

WORLD TRADE ORGANIZATION

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General Council

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PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Industrial Tariffs

Communication from Japan

The following communication, dated 6 July 1999, has been received from the Permanent Mission of Japan.

1. This proposal is on industrial goods. Japan has already made a separate proposal on forestry and fishery products (WT/GC/W/221).

Proposal

2. For the sound development of world trade, it is critically important to realize a predictable and credible trade environment.

3. From this viewpoint, industrial tariff negotiations should be commenced with the objectives of further reducing tariff rates, improving the coverage of bound products and simplifying and harmonizing the tariff structure among the Members.

4. A comprehensive approach, where no sector is excluded a priori from the negotiations, should be adopted so that all Members, whether developing, developed or a transition economy, can benefit from the negotiations.

5. As for modality, a "formula-cut" approach, where all Members should reduce their tariff rates by way of a formula to target rates, should be applied as a basis. Such target rates would be set in accordance with the scale of economic development, paying due attention to the situations of developing countries. This general reduction should be effectively supplemented by a "zero-for-zero" approach and a "harmonization" approach, etc. in some of the important trading sectors to be agreed among a certain number of Members, including major trading Members.

Background

6. Past rounds of negotiations have realized a significant reduction in the tariff rates on industrial goods, have increased the coverage of bound products and have improved predictability and credibility in world trade. Considering room for further improvement, however, it is highly desirable to cope with this issue in the next round of negotiations.

7. It is crucially important to negotiate on industrial tariffs and to conclude negotiations within around three years under the principle of a single undertaking with the objectives of reducing tariff rates down to target levels, set in accordance with the scale of economic development by paying due attention to the situations of developing countries, and of improving bound rates on a line-by-line basis by binding all products, if possible.

8. We should not limit the negotiating sectors in advance so that a wide range of benefits can be achieved for all Members, whether developing, developed or transition economies.

9. Modality should be such that it enables an agreement to be reached within a short period of time to cover effective tariff reductions in important sectors. From this viewpoint, we should adopt the "formula-cut" approach where all Members should reduce their tariff rates by a set formula providing a basis for further well-balanced liberalization. Additionally, Members, including major trading Members would agree on a "zero-for-zero" and a "harmonization" approach, etc., which would make a critical mass on some important trading sectors in an effective way.

10. In the examination of a formula, we should bear in mind the harmonization of a tariff structure among Members in a balanced manner, as well as other elements, such as:

- an efficient correction of peak tariffs that have enormous trade distortion effects;
- the abolishment of nuisance tariffs (for example, tariff rates of 2.5 per cent and under).

11. In order to commence the next industrial tariff negotiations smoothly, a conversion of all tariff schedules to the HS96, which is already behind time, should be completed immediately.

Note: As for the forestry and fishery sectors, it is necessary to consider in a comprehensive manner the relevant factors on these sectors from the viewpoint of a sustainable use of resources, bearing in mind the global environment and resource preservation/control. In order to establish a negotiating framework allowing for such discussions, we propose to set up a separate discussion group for these sectors apart from other non-agricultural goods sectors.
