

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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BACKGROUND NOTE FOR REVIEW OF IMPLEMENTATION OF PART IV

Prepared by the Secretariat

1. The Committee on Trade and Development is required by its terms of reference, inter alia, "to keep under continuous review the application of the provisions of Part IV of the General Agreement". The last review was carried out by the Committee at its twenty-seventh session in June 1974 on the basis of a note (COM.TD/W/210) summarizing, among other things, trade policy measures adopted by governments since the previous meeting of the Committee. Additional information on action taken by governments, provided by a number of delegations in the course of that meeting, is contained in paragraphs 5 to 11 of the Committee's report (COM.TD/95). Information available to the secretariat on developments since the June meeting of the Committee, other than that provided by governments in response to GATT/AIR/1116 and issued in COM.TD/W/217, is summarized in the following paragraphs.

ACTION BY GOVERNMENTS

Generalized System of Preferences (GSP)

2. Australia has, from 1 July 1974, effected new or modified concessions in its system of preferences for developing countries, introduced in January 1974 and operated under the waiver adopted in 1971 by the CONTRACTING PARTIES in relation to the GSP.

Quantitative restrictions

3. Japan has, from 10 October 1974, removed quantitative restrictions on imports of malt, roasted or not (BTN 11.07). As of the same date, malt fumigated with peat and malt other became subject to a tariff quota at duty rates of free and 10 per cent respectively. With regard to these products falling outside the tariff quota, they are now subject to a duty of ¥20/kg. As a result of this liberalization the number of residual import restrictions maintained by Japan has been reduced to thirty (L/4093)

4. To offset expected shortfalls in supplies from regular sources, the United Kingdom announced in September 1974 a supplementary quota for bananas of 16,000 tons for imports from the Dollar Area. Licences issued under these arrangements will be valid until 30 September 1975.

Other developments of interest in relation to Part IV

5. A number of developments have taken place in recent months that are of interest in the context of Part IV of the General Agreement.

6. Effective 12 August 1974, the Government of Canada has taken action under Article XIX and introduced quotas for a period of one year on live cattle of 700 lbs. and over for slaughter, and beef and veal in fresh or frozen form except offals. The annual global quotas for cattle and beef and veal have been set at 82,835 head and 125.8 million lbs. respectively. The first quota period covers 12 August to 30 September 1974. Thereafter, quotas will be established quarterly and will not exceed 30 per cent of the global quota in any quarter. This action has been taken in the context of a temporary beef stabilization programme. It is the belief of the Canadian authorities that the levels of quotas will not exercise any restrictive effect on the established trading patterns of the commodities concerned (L/4072 and Add.1).

7. The European Communities have taken emergency action with effect from 26 August 1974, in respect of preserved mushrooms, whereby all imports of the item (CCT sub-heading No. 20.02(a)) into the Community from third countries are subject to import licensing. Import licences are issued by the member States for quantities that are determined by the Commission on the basis of applications presented each week and in relation to a certain reference quantity. An import licence is not required, however, for imports from third countries that effectively guarantee observance of a minimum price on importation into the Community (L/4084).

8. Emergency action, tying the import of frozen bovine meat to the sale of meat held by the intervention agencies, taken by the European Communities in May 1974, has been extended to imports of fresh, chilled or frozen bovine meat and of live animals. Excluded from this requirement are imports charged to the tariff quotas for bulls, heifers and cows, other than for slaughter, of certain mountain races and frozen bovine meat. Further, the issue of import or advance-fixing certificates for bovine meat and certain live animals of the bovine species has been suspended until 31 October 1974 (L/4004/Add.6).

9. In accordance with the provisions of Article XIX of the General Agreement, the Government of Australia has decided to introduce temporary quantitative import restrictions on footwear falling within Australian tariff items 64.01.4, 64.02.3, 64.02.9, 64.03.9 and 64.04.9 but excluding gum boots, wading boots and specialist

sporting footwear. The restrictions are intended to limit imports between 1 October 1974 and 30 September 1975 under each of the tariff items concerned to a level 20 per cent greater than imports under those items in 1972/73. Quotas will be allocated to established importers without restriction as to source of supply. The temporary restrictions will apply pending a report by the Australian Industries Assistance Commission on the nature and extent of longer-term assistance which should be accorded the Australian footwear industry (L/4099).

10. In order to stabilize domestic raw silk prices, the Government of Japan has decided that the Japan Raw Silk Corporation shall be authorized as the sole importer of raw silk, effective 1 August 1974 to 31 May 1975. The Japanese Government intends to terminate this measure when a prospect is obtained for a recovery in the market conditions for raw silk and the stabilization of its price.

11. The Government of Iceland has decided to phase out, in stages by the end of the current year, the temporary import deposit scheme introduced for the period from 20 May to 30 September 1974. The rate of import deposit for the period from 6 to 30 September has been reduced from 25 to 20 per cent. The rates for October, November and December 1974 have been set at 15, 10 and 5 per cent respectively of the face value of documents. Other features of the scheme remain unchanged (L/4035 and Add.1).

12. Early in May 1974, the Government of Italy introduced a temporary system of import deposits on imports of goods from all sources. Since then the prior deposit, equivalent to 50 per cent of the value of the goods, has been either eliminated or reduced on a number of agricultural and industrial products, (L/4059, L/4065 and Add.1-3). The Working Party, established by the Council to examine the temporary scheme and its implications, has held two meetings and its report has been issued as document L/4082.

13. The Norwegian Government has, from 27 September 1974, introduced a licensing system for all imports of refined sugar and other (e.g. powdered and crushed sugar) for domestic as well as industrial consumption. The measure is aimed at securing long-term supplies of sugar through a system of centralized imports and does not, in the opinion of the Norwegian authorities, put any limitation on the level of imports (L/4088).

14. As of September 1974, countervailing action has been taken by the Government of the United States against imports of certain footwear from Brazil and Spain. The matter was raised by the representative of Brazil at the GATT Council meeting of 21 October 1974.

RECENT DISCUSSIONS AND DEVELOPMENTS IN GATT

Multilateral trade negotiations

15. A summary of developments in the Trade Negotiations Committee and the Groups established by the Committee was provided in document COM.TD/W/210 which was before the June 1974 meeting of the Committee on Trade and Development. At its July meeting, the Trade Negotiations Committee adopted the reports of Groups 3(a), (b), (e) and (f) relating to their activities under the Programme of Work. It was noted that although these Groups had gone about as far as they could on most of the tasks assigned to them in advance of effective negotiations, further work remained to be done on a number of specific points. The Committee therefore agreed on the work which would be undertaken by the relevant Groups which held meetings in October.

16. Group 3(b) met in early October 1974 in order to examine proposals submitted by some developing countries in relation to the possibilities for differentiated treatment for developing countries in the field of subsidies and countervailing duties. These were concerned with the right of developing countries to subsidize their exports and the establishment of a positive list of subsidy practices by developing countries, prior consultation before the application of any countervailing duty against imports from developing countries, procedural matters and the application of the standstill. The proposals remain open for further discussion.

17. Group 3(c) met in October 1974 to examine the methodology for the sector approach. In this respect, it was noted that the Tokyo Declaration provides for an examination of the possibilities for the co-ordinated reduction or elimination of all barriers to trade in selected sectors as a complementary technique. There was general agreement in the Group that any such approach as a complementary technique should aim at achieving the maximum degree of trade liberalization. Delegations from developing countries said that this approach should make it possible to deal with sectors of particular interest to developing countries and to find solutions to such problems as tariff escalation and effective protection, as well as non-tariff barriers. The secretariat was asked to prepare a study on a number of points relating to the use of the sector approach in the negotiations.

Group 3(e)

18. Among the tasks taken up by Group 3(e) on agriculture at its recent meeting has been the collection of data in respect of a number of specified products for each of the last few years and an analysis of recent changes in production, consumption and supply of and demand for them in world trade. The Group also

undertook an examination of the problems which resulted for world markets in the items concerned and their significance for an approach to the negotiations in the agricultural sector. The Group has continued studies already begun on sanitary and phyto-sanitary regulations. In addition to taking up certain tasks in conjunction with the work of other groups, Group 3(e) has also agreed that tabulations regarding the GSP and most-favoured-nation tariff reductions should be prepared in suitable form with respect to BTN Chapters 1-24.

Group 3(f)

19. At its recent meeting, Group 3(f), in concluding the further work that had been entrusted to it, noted that it had analyzed the material provided by the secretariat and identified the problems facing a broad range of tropical products in their raw, semi-processed and processed forms. Information had been compiled with respect to tariffs (including the GSP) and non-tariff measures, value and volume of exports and price movements where available in respect of items notified by developing countries to the Group. Notes had also been prepared on related subjects such as marketing and distribution systems, separate tariff classification of tropical products at present not separately distinguished in national tariffs, effective protection, etc., with a view to providing information on specific aspects of the problems affecting such products.

20. The Group noted that the Tokyo Declaration visualized that for developing countries the negotiations should, inter alia, include, wherever appropriate, measures designed to attain stable, equitable and remunerative prices for primary products. In referring to the work being undertaken in other organizations on the question of price stabilization, some members stated that it might be necessary to consider how this question could fit into the context of the negotiations having regard to the Tokyo Declaration.

21. Many members of the Group have stated that in the light of the analytical work the following problem areas needed to be taken up in the negotiations on tropical products - the continued maintenance of tariffs on certain unprocessed products; tariff escalation on semi-processed and processed products; special preferences; quantitative and seasonal restrictions; internal taxes and other non-tariff measures; and price instability.

Group 3(d)

22. A meeting of Group 3(d) was held on 17 and 18 October to carry out technical and analytical work on the multilateral safeguard system. Views were exchanged, inter alia, on the possibilities for modifications of the safeguard provisions of the General Agreement and the various factors which might be taken into

consideration in this connexion. The Group agreed that several of the questions raised in the course of the discussion, e.g. differentiated treatment to be accorded to developing countries, non-discriminatory application of the safeguard clause, multilateral surveillance and adjustment assistance measures, required further reflection and consideration.

ACTION IN OTHER INTERNATIONAL ORGANIZATIONS
RELEVANT TO PART IV

FAO

23. Since the June meeting of the Committee on Trade and Development, intensive ad hoc intergovernmental consultations were held under the auspices of FAO and UNCTAD in respect of tea, tobacco and coarse grains. These consultations were principally concerned with access to markets and pricing policy.

UNCTAD

24. A review of the results of the intensive ad hoc intergovernmental consultations on commodities was carried out by the Trade and Development Board of UNCTAD at its fourteenth session, held in August 1974. Initial consideration was also given to the possibilities of an overall integrated approach to certain commodity problems and it was agreed that further studies of various aspects of this matter should be undertaken.

World Food Conference

25. A World Food Conference, convened under the auspices of ECOSOC, will be held in Rome from 5 to 16 November 1974. According to the provisional agenda, the Conference will assess the world food situation, and on this basis, address itself to the question of national and international programmes of action in this field.

International Cocoa Agreement

26. Against the background of supply availabilities and price developments in the field of cocoa, the International Cocoa Council, at its meeting in August 1974, revised upward the price range initially established for cocoa at 23-32 US cents per pound to 29.5-38.5 cents per pound. Current market prices for cocoa are well above the new maximum.

International Coffee Agreement

27. The twenty-fifth session of the International Coffee Council which took place in London during September 1974 adopted a resolution providing for the continuation in force of the International Coffee Agreement 1968 as extended, until 30 September 1976. A working group on the negotiation of a new agreement is required to submit the draft text of a new International Coffee Agreement to the Council for consideration at a session to commence during the month of June 1975. The working group will consider, inter alia, estimates of the supply of and demand for coffee, as well as policies and mechanisms for regulating supply and satisfying demand, the question of prices of coffee, and administrative and legal matters.