

**PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE**

Negotiations on Industrial Tariffs and Non-Tariff Measures

*Communication from Switzerland*

The following communication, dated 20 July 1999, has been received from the Permanent Mission of Switzerland.

**Proposal**

1. Negotiations shall aim to eliminate tariffs for at least [X%] of tariff lines in the industrial sector and to substantially reduce tariffs for the remaining tariff lines, including the elimination or substantial reduction of tariff peaks, tariff escalation and the gap between bound and applied tariffs. The scope of tariff bindings shall significantly be expanded among all Members. In addition, the initial negotiating rights concept shall be reviewed. Negotiations shall also aim to undertake a further step in the progressive elimination of non-tariff measures.

**Background**

2. Since 1947, eight Rounds of multilateral trade negotiations have resulted in significant reduction of tariffs on industrial products. However, in many countries the average bound rate is still very high. Moreover, non-tariff measures remain a big problem for exporters in that they can constitute a serious barrier to trade and jeopardize the advantages resulting from tariff reductions. It is therefore essential, in Switzerland's view, that market access for industrial products should appear on the agenda of the forthcoming multilateral negotiations.

3. The negotiating mandate proposed by Switzerland is ambitious and is based on a two-phase approach. It begins with the elimination of customs duties for the highest possible percentage of tariff lines, to be determined by negotiation. There should be substantial reductions for the other tariff lines, with particular attention to the tariff peaks remaining in many sectors, to tariff escalation, which concerns all Members, and to the gap between bound and applied rates, which generates legal insecurity for economic operators.

4. Progress must also be made with respect to bindings. Indeed, not all member countries have fully bound their tariffs following the Uruguay Round, the percentage of unbound tariff lines varying from 1 per cent to 82 per cent.

5. Initial negotiating rights are important for Members with small- or medium-sized economies, since they are rarely first or principal suppliers. The way these rights have hitherto been listed, it has not been possible to know the exact identity of the right holders. Once they have been negotiated, they should therefore appear in the schedules of concessions of the Members, as this would enhance the transparency of the system and provide the Members concerned with a negotiating right in cases where a concession is modified or withdrawn.

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