

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ACTION BY GOVERNMENTS RELEVANT TO THE PROVISIONS OF PART IV

Addendum

The following notification on the implementation of Part IV has been received from the Government of the United States and should be included in Annex II of COM.TD/60.

UNITED STATES

I. Report on the implementation of Article XXXVII

The following actions have been taken by the United States with respect to the provisions of Article XXXVII of the General Agreement:

Paragraph 1(a). Measures relating to the reduction and elimination of barriers to products of export interest to less-developed contracting parties.

The Kennedy Round of tariff negotiations resulted in broad new United States tariff concessions of interest to the developing countries. Even before the Kennedy Round, 42 per cent or \$2,557 million out of a total of \$6,145 million in United States imports from developing countries were duty free.¹ Of the remaining \$3,567 million in United States imports from the developing countries, Kennedy Round concessions were made on 33 per cent (60 per cent if sugar and petroleum are excepted). Thus when the Kennedy Round tariff cuts are fully implemented, 60.9 per cent of United States imports from the developing world will enjoy duty-free treatment. These tariff cuts will be applied to all countries (except certain communist countries), whether or not they are members of the General Agreement on Tariffs and Trade. (For a more detailed analysis of United States Kennedy Round concessions, see GATT document COM.TD/46/Add.6/Rev.1.)

The Congress extended the suspension of the duty on manganese ore for a further three-year period and renewed the suspension of duties on certain copper products, aluminum oxide, bauxite and bauxite ore.

Paragraph 1(b). Compliance with the commitment to refrain from introducing or increasing the incidence of customs duties or non-tariff barriers on products of export interest to the less-developed contracting parties.

¹All statistics refer to 1965 trade.

During the past year, it was found necessary for the United States to impose quota restrictions on certain dairy products (L/3043 and L/3072). These restrictions are in accord with the decision of the CONTRACTING PARTIES on 5 March 1955, to waive obligations of the United States under Articles II and XI of the General Agreement to the extent necessary to prevent their conflict with actions required to be taken by the Government of the United States under Section 22 of the Agricultural Adjustment Act. The United States reports annually to the CONTRACTING PARTIES on actions taken under this waiver.

The United States enforces the trade regulations enacted by the International Coffee Council in order to ensure the effective functioning of the Agreement. (See Part II below.)

No new tariffs have been introduced on products of interest to developing countries nor have there been any increases in duties on such products in the period under review. No other new non-tariff barriers have been introduced.

Paragraph 1(c). Compliance with the commitment to refrain from imposing new fiscal measures and to reduce or eliminate existing fiscal measures.

The United States Government relies relatively less on indirect taxes than do the central governments of most industrial countries. Indirect taxes imposed by the Federal and State governments are applied uniformly on broad classes of goods without regard to place of origin, and do not tend to fall more heavily on products of developing countries.

Paragraph 3(a). Compliance with the provision to make every effort, in cases where a government directly or indirectly determines the resale price of products wholly or mainly produced in the territories of less-developed contracting parties, to maintain trade margins at equitable levels.

Since the United States Government does not control or determine trade margins, this paragraph is not applicable.

Paragraph 3(b). Measures to provide greater scope for imports from less-developed contracting parties and collaboration in appropriate international action to this end.

At the Organisation for Economic Co-operation and Development ministerial meeting in December 1967, the United States played an active rôle in discussions which led to an agreement among the member countries on basic guidelines for the development of a preference system. These basic guidelines and the preliminary views of the less-developed countries toward a preference scheme were discussed at UNCTAD II in February and March. Work is now going on among the OECD countries attempting to reach agreement on a possible system.

Paragraph 3(c). Through the adjustment assistance provisions of the Trade Expansion Act, the United States has sought a constructive response to increased imports resulting from tariff concessions through assistance to American workers and industries in adapting to new conditions. In 1968 the United States Government asked the Congress to liberalize these provisions in order to make them more effective in preventing serious dislocations in the domestic economy and to improve the general climate for international trade.

II. Other measures consistent with the principles of Part IV

1. International commodity activities

The United States has continued to play an active part in the intergovernmental activities aimed at alleviating the commodity trade problems of the developing countries.

One of its major concerns has been to make the International Coffee Agreement effective not only in furthering its short-term objective of stabilizing prices at remunerative levels, but also in bringing about the necessary reduction in coffee production needed to sustain such prices in the long run. The United States encouraged an early start, in 1967, of negotiations of a new and stronger Agreement to replace the 1962 Agreement, due to expire 30 September 1968. Important features of the new Agreement are (1) a requirement that production goals and controls be established and (2) creation of a Coffee Diversification Fund to assist programmes for transferring resources out of surplus coffee production. To help get this Fund going, the United States Government has offered a loan of \$15 million on developmental terms and an additional amount of up to \$15 million to match contributions from other consuming countries.

A major objective of the United States in the negotiation of the International Grains Arrangement in 1967 was the inclusion of a Food Aid Convention which provides for substantial contributions of food grains to the developing countries on a grant basis. The Convention also provides that any cash contributions be used with special regard to facilitating grain exports of participating developing countries.

The United States has participated actively in the efforts to negotiate a cocoa agreement and to develop the basis for a new agreement in sugar. (It decided not to participate in the sugar negotiating conference which opened 23 September 1968, however, because of its serious doubts that enough preparatory work had been done for successful negotiations and in the knowledge that its participation was not essential to the negotiations.)

The United States is not a member of the Tin Agreement, but consults regularly with the Tin Council regarding its tin stockpile disposal programme. It is an active participant in most other international groups concerned with the

problems of individual commodities, such as rubber, cotton, hard and soft fibres, fats and oils, bananas, rice, lead-zinc and tungsten.

2. Long-Term Arrangement Regarding International Trade in Cotton Textiles (LTA)

The United States has played a major rôle in the orderly growth of world trade in cotton textiles, and imports of cotton textiles have increased significantly during the six years of the LTA. Details on United States implementation of the LTA are contained in the statement of the United States representative to the Cotton Textiles Committee meeting of 22 October 1968 circulated as document COT/W/104.

3. The United States Sugar Act

The United States Sugar Act was revised and extended in 1965 for a period of six years, i.e. through 31 December 1971. Under the provisions of the Sugar Act individual foreign countries are assigned specific percentages of the United States market for the duration of the legislation. All of the growth in United States sugar consumption between 9.7 and 10.4 million tons was assigned to foreign countries, and 35 per cent of the growth in consumption over 10.4 million tons. Additionally, whenever any domestic area is unable to fill its quota, all of the deficit is assigned to foreign countries. United States sugar policy therefore permits foreign countries to sell increasing quantities of sugar at stable prices, prices which are substantially higher than those prevailing in the world market. For example, the price of sugar in the United States market in September 1968 was about 7.60 cents per lb. c.i.f. New York duty paid, as compared with 1.50 cents per lb. f.o.b. Caribbean ports in the world market. The quantity of sugar imported from foreign countries has increased substantially over the life of the Sugar Act. In 1966 it amounted to 4.3 million tons, or 41.7 per cent of United States consumption. As of September 1968 it amounts to 4.9 million tons, or 44.9 per cent of estimated 1968 consumption.

4. Support of export development programmes

The United States has continued to contribute to the development of export industries in the developing countries by providing technical assistance and capital for export industries through its development assistance programme and through various international organizations and multilateral channels. It has, despite balance-of-payments and budgetary difficulties, continued its rôle as the principal contributor to global development finance agencies; it has encouraged and contributed financially to a number of regional development banks. It has also been an enthusiastic supporter of the United Nations Development Programme and the United Nations Industrial Development Organization.

The United States has supported the GATT/UNCTAD Trade Centre, especially by making available to the Centre for one year an experienced trade promotion officer. It has also supported and contributed to the establishment of the Inter-American Export Promotion Centre.

