MEETING OF 4 MAY 1990

Note by the Secretariat

1. The Group was chaired by H.E. Mr. L. Duthie. The meeting was called by GATT/AIR/2979. Its purpose was to take stock of the situation concerning the submission of tariff proposals, as well as the status of review and assessment of the tariff proposals already submitted.

Situation concerning the submission of tariff proposals

2. The Chairman referred to document MTN.GNG/NG1/W/36/Rev.1 and noted that to date, thirty-four submissions had been received and distributed according to the Procedures for the Negotiations adopted by the Group on 30 January 1990. It was expected that further proposals would be submitted in the near future; several delegations had sent notifications to this effect, which had been circulated in the MTN.GNG/NG1/W series. Taking into account the total number of participants in the Uruguay Round - ninety-six (counting the EC as one) - and the particular importance placed on participation in this round of negotiations, the Chairman regretted that sixty-two participants had not yet submitted any proposals. In this context, he asked the delegations concerned who were in the room to give an indication to the Group as to whether and when they would be in a position to submit a proposal.

3. Eight participants present at the meeting reaffirmed their intention to participate in the negotiations and informed the Group that their proposals were either in a final stage of preparation or under serious consideration in capitals; they hoped to be able to submit them as soon as possible. One participant referred to the change of administration in her country and said that the new administration was still discussing her country's proposals for the negotiations on market access as a whole. However, she said she hoped to be in a position to present proposals in the six market access groups soon. She added that, since 1986, her country had implemented many new measures and that her authorities were working on important changes in the country's trade policy. Another participant said that the procedures adopted by this Group were still subject to interministerial consultations in his country; he pointed out that his country's contribution would be in accordance with paragraph B (vii) of the Punta del Este Declaration relating to the particular situation of
least-developed countries. One participant said that his authorities were engaged in a trade liberalization programme to be introduced in July and that these efforts would have to be reconciled with the contents of the proposal. Another participant stated that his country's proposal would need to be considered in the context of the Working Party on the revision of his country's Protocol of Accession to the GATT.

4. Several participants expressed disappointment and concern not only as to the extent of participation in the negotiations but also as to the nature of the proposals submitted by certain countries. They regretted that many delegations which had not made tariff proposals were not even in the room. Referring to the Procedures adopted by the Group in January, one participant recalled that the 15 March deadline had been set for the submission of proposals, to befollowed, until the end of April, by requests for improvement of the proposals in order to have an idea by that time who would participate in the negotiations and to what extent. Although there were thirty-four proposals on the table and positive prospects from additional countries, contributions from important trading partners were still missing. His delegation encouraged the countries to make proposals in the very near future; otherwise, his government may decide to withdraw parts of its proposed concessions. In view of the little time remaining to complete the work, it would be particularly important to receive further proposals as soon as possible. He further noted that there was a continuing problem regarding the submission of information necessary to conduct the negotiations.

5. One participant referred to the assessment meeting held on 18 April at which twenty-one proposals had been examined. At that time, his delegation had recalled its own proposal and the overall lines of its philosophy, in particular as to participation, tariff bindings, reduction of high tariffs and tariff peaks. He had also expressed moderate disappointment as to the quality of some of the proposals and the fact that so many countries had not yet submitted any proposal. In addition, only twenty-eight countries had submitted complete or partial documentation for the negotiations. He hoped that additional proposals would soon be submitted, which would allow his delegation to maintain or improve its own proposal.

6. Another participant added his serious concern about the absence from the meeting of important trading nations. In his view the modalities adopted for the conduct of the tariff negotiations provided for countries to put maximum offers on the table. The extent to which governments would be able to implement offers would of course depend on their final assessment of the outcome of the Uruguay Round as whole. His delegation had expected more ambitious tariff offers but regrettably the offers from markets of export interest to his country were extremely limited. Efforts should be made towards improving these offers, bearing in mind that the Uruguay Round was expected to be the most ambitious undertaking.
7. One participant said that the present status of negotiations was both encouraging and disappointing; encouraging to the extent that the adoption of procedures allowed participants to start exchanging proposals, but disappointing because many countries had not yet submitted any proposals and those received were of unequal quality, some of them including only a few tariff lines without creating greater access to the respective markets. He added that in spite of the fact that the Group had not been able to agree on a multilateral methodology for the tariff negotiations, the objectives agreed upon in Montreal remained valid and, in order to achieve them, it was not sufficient to reduce the level of a few selected tariff lines; rather, it was necessary to obtain lower and more uniform rates at the international level and increase the scope of bindings. Although customs duties in his country were already very low, his delegation had respected the Montreal objectives and followed the adopted procedures in submitting its proposals.

8. Speaking on behalf of a group of countries, another participant welcomed the fact that the negotiations had actually started but was disappointed about the extent and level of participation. He was hoping for a much broader participation and improvement in the quality of a number of existing proposals in order to create the necessary conditions for a significant result in the tariff negotiations.

9. Another participant shared the concerns expressed and stressed the fact that it was now time to start the substantive negotiations on tariffs. He noted with regret that many countries had not submitted any proposals and hoped that the countries concerned would put forward their submissions as soon as possible in order to participate in the negotiations.

10. A participant suggested not to wait for a broader participation at this stage but to provide to all delegations a summary of the proposals available so far; this would help participants which have not done so to prepare their own proposals and submit them more quickly. As to the comments relating to the quality of proposals submitted by certain developing countries, she said that all delegations in the room were taking part in good faith. Their proposals represented what was possible to offer at the moment but did not necessarily reflect the maximum offer they could make.

11. Another participant pointed out that the situation might not be as bleak as it looked since out of the sixty-two countries which had not submitted any proposals, many of them had never participated in any GATT activity.

12. It was agreed that the chairman should transmit the record of the meeting to the delegations not represented, together with an appropriate covering note.
13. A participant added that not only those absent but all participants should be reminded that the period for intensive negotiations was getting closer and that any remaining preparatory work in capitals or in Geneva had to be carried out with utmost dispatch in order to get the negotiations under way and complete work in the little time left.

Review and assessment of the proposals

14. The Chairman reported that on 18 April, participants having submitted proposals had held a first meeting to review and assess the proposals available. Out of the thirty-four proposals which had been received to date, twenty-one had been examined at the 18 April meeting and two more during the second assessment meeting which had taken place on 3 May. Referring to document IDB/INF/1/Rev.8, the Chairman explained that either because of late submissions or due to the lack of tariff and/or trade data, not all the proposals had yet been analysed. In this context, the Chairman reiterated his plea to the countries concerned to submit the necessary documentation without delay. He also drew the participants' attention to paragraph 3 of the Procedures which stated that "participants will endeavour to submit by 30 April 1990 to the other participants involved and simultaneously to the secretariat, preliminary request lists for improvements to adjust the proposals submitted."

15. Three participants informed the Group that they had circulated to other participants lists of tariff requests and had either sent copies to the secretariat or were making the necessary arrangements to do so in the near future.

16. Furthermore, the Chairman recalled the informal agreement reached by Ministers at their meeting in Mexico last month concerning the negotiations on market access where it was underlined that "There was consensus on the need to accelerate negotiations in this area. It was proposed that the period 5-15 June 1990 be treated as a deadline for the main elements of the substantive negotiations in this area to be completed, and to aim at having negotiators from capitals in Geneva during that period for intensive contacts. As far as the substance of the negotiations is concerned, many Ministers stressed that there is a strong need to avoid sectoral exclusions from the access negotiations on tariffs and NTBs in a simultaneous and, even, in an integrated fashion." The Chairman stressed the need for intensive bilateral negotiations, to begin as early as possible, bearing in mind the time constraints.

17. Referring to the above statement, a participant said that in addition to the period suggested for intensive bilateral negotiations, it would be useful if negotiators could extend their stay in Geneva through the month of June and possibly hold a second series of bilateral or plurilateral negotiations from 15 July onwards to move things forward.
18. Another participant supported the suggested period of 5-15 June for intensive negotiations and added that his delegation was prepared to negotiate on a continuous basis in Geneva during the period June-July, and, if necessary, in August and in the autumn. He stressed that it was imperative that a large number of countries participate seriously in these negotiations and urged those countries that had not yet made proposals to do so and to those which had presented minimal proposals to review them. He urged contracting parties to come forward expeditiously with requests, bilateral requests being in his view the only way to ensure that trading partners' interests would be taken into account. Failing receipt of specific requests, his delegation could give no assurances that the interests of other participants would be adequately reflected in his country's final offer. His authorities were studying how to deal with non-participants and gave serious consideration to the possibility of, for instance, sub-dividing tariff lines in order to limit the benefits of concessions to those countries having made acceptable concessions. He did not, however, question the implementation of the results on an m.f.n basis. He reiterated that his delegation was prepared to accept either product-specific request lists or requests on a formula basis. Product-specific requests would be examined regardless of the supplier status of the country concerned, whereas requests based on a formula could only be taken into account if the country in question was the principal supplier.

19. One participant expressed his agreement with the dates indicated for intensive negotiations and believed that tariff negotiations should not only be speeded up but should be concluded early enough before the end of the Uruguay Round so that the relevant assessment could be made. In this context, he said that it was premature to comment on the assessment made since proposals were not offers, but in June-July it might be possible to have a clearer idea as to the status of negotiations in the tariff area. As a general comment on the evaluation exercise, he noted that two different patterns had been used to assess proposals, one excluding agriculture and another including the whole tariff. In his view, it was necessary to have one single yardstick in order to compare all proposals on an equal basis. Therefore, proposals made in other negotiating groups, as stipulated in the Procedures, should also be taken into account. Referring to his country's assessment, rates applied in 1988 had been used whereas the Procedures foresee that for unbound rates, the rates of September 1986 should be the base rates. Since in his country the whole tariff was bound, the base rates should be the bound rates and not the rates applied in 1988.

20. While supporting the above comments on the assessment of proposals, another participant added that the dates of 5-15 June should only be regarded as reference dates since delegations needed to check with their capitals whether the required team of negotiators could be in Geneva at that time to carry out all the necessary negotiations on tariffs and on non-tariff measures.
21. Commenting on the proposed dates for intensive negotiations, a participant pointed out that those dates were very important since the Group on Tropical Products would be meeting during that period.

22. Finally, a participant stressed that although the proposed dates in June were indicative dates, considering the number of negotiations to be conducted during the seven remaining months, his delegation would continue accepting initial requests only until the end of July. Beyond that date, negotiations would be pursued only with partners which had already engaged in negotiations, in the hope to conclude work in time for the December ministerial meeting.

Date of next meeting

23. The Group agreed that the next meeting would be held on 5 June 1990.