As the negotiating plan for tariffs anticipates submission of proposals by participants on certain specified issues, the Nordic countries of Finland, Iceland, Norway and Sweden hereby submit their initial proposals.

There are two main parts in the negotiating objective for tariffs. The first part concerns reduction or elimination of tariffs. The exact wording is:

"Negotiations shall aim, by appropriate methods, to reduce or, as appropriate, eliminate tariffs including the reduction or elimination of high tariffs and tariff escalation."

1. Harmonizing Tariff-Cutting Formula

It is the view of the Nordic countries that the most appropriate method for achieving this part of the objective would be for participants to apply a tariff-cutting formula with a harmonizing effect. The use of tariff-cutting formulas in the last two rounds of multilateral trade negotiations yielded considerable results and covered most products in the industrial sector, whereas item-by-item negotiations have proven to be less fruitful. Although tariffs have been reduced in many countries, further general tariff reductions would be desirable in order to contribute to liberalization of world trade. If all
participants agreed to apply a harmonizing tariff-cutting formula, a very large proportion of remaining tariffs should be affected and high tariffs would be dealt with in a forceful way, thereby reducing existing disparities in the tariff field.

The exact definition of such a formula should, of course, be discussed, but the Nordic countries believe that the tariff-cutting formula proposed by Switzerland during the Tokyo Round, and also used by many countries, would be a good starting point.

2. Coverage

The Nordic countries propose that a harmonizing tariff-cutting formula be applied to all areas except agriculture. The area of agriculture has significant specific characteristics, which warrant special consideration when it comes to determining the appropriate technique for negotiations on tariffs in this area. It can also be noted that the Ministerial Declaration of the Uruguay Round specifies that the negotiating group on agriculture should have primary responsibility for all aspects of agriculture.

3. Further Reductions

The Nordic countries would also like to point to the possibility that interested participants carry out negotiations on reduction of tariffs on various products that would go beyond that which would be achieved by the tariff-cutting formula.

4. Base Rates

The Nordic countries hold the view that the base rates for reduction by a tariff-cutting formula should be the rates bound in participants' schedules annexed to the General Agreement or, when no GATT bindings exist, the domestic legal rates.
The second part of the negotiating objective says that "emphasis shall be given to the expansion of the scope of tariff concessions among all participants".

5. Bindings by all Participants for all Industrial Products

The binding of tariffs is one essential element of the rights and obligations of contracting parties to the GATT. It also provides significant security in the multilateral trading system. The Nordic countries consider it important that substantial progress be made in this area and therefore propose that all participants bind all tariffs on industrial products. For some participants and for some products this would not need to entail actual tariff reductions.

6. Procedural Aspects

It is evident that in practice all participants take an integrated approach to the subjects under negotiation. The negotiations are parts of a single undertaking. A participant will clearly consider its overall interests during negotiations on different areas. The Nordic countries believe, however, that the negotiations on tariffs should not procedurally be mixed with the negotiations on other subjects. Combining the negotiations on several different areas would make the work much more complex and cumbersome.