PROPOSAL BY ZAIRE ON THE TARIFF NEGOTIATIONS

A. Negotiating approach

One means of attaining the objectives of the Punta del Este Declaration in the area of tariffs is to apply a tariff-cutting formula that has a harmonization effect. Zaire therefore supports the formula approach set out in the submission by Switzerland contained in document MTN.GNG/NG1/W/16 of 24 February 1988.

Nevertheless, it appears that a significant cut in tariffs cannot result from a formula-based approach alone. A supplementary request and offer procedure should also be used in certain well-defined circumstances.

The formula to be used should have a harmonization effect and bring a significant reduction in high tariffs and tariff peaks so as to arrive at low or zero duties, largely bound.

Developed countries should apply to the less-developed contracting parties, either under the Generalized System of Preferences (GSP) or under contractual preferential arrangements, zero customs duties on the products of export interest to them, so that they may compete on international markets.

The formula will be applied by all developed countries for reducing their tariffs. The less-developed contracting parties should make tariff cuts, in line with their development, financial and trade needs, taking into account their need to increase receipts and their participation in the Global System of Trade Preferences among developing countries (GSTP).

B. Base rates for the negotiations

We consider that base rates are one of the most important points at issue. We propose that the base rates on which reductions will be made should be the bound rates in the schedules of concessions of participants annexed to the General Agreement or, where there are no bindings under the General Agreement, the legal rates set out in national customs tariffs.
C. Reference date for the negotiations

With regard to the reference date to be considered for unbound products, the month of September 1986, in which the Uruguay Round was launched, is appropriate as a general rule, but for countries which implemented the Harmonized System on 1 January 1988 the legal rates applicable at that date to products classified by that nomenclature should be used.

D. Degree of binding

We endorse the observations made on this subject by other developing countries. We further consider that special and differential treatment should be afforded to developing countries. Tariff rates and the scope of bindings should be determined by the developing countries concerned and not according to arbitrary criteria imposed by developed countries. There should be a decision in principle that the less-developed contracting parties will be granted "credit" for their tariff cuts even in the absence of bindings. The simultaneous elimination of non-tariff measures will be necessary if the less-developed contracting parties which have always had a very liberal and open market are also to be duly recognized and taken into account.

E. Other matters

- All the charges applied by developed countries to exports of developing countries should be the object of notification, examination and negotiation with a view to their eventual elimination in the context of the liberalization process undertaken by the Negotiating Groups on tariffs and on tropical products. This exercise should concern, inter alia, value added taxes (VAT), which should be notified to the Negotiating Group through the secretariat, which would analyse the protective nature of such taxes for developing country exports.

- The less-developed contracting parties, and particularly the least-developed among them, which enjoy contractual preferential arrangements will need a range of supplementary measures (financing, marketing assistance, etc.) to preserve their competitiveness when they lose their preferential margins as a result of reductions in m.f.n duties, in particular when developed countries will benefit from such reductions.

- The rules of origin applied to products of less-developed contracting parties should be examined from the standpoint of their implications for access to developed country markets, even when tariffs have been cut. In this connection, less strict criteria should be applied for defining the percentage of value added to products worked and transformed in developing countries.

This will allow a differentiation of tariff lines, so that the products of less-developed contracting parties may receive differential, preferential and more favourable treatment compared with like products of developed countries.