

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. In terms of the mandate given to the Committee on Trade and Development, one of its main tasks is to keep under continuous review the implementation of the provisions of Part IV of the General Agreement. In this connexion the Committee agreed to undertake, at least once a year, a full review on the basis of notifications submitted by governments (COM.TD/24, paragraph 10). The last full review of commercial policy measures adopted by governments in compliance with Part IV was carried out by the Committee at its twenty-eighth session held in November 1974 (L/4110). At its session in May 1975, a mid-term review was carried out by the Committee on the basis of information provided in secretariat document COM.TD/W/227 and Add.1. Additional information provided by delegations in the course of that session is contained in paragraphs 5-14 of the Committee's proceedings (COM.TD/97).
2. To provide a basis for the review of recent developments by the Committee at its forthcoming meeting, governments were invited in GATT/LIR/1204 to report action they had taken in the context of Part IV. The submissions received from governments which supplement the earlier details examined in May have been reproduced in document COM.TD/W/234. Certain information additional to that circulated in COM.TD/W/234 and available to the secretariat with regard to developments in relation to Part IV, including developments in other international organizations, is summarized in the following paragraphs. In particular, certain information under the heading "Other developments of interest in relation to Part IV" may not be exhaustive. In this connexion, a summary of the discussions in the GATT Council on various restrictive measures etc. may be referred to in C/W/264 since some of the measures discussed are also relevant to a review of the implementation of Part IV.

ACTION BY GOVERNMENTS

Tariffs

3. Effective 24 September 1975, Australia has reduced the customs tariff on mattresses and mattress supports from 32 per cent to 5 per cent and has specified a programme for the progressive reduction of customs tariffs on certain other items falling under BTN tariff heading 94.04.

4. New Zealand reduced from 1 August 1975, the customs tariff on certain articles of bonded fibre fabrics from 45 per cent to 30 per cent. The tariff duty on certain tubes and pipes of alloyed copper has also been reduced from 20 per cent to 5 per cent, with effect from 13 June 1975.

Import restrictions

5. Effective 1 October 1975, the European Community has modified the measures introduced on 1 May 1975 which were designed to provide a measure of relaxation of the import arrangements for beef and veal.¹ Under the modified "ExIm" system, import licences are granted for twice, rather than as previously, the equivalent quantity of certain types of beef and veal exported without refund, on condition that half the quantity is imported after the beginning of the third month following that in which the application for an import licence was submitted. The coefficient for determining the quantity of bone-out meat has been changed from 60 kgs. to 80 kgs. per 100 kgs, of bone-in meat. The Community has also provided certain quotas for the import of live animals for fattening during the period from 1 October 1975 to 1 January 1976 (L/4004/Add.11).

6. In September 1975, France opened a quota for the import of natural honey (BTN 04.06) originating in and consigned from certain countries.

7. Japan announced that import licences for bovine meat (BTN 02.01.1) would be issued as of 28 June 1975 (L/4120/Add.1).

8. Effective 8 August 1975, the United Kingdom placed under the authority of the Open General Import Licence, the imports of fresh grapefruit (BTN ex 08.02) and grapefruit preserved by freezing, containing added sugar (BTN ex 20.03) from the "Dollar Area".

Import deposit scheme

9. For balance-of-payments reasons, Finland introduced an import deposit scheme in March 1975. As of 1 June 1975, the Finnish Government has modified the rates of import deposits on certain products (L/4165/Add.2).

Other developments of interest in relation to Part IV

10. From 13 June 1975, Australia raised tariffs on certain net fabrics and fabrics resembling lace, curtains, bed sheets and pillow cases (ex 60.01, ex 60.05,

¹It will be recalled that in July 1974 the EEC suspended the issue of import or advance fixing certificates for fresh, chilled, frozen, salted, dried and smoked beef and veal and for live animals of the bovine species (L/4004/Add.6). In February 1975 this ban on imports was extended to cover certain types of prepared and preserved beef and veal (L/4004/Add.9).

ex 62.02). With effect from 1 August 1975, Australia imposed quotas to limit the import of bags and sacks of man-made fibres for domestic use to 3 million in the first year and 4.8 million in the following year.

11. As of 1 July 1975, Canada raised the tariff on certain types of two-ply yarn from zero to 12½ per cent tariff. Canada has suspended the general preferential tariff on rubber footwear (tariff item 61700-1), and reinstated as from 28 August 1975 the 20 per cent most-favoured-nation tariff, except on imports from Commonwealth countries, which will continue to benefit from duty-free entry under the British preferential tariff. The preferential tariff on canvas shoes with rubber soles classified under tariff item 61110-1 remains unaffected. Canadian producers have undertaken to develop before 1 July 1976 plans for restructuring and rationalizing their operations so as to improve their competitiveness; the general preferential tariff will then be restored, if, on that date, it appears that there is little likelihood that a viable rubber footwear industry can be sustained in Canada (L/4027/Add.3).

12. Imports of certain articles of footwear, clothing and some other textiles from all sources and of footwear under BTN 04.02A from non-EEC sources were made subject to import licensing by Ireland as from 12 June 1975.

13. Effective from 1 April 1975, Japan increased the customs tariff on pineapples, preserved by freezing (BTN ex C8.10 and ex 20.03) to 35 per cent. The previous tariff rates applicable were 20 per cent with no sugar added and 28 per cent with sugar added.

14. New Zealand has extended its action under Article XIX, taken in April 1975, to include certain continuous synthetic fabrics containing discontinuous fibres and discontinuous synthetic fabrics (L/4172/Add.1).

15. As from 26 May 1975 Switzerland took emergency action to contain imports in 1975, of bottled quality white wines, to the level recorded in 1974 (L/4181).

ACTION IN OTHER INTERNATIONAL ORGANIZATIONS RELEVANT TO PART IV

Seventh Special Session of the United Nations General Assembly

16. At the Seventh Special Session of the United Nations held in September 1975, a resolution on "Development and International Economic Cooperation" dealing with international trade, the transfer of real resources for financing the development of developing countries and international monetary reforms, science and technology, industrialization, food and agriculture, co-operation among developing countries and restructuring of the economic and social sectors of the United Nations system was adopted. As regards international trade the Resolution refers, inter alia, to

the need for decisions on the improvement of market structures in the field of raw material and commodities of export interest to developing countries at UNCTAD IV; full implementation of agreed provisions on the principle of standstill as regards imports from developing countries, any departure being subjected to measures such as consultation and multilateral surveillance and compensation in accordance with internationally agreed criteria and procedures; within the framework of the multilateral trade negotiations, non-tariff measures affecting the products of export interest to developing countries should be reduced and removed on a differential and more favourable basis for developing countries where feasible and appropriate; the Generalized System of Preferences should be improved and extended beyond the ten-year period originally envisaged, bearing in mind the interests of those developing countries which enjoy special advantages and the need for finding ways and means for protecting their interests; countervailing duties should be applied only in conformity with internationally agreed obligations and in this respect developed countries should exercise maximum restraint in the imposition of countervailing duties on imports of products from developing countries, the multilateral trade negotiations should take fully into account the particular interests of developing countries with a view to providing them with differential and more favourable treatment in appropriate cases. Reference is also made to the question of restrictive business practices and special measure for least-developed, land-locked and island developing countries.

UNCTAD

17. At the second part of its eighth session in July 1975, the UNCTAD Committee on Commodities continued the discussion on proposals for an integrated programme for commodities.

International Cocoa Agreement

18. At the United Nations Cocoa Conference held under the auspices of UNCTAD during September/October 1975, a second three-year International Cocoa Agreement was negotiated to succeed the agreement currently in force, which is due to expire on 30 September 1976. While many of the provisions of the new agreement have been taken over from the text of the 1973 Agreement, with some minor amendments, the basic provisions concerning price and stock interventions have been modified. The minimum price was raised from 29.50 to 39 US cents per lb. and the maximum from 38.50 to 55 US cents per lb.; thus the difference between the minimum and maximum price was altered from 9 to 16 US cents per lb. In addition, the modalities of interventions in defence of the price range were amended with a view to placing somewhat greater reliance on buffer stock operations and less on quota adjustments than in the existing agreement. Contributions for financing the buffer stock remain fixed at one US cent per pound (avoirdupois).

International Coffee Agreement

19. The International Coffee Council held its twenty-sixth session from 24 June to 13 July 1975. The main item on the agenda was the negotiation of a new International Coffee Agreement. The Council, at its next session to be held during November 1975, will examine a report of the Contact Group and discuss draft texts of Articles prepared on the basis of proposals put forward by participants.

International Tin Agreement

20. The United Nations Tin Conference held in May-June 1975 established the text of the Fifth International Tin Agreement, which is expected to enter into force on 1 July 1976, when the present Agreement expires. The new agreement introduces certain new features as regards prices, contributions to the buffer stock and the size of the stock. The price range may be reviewed at any session of the Council on the basis of relevant factors; contributions to the buffer stock will be based on the floor price prevailing at the time; the Agreement provides for a possible enlargement of the buffer stock by 20,000 tons of tin metal (to a total of 40,000 tons) based on voluntary contributions by consuming countries.

Tungsten

21. The UNCTAD Committee on Tungsten held its ninth session in July/August 1975. The Committee agreed that its Working Group will study, at its tenth session in early 1976, the practical, economic and technical aspects of proposals which could be incorporated in a producer/consumer arrangement with special emphasis on the feasibility of a system of minimum and maximum prices, and report its finding to the next meeting of the Committee.

FAO

22. At its fiftieth session in October 1975 the Committee on Commodity Problems (CCP) reviewed the world agricultural commodity situation and outlook and considered an FAO proposal for a comprehensive commodity strategy for agricultural commodities. The Committee also assessed recent commodity policy developments and inter-governmental initiatives, including the work of the Intergovernmental Groups on Commodities and of other subsidiary bodies of the CCP. In addition, it adopted recommendations to the FAO Council concerning the future rôle and functions of CCP.

OECD

23. In May 1975, the OECD member countries renewed, for a further period of one year, their "trade pledge" adopted on 30 May 1974.