MEETING OF JULY 1973

Note by the Secretariat

1. The meeting was held under the chairmanship of Mr. G. Stuyck (Belgium) on 4-6 July 1973. The following note on the meeting has been prepared by the secretariat on its own responsibility.

2. The Committee adopted the Report on Status of Work (L/3886) and continued its discussions of three outstanding issues in the field of techniques and modalities for the negotiations, namely: the possibility of drawing up a priority list of non-tariff measures; the sector approach; and implications for developing countries of various suggested techniques and modalities. In addition, progress reports were given by the Chairmen of two of the Committee's subordinate bodies.

Techniques and modalities

3. The discussions on the priority list of non-tariff measures and on the sector approach are reflected in the Report on Status of Work (L/3886, paragraphs 58 to 62 and 63 to 69 respectively). Concerning the sector approach, the Committee agreed that this was a promising approach and there was wide-spread support for its inclusion as a complementary technique.

4. In regard to the implications for developing countries of various suggested techniques and modalities, the main points made in the discussion are covered in paragraphs 5, 7, 17, 24, 30 and 57 of L/3886. In addition, the Committee considered the secretariat note on The Generalized System of Preferences and Most-Favoured-Nation Tariff Reductions (COM.IND/W/111 and Add.l) which contains the secretariat's views regarding the feasibility of carrying out a study on this matter.

5. Developing countries which took part in the discussion on this point stressed the need to deepen the analysis of the problem and supported the continuation of the study on the basis of the guidelines proposed by the secretariat. Some of the points made by developed countries are contained in paragraph 7 of L/3886. In general, these countries were open-minded in regard to the possible ways of tackling this problem. Some delegations drew attention to the danger of simply assuming that most-favoured-nation tariff reductions would result in a reduction of the advantages derived from the GSP; this might not be true in all cases, e.g. where duty-free quotas were operated under the GSP. The conclusion of the Committee was that the secretariat should prepare tabulations on the lines proposed in the secretariat's note (COM.IND/W/111 and Add.l).
Progress reports by chairman of subordinate bodies

6. The Committee heard oral reports by the chairmen of the Working Party on the Tariff Study and Working Group 3 - Standards. The reports are reproduced in the Annex to the present note.

7. Regarding the Tariff Study some discussion took place on two specific points raised by the chairman of the Working Party. On the question of tariff data the Committee decided that without prejudging the decision as to the base data for negotiations, the tariff information should as far as possible be updated to 1 January 1973. With regard to the method of presentation of the tabulations for 1970 and 1971, the general feeling was that there would be no objection to presenting the import data for both years in a single tabulation provided that such a format would not lead to any confusion.

8. The Committee noted that certain additional tabulations which were proposed by some contracting parties will be discussed at a subsequent meeting of the Working Party. Some delegations proposed that these statistical tabulations should not be held up any longer on the grounds that they might be interpreted in ways that some delegations would regard as disadvantageous or prejudicial to them. Other delegations, however, took the view that not all tabulations are equally objective. In the view of these delegations, the difficulty with the tables which had been proposed was that there was considerable disagreement regarding the definition of preferential trade and in any case the question of preferential trade flows required further discussion in the Committee on Trade in Industrial Products.

9. The recommendations of the Committee in regard to the ad referendum instrument on Standards appear in paragraph 49 of L/3886. The Committee agreed that the Chairman of Working Group 3, in consultation with interested delegations, would consider when to convene a further meeting of the Working Group to discuss problems related to packaging and labelling.
ANNEX

Statement by the Chairman of the Working Party on the Tariff Study

1. Since my last report to you on 11 May 1972, the Working Party on the Tariff Study held another meeting yesterday. The main problem before it, on which full agreement was reached in the end, was to find a presentation of trade data which would make it possible to identify in the most precise and practical way the most-favoured-nation, and area or preferential trade flows. The secretariat was instructed during the meeting yesterday to tabulate area imports in two columns, one giving trade flows for which the most-favoured-nation tariff provides zero duty, and the other giving trade flows which are dutiable in the most-favoured-nation tariff and thus traded at different rates within and outside area agreements.

2. The secretariat reported to the Group on the progress of its work in the past, and on its plans and expectations with respect to future work. Since it had been agreed at the January meeting of the Working Party to up-date the basic data files to 1971, the secretariat received the information it needs for up-dating only eight out of eleven country files. The up-dating of these eight files should be completed in September. When all eleven files can be up-dated depends on the date of arrival and on the state of the information required for the up-dating of the EEC, Australian and Austrian files. The representative of the EEC informed the Working Group that the requisite information had already been despatched from Luxembourg to Geneva.

3. As soon as the up-dating is completed the secretariat will produce (a) the basic tabulation by BTN headings, (b) addenda 1-3 of COM.IND/W/91, which provides summary information by product categories and sub-categories, (c) addenda 4 and 7, as agreed in January, and (d) addenda 5-8, which apply to specific techniques and modalities. Each of these tables will reflect the treatment of most-favoured-nation and area or preferential trade, as decided at the meeting of 3 July. On the assumption that all files can be up-dated before the end of October, the first tabulations could be distributed in the course of November and all of them would be in the hands of contracting parties by December.

4. In addition, however, the secretariat needs instructions on two minor points which the Working Party could not decide at its last meeting. First, the tariff data prepared for the 1970 tabulations, reflecting the full implementation of the Kennedy Round concessions, were based - in the case of most countries - on the tariffs actually in force at that time. Since the BTN was revised on 1 January 1972 and, in several customs tariffs, changes were recently made in unbound rates, the secretariat needs instructions as to what reference year to use with respect to tariff data in the forthcoming up-dated tabulations; in other words, whether to
maintain the existing reference years or whether the tariff information should be up-dated as well - for example, up to 1 January 1973. The secretariat expects no difficulties or delays if it were to up-date this tariff information to 1973.

5. Secondly, the tabulations for 1970 have not yet been printed. The question therefore arises whether the secretariat should print the tabulations for 1970 and for 1971 separately, or whether the data for these two years should be presented in a single tabulation. From certain viewpoints it might perhaps be more convenient to have separate tabulations for the two years. On the other hand, a single tabulation represents a not insignificant saving in volume and in printing and distribution costs. Maybe the Committee could consider these two points at its present meeting.

6. The Working Party still has to discuss a number of proposals for tabulations intended to illustrate specific techniques and modalities of tariff negotiation - the harmonization approach in particular. We aim to hold a meeting to finalize these proposals maybe as early as the second half of September. Consultations will, however, take place between countries mostly concerned with regard to the data, and to find out whether there are reasons to believe that agreement could be reached regarding these outstanding issues.

Statement by the Chairman of Working Group 3 - Standards

1. Working Group 3 was instructed to elaborate, on an ad referendum basis, concrete solutions to problems within the area of product standards and quality assurance systems.

2. The Committee has been kept informed of the extensive series of meetings held by the Group in pursuance of this mandate. I am now able to inform you that the Group has drawn up a report for submission to the Committee and to which is annexed a proposed Code of Conduct for Preventing Technical Barriers to Trade. This report has been circulated to delegations as document COM.IND/W/108.

3. As will be noted from paragraph 3 of the report, while the Working Group reached a large measure of agreement on the text, differences of view still exist in some areas, sections 9 and 13 having proved to be the most difficult in the operative provisions. The Working Group could have continued to refine the text, but it regretfully came to the conclusion that it had taken its work as far as it usefully could at the present stage.

4. Where differences of view remain, the Working Group limited itself to setting out as clearly as possible what the alternatives are. I will not attempt to summarize the differences that exist, but would like to draw the attention of the Committee to the recommendation in paragraph 4 on the first page of the report that administrations should examine:
(a) the outstanding issues with a view to finding mutually-acceptable solutions to them at the appropriate time, and
(b) the implications arising from the acceptance of the instrument.

5. My report would not be complete, Mr. Chairman, if I did not recall that Working Group 3 has been instructed to elaborate, on an ad referendum basis, concrete solutions to problems connected with packaging and labelling after completing its work on standards. In accordance with the instructions of the Committee, the secretariat is preparing a paper describing the international work done so far on packaging and labelling. At its last meeting the Working Group noted that the proposed Code of Conduct for Preventing Technical Barriers to Trade dealt with at least some problems connected with packaging and labelling. It agreed that delegations should examine the need for further work in this area, and, if there was such a need, that a meeting of the Group could be set by the Chairman in consultation with delegations.