

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## ACTION BY GOVERNMENTS RELEVANT TO THE PROVISIONS OF PART IV

### Addendum

The following communication dated 29 October 1979 has been received from the delegation of the United States in connexion with the implementation of Part IV.

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1. The following is additional to the information contained in COM.TD/W/291 and COM.TD/101 relevant to the implementation of Part IV.
  2. Generalized System of Preferences: 1978 United States imports of items entering duty free under GSP from beneficiary developing countries reached \$5.2 billion, a 33 per cent increase over 1977's total of \$3.9 billion. GSP imports in 1978 grew at more than double the rate of overall United States imports in the same period. The ten largest beneficiaries, in order of magnitude, were Taiwan, Korea, Hong Kong, Brazil, Mexico, Israel, Singapore, Yugoslavia, Argentina and India.
  3. The MTN implementing legislation has incorporated several technical modifications in the United States GSP scheme which are expected to operate to the advantage of beneficiary developing countries. A de minimus provision authorizes the President to disregard the 50 per cent competitive need exclusion if imports of the items from the country concerned do not exceed \$1 million. That figure will be adjusted annually in proportion to United States GNP. The competitive need ceiling and value-added requirements for GSP imports from free-trade areas/customs unions have been eased, in order to encourage future comprehensive regional economic integration. The minimum value-added requirement is reduced from 50 to 35 per cent for associations of countries, comparable to the existing minimum percentage for individual countries. In addition, competitive need ceilings will apply only to individual member countries of the association. In the past, the quantity of exports from each member country was aggregated for competitive need purposes. The annual implementation of GSP competitive need product removals and additions has been adjusted from 1 March to 1 April in order

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to give both United States importers and foreign exporters an additional month to plan for and adjust to the annual changes in GSP product coverage. Finally, the new legislation has changed the OPEC exclusion clause of the 1974 Trade Act so as to permit the extension of GSP benefits to OPEC countries which have concluded bilateral product specific trade agreements with the United States by 3 January 1980.

4. The United States completed its third annual review of the operation of the Generalized System of Preferences in February 1979. The review encompassed both the addition of products to as well as the deletion of products from the list of items eligible for GSP benefits. Included also in the review was a redesignation of products from certain countries which had previously been made ineligible as a result of the operation of the competitive need criteria.

5. Twenty-one new products with a combined trade value of about \$100 million from beneficiary developing countries were added to the list - some three times the value of additions in 1978. Those products with the largest trade value are tungsten ore, coconut meat, knives, silk fabrics and tone arms. Thirty-two petitions remain pending.

6. Four products were moved from GSP eligibility: leather wearing apparel; artificial baits and flies; cut leather uppers for shoes; offshore oil drilling platforms. Of these products, only leather wearing apparel was of importance accounting for \$122 million in duty-free imports from twenty-three beneficiary developing countries in 1978.

7. 337 country/product categories with a total 1978 trade value of \$3.9 billion were declared ineligible for GSP in 1979 under the competitive need criteria of the 1974 Trade Act. Removal for competitive need is mandatory under the terms of the legislation and not subject to review. Redesignation of country/product categories earlier made ineligible by competitive need criteria is, however, discretionary and 121 country/product categories with a 1978 trade value of \$135 million were redesignated for GSP, having fallen below the competitive need ceilings in 1978. Seven products were not redesignated, including sugar which accounted for \$387 million of competitive need exclusions.

8. Import restrictions: information contained in COM.TD/W/291 is still current.