed for immediate further progress, and suggested that arrangements should be made to carry the work forward. They admitted, however, that in the technical field little useful work could be done if there was no agreement on the use of an automatic formula. After considering the various aspects of this question the Working Party agreed to recommend the establishment of a special working party to carry on the study of plans and procedures for the reduction of tariffs. The Working Party recommends that this special working party should be convened at a time deemed appropriate by the Chairmen of the CONTRACTING PARTIES and that it should have the following terms of reference:

(a) to study generally the possibilities of future action directed to the reduction of the general level of tariffs, with special consideration being given to the reduction of unreasonably high tariffs;

(b) to examine various particular plans or procedures which may be proposed for carrying out the objectives set forth in paragraph (a);
(c) to recommend to the CONTRACTING PARTIES the convening of a tariff conference as soon as it is felt by the working party that progress in this field is possible, and to make preparations for such a conference; and

(d) to report to the CONTRACTING PARTIES at their Tenth Session.

3. In recommending that a special working party be established rather than that these tasks be assigned to the Intersessional Committee, it is suggested that the working party should not be composed only of technical experts as it will be necessary to take into account the attitude of governments as well as the technical feasibility of any plans and procedures that may be under consideration.