

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development

## TROPICAL PRODUCTS: RUBBER AND RUBBER ARTICLES

### PRODUCTION, TRADE FLOWS AND PRE- AND POST-MTN IMPORT TREATMENT IN ELEVEN DEVELOPED COUNTRY MARKETS

Note by the Secretariat

#### Addendum

##### Introduction

1. Under the work programme of GATT adopted after the conclusion of the Tokyo Round in 1979, the Committee on Trade and Development was given a task to work on further trade liberalization in areas identified as being of special interest to developing countries, which included notably tropical products. In this connexion, the secretariat provided during 1981 detailed data on the commercial policy situation and trade flows with respect to a number of tropical products. Data for rubber and rubber articles were circulated as COM.TD/W/339 and Add.1 and these documents were used as background material for the Consultations on Trade Liberalization (tropical products) held in March 1982.

2. The CONTRACTING PARTIES, meeting at Ministerial level in November 1982, decided "to carry out, on the basis of the work programme pursued by the Committee on Trade and Development, consultations and appropriate negotiations aimed at further liberalization of trade in tropical products, including in their processed and semi-processed forms, and to review the progress achieved in eliminating or reducing existing obstacles to trade in tropical products at their 1984 Session". At its meeting on 8 March 1983, the Committee on Trade and Development agreed that the background documentation prepared for the 1982 Consultations on Trade Liberalization would be updated for the purpose of carrying out the consultations and appropriate negotiations called for by the Ministers.

3. This addendum updates information on commercial policy measures in document COM.TD/W/339.

##### Post-Tokyo Round commercial policy situation (updated)

4. The rubber sector (CCCN Chapter 40) is one of the sectors where the most significant results were obtained in the Tokyo Round. Document COM.TD/W/310/Add.1 shows that 88 per cent of the dutiable imports of nine industrial markets<sup>1</sup> from GSP beneficiary countries in 1977 were covered by m.f.n. concessions and GSP contributions. As a result of the Tokyo Round,

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<sup>1</sup> Austria, Canada, EEC, Japan, Finland, Norway, Sweden, Switzerland and the United States.

m.f.n. duties of the nine markets (weighted averages based on imports from GSP beneficiaries) on products in this sector are being reduced from 0.1 per cent to 0 per cent for raw materials, from 5.8 per cent to 3.6 per cent for semi-manufactures and from 8.1 per cent to 4.9 per cent for finished products. Tokyo Round m.f.n. concessions will be fully implemented by 1987. The results of the Tokyo Round included also a number of GSP improvements for products in this sector.

5. Consequently, the objective of duty-free treatment for developing countries has largely been achieved for this sector by a number of developed country markets. In Switzerland, for example, all m.f.n. dutiable items originating in developing countries are eligible for GSP duty-free treatment. In the EEC, Japan, Finland, Norway, Sweden and the United States also, rubber and most rubber products from developing countries have been granted duty-free treatment on an m.f.n. basis or under the GSP without any quantitative limitations. Exceptions to such treatment include rubber tyres and tubes, which are subject to different kinds of GSP limitations in these markets and certain rubber gloves and apparels which are excluded from the U.S. GSP scheme.

6. However, imports of a wide range of rubber products from developing countries remain dutiable in Australia, Austria, Canada and New Zealand although a number of m.f.n. duties and GSP rates are being reduced by these countries as a result of the Tokyo Round. In addition, New Zealand maintains quantitative import restrictions on a number of rubber products.

7. The following paragraphs provide an overview of the post-Tokyo Round tariff situation on a market-by-market basis. Some detailed data on tariffs and trade flows in 1977 at the tariff line level are available in COM.TD/W/339/Add.1. An updated version of these data may be circulated later as they become available.

8. In the EEC, imports of rubber and rubber products except tyres and tubes originating in developing countries have been granted duty-free treatment either on an m.f.n. basis or under the GSP. Under the EEC's GSP scheme, GSP rates are all zero and all rubber products except tyres and tubes are included in the list of non-sensitive items, and thus imports under the GSP are practically unlimited as of 1983. However, tyres and tubes (CCCN 4011) are included in a list of sensitive items and thus imports under the GSP are subject to Community tariff quotas or individual country ceilings.<sup>1</sup> GSP rates on these products are not applied to Romania. Tokyo Round concession rates (m.f.n.) on tyres and tubes are 5.1 per cent and 5.8 per cent. These rates are being implemented in stages.

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<sup>1</sup> Community tariff quotas are applied to the Republic of Korea. GSP imports from other GSP beneficiary countries and territories are subject to individual country ceilings, which amounted to ECU 1,246,250 in 1983 for new inner tubes and tyre cases of the kind used on bicycles, cycles with an auxiliary motor, motor cycles or motor scooters and ECU 3,238,600 for other products falling within CCCN heading 4011 including tyre cases with sewn-in inner tubes, for racing bicycles, and tyre flaps.

9. In Japan, imports of rubber and rubber products from developing countries have been granted almost complete duty-free treatment either on an m.f.n. basis or under the GSP. Under the country's GSP scheme, GSP rates are zero for these products and limitations on imports under the GSP are not applied in normal circumstances as the monthly control of ceilings are flexibly administered for these products. The maximum country amount, which limits one GSP beneficiary's share in a ceiling to one-half, is also flexibly administered, or not applied in normal circumstances, for all rubber and rubber products except for tariff heading 4011.2. For this tariff heading covering tyres and tubes for bicycles and motor cycles, the maximum country amount limitation applies. The Tokyo Round concession rate (m.f.n.) on this item is 4.2 per cent.

10. In the three Nordic countries, all rubber products except tyres and tubes (CCCN 4011) have been granted m.f.n. or GSP duty-free treatment without any quantitative limitations. The exclusion of tyres and tubes from GSP applies to all GSP beneficiary countries in the case of Finland, to Bulgaria and Romania in the case of Norway, and to Bulgaria, China and Romania in the case of Sweden. Post-Tokyo Round m.f.n. duties on tyres and tubes are 20-30 per cent in Finland, 2-30 per cent in Norway and 9 per cent (in most cases) in Sweden.

11. In the United States, most rubber and rubber products from developing countries have been granted duty-free treatment on an m.f.n. basis or under the GSP. However, imports of some rubber products from developing countries are dutiable at m.f.n. rates in cases where the item is not covered by the U.S. GSP scheme or where a GSP beneficiary country is excluded from the GSP application on the item under the competitive need provisions or because of graduation. Rubber products not covered by the U.S. GSP include the following:

<u>USTS</u>	<u>Product</u>	<u>Post-Tokyo Round m.f.n. rate</u>	<u>Main developing country suppliers</u>
35581	V-belts for machinery of textile fibers and rubber	5.1%	Singapore
70582	Seamless surgical and medical gloves	3.7%	
70583	Seamless gloves, nes. of rubber or plastic	3.7%	
70585	Gloves of rubber or plastics with textile fabric fourchettes or sidewalls, and heat-sealed seams	14.0%	Philippines, Hong Kong, Korea, Rep. of
70586	Gloves of rubber or plastics, nspf.	14.0%	Barbados, Hong Kong, Philippines
77230	Wearing apparel of rubber or plastics, nspf.	5.0%	Korea, Rep.of, Hong Kong
77248	Bicycle tyres	5.0%	Korea, Rep.of, India
77257	Bicycle tubes	15.0%	Korea, Rep.of, India

12. The GSP rate on USTS 77251 pneumatic tyres, nes. is not being applied in 1983 to the Republic of Korea under the competitive need provisions. The Tokyo Round concession rate (m.f.n.) on this item is 4 per cent. Effective 31 March 1983, the Republic of Korea has been graduated from GSP eligibility with respect to USTS 77260 inner tubes. U.S. imports of this item from Korea in 1982 amounted to \$16 million and this amount accounted for 45 per cent of total U.S. imports. The Tokyo Round concession rate on this item is 3.7 per cent. On the other hand, USTS 35806 machine belting of rubber has been added to the U.S. GSP scheme for 1983. GSP eligible imports amounted to \$0.4 million on the basis of 1982 imports.

13. In Australia, natural rubber latex and natural rubber are m.f.n. dutiable but have been granted GSP duty-free treatment. However, a large majority of rubber products is dutiable on an m.f.n. basis or under the GSP. While the Australian GSP scheme covers a wide range of rubber products, many GSP rates are not zero. M.f.n. duties up to 35 per cent and GSP rates up to 25 per cent are generally applied. Some products of synthetic rubber are subject to higher duties. Exceptionally high duties of 125 per cent m.f.n. and 115 per cent GSP are applied to certain rubber garments (4013.200). A large majority of m.f.n. duties has not yet been bound. Main dutiable tariff headings are listed below with information on tariff rates and main developing country suppliers.

<u>Tariff No.</u>	<u>Product description</u>	<u>M.f.n. (1982)</u>	<u>GSP (1982)</u>	<u>Main developing country suppliers</u>
4001.290	Natural rubber, etc. not by-law	A\$ 0.028/kg	-	Papua New Guinea*, Malaysia
4006.100	Rods, tubes, etc.	25%	15%	Malaysia
4007	Thread and code	35%	25%	
4008.900	Plates, sheets, etc. other than sheets prescribed by by-law	25%	15%	Malaysia
4009	Tubes and pipes	25%	15%	Korea, Rep. of
4011.200 300	Tyres	25%	15%	Korea, Rep. of, Israel, Philippines
4013.100	Gloves, mittens, mitts; diving dress	35%	25%	
4013.200	Garments, nes.	125%	115%	Singapore

\* Papua New Guinea enjoys preferential duty-free treatment.

14. In Austria, most rubber products are dutiable. The Tokyo Round concession rate (m.f.n.) on rubber tyres and tubes is 20 per cent and those on other rubber products are 9 per cent or less. As the Austrian GSP scheme covers all rubber products and Austrian GSP rates are equivalent to one-half of the m.f.n. rate, GSP rate on tyres and tubes will be reduced to 10 per cent and those on other rubber products to 4.5 per cent or less when Tokyo Round m.f.n. concessions are fully implemented in 1987. Main dutiable tariff headings are listed below with information on post-Tokyo Round final m.f.n. and GSP rates and main developing country suppliers.

<u>Tariff No.</u>	<u>Product description</u>	<u>Post-Tokyo Round tariffs</u>		<u>Main developing country suppliers</u>
		<u>final m.f.n.</u>	<u>final GSP</u>	
4008	Plates, sheets, etc.	7%	3.5%	Yugoslavia, Malaysia
4009	Piping and tubing	7%	3.5%	Yugoslavia, Romania, Singapore
4011A2B	Tyres more than 2kg. each	20%	10%	Yugoslavia, Romania
4012	Hygienic and medical articles	7%	3.5%	Yugoslavia, Korea, Rep., Thailand
4013	Articles of apparel and clothing accessories	7%	3.5%	Korea, Rep., Hong Kong
4014	Other rubber articles	9%	4.5%	Romania, Malaysia

Note: Both m.f.n. and GSP rates are being implemented in stages and current rates are higher than those indicated.

15. In Canada, m.f.n. duties on raw materials (crude rubber, etc.) and certain rubber products are already zero or being reduced to zero as a result of the Tokyo Round. However, a wide range of rubber products remain dutiable, although m.f.n. duties on a number of tariff headings are being reduced as a result of the Tokyo Round and GSP rates are also being reduced in step with these m.f.n. tariff reductions. Main dutiable tariff headings are listed below with information on tariff rates and main developing country suppliers.

<u>Canadian tariff No.</u>	<u>Product description</u>	<u>m.f.n duty</u>		<u>GSP rate</u>	<u>Main developing country suppliers</u>
		<u>1.1.83</u>	<u>final rate</u>	<u>1.1.83</u>	
61800-1	Rubber manufactures, n.o.p.	13.9%	10.2%	9%*	Korea, Rep., Hong Kong, Yugoslavia
61815-1	Rubber tyres and tubes	13.9%	10.2%	9%*	Korea, Rep., Brazil, Israel, Malaysia,
61815-2	Solid press-on industrial rubber tyres, etc.	16.0%	10.2%	10.5%*	Korea, Rep., Malaysia, Brazil
61900-1	Rubber hose, mats and packing	15.7%	11.3%	10%*	Israel, Hong Kong
61905-1	Rubber clothing and clothing made from waterproofed cotton fabrics	22.5%	22.5%	15%	Korea, Rep., Hong Kong

\* These GSP rates will be further reduced in step with the implementation of Tokyo Round m.f.n. concessions.

16. In New Zealand, natural rubber and some rubber products have been granted duty-free treatment on an m.f.n. basis or under the GSP and the country's GSP scheme covers most dutiable rubber products. However, a majority of rubber products are subject to m.f.n. duties of up to 65 per cent or GSP rates of up to 45 per cent. A large majority of m.f.n. duties has not yet been bound. Main dutiable tariff headings are listed below with information on tariff rates as of 1 January 1983 and main developing country suppliers.

<u>Tariff No.</u>	<u>Product description</u>	<u>m.f.n</u>	<u>GSP</u>	<u>Main developing country suppliers</u>
4008.039 049	Plates, sheets, etc. wholly or principally of rubber, other	40%	30%	Malaysia, Hong Kong
4011.009	Tyres and Tubes, other than approved types	40%	20%	Malaysia, Singapore
4013.001) 002)	Gloves	47.5% or 8c/ pair plus 20%	27.5% or 8c/ pair	Malaysia
4013.009	Other articles of apparel and clothing accessories	65%	45%	
4014.009	Other articles of stationery	35%	20%	Singapore, Hong Kong
4014.011	Mounded rubber mats of non-rectangular type	37.5%	-	Malaysia, Singapore

17. The licensing schedule of New Zealand for the fiscal year 1983/1984 lists the following rubber products as being subject to import restrictions.

Item Code	Tariff Item	Brief Description	Allocation
40.005	40.05.019 40.07.009	Plates, sheets and strip of unvulcanised natural or synthetic rubber, compounded; vulcanised rubber, thread and cord, textile covered, etc. ... ..	100% 1982 licences
40.010	40.06.001 to 40.06.009 Ex 40.09.009 Ex 40.09.019	Unvulcanised natural or synthetic rubber in the form of tubes; piping and tubing of unhardened vulcanised rubber, other than may be approved by the Minister of Customs and under such conditions as he may prescribe ... ..	C
40.015	40.06.021 40.06.031 40.06.039	Unvulcanised natural or synthetic rubber in other forms, including articles (other than tubes or solutions) ...	100% 1982 licences
40.020	Ex 40.08.049	Weatherseal strip, principally of rubber, with a square or rectangular cross-section ... ..	100% 1982 licences
40.025	Ex 40.08.031 Ex 40.08.039 Ex 40.08.049	Plates, sheets, strip, rods and profile shapes, of unhardened vulcanised rubber, other kinds (excluding goods of Item Codes 40.000 and 40.020) ... ..	C
40.030	40.10.008 40.10.009	Transmission, conveyor or elevator belts or belting, of vulcanised rubber, other kinds ... ..	100% 1982 licences
40.033	Ex 40.11.001 Ex 40.11.009	Rubber tyres, viz: bicycle and similar, and inner tubes of rubber therefor (excluding those of Item Code 40.000) ...	C
40.036	Ex 40.11.001 Ex 40.11.009 Ex 40.11.029.09L	Tyres and tubes and flaps therefor other than bicycle and similar (excluding those of Item Code 40.000) ... ..	C
40.040	40.11.011	Non-pneumatic rubber tyres ... ..	100% 1982 licences
40.045	40.12.001 40.12.002 40.12.011	Hot water bottles; teats ... ..	100% 1982 licences
40.050	40.13.001 40.13.002	Gloves, for all purposes, of unhardened vulcanised rubber ...	C
40.055	40.13.009	Articles of apparel and clothing accessories, for all purposes, of unhardened vulcanised rubber ... ..	C
40.060	40.14.021 40.14.041	Washers, gaskets, jointings, seals, and similar packings, as may be determined by the Minister; plain unornamental stoppers of unhardened rubber for trade containers ...	100% 1982 licences
40.065	Ex 40.14.009 40.14.031 Ex 40.14.049.19K Ex 40.16.009.09H	Rubber bands; milking machine parts; other articles of rubber (excluding goods of Item Codes 40.000 and 40.070) ... ..	C (specify type)
40.070	40.14.049.01G Ex 40.14.049.11D 40.16.009.01B	Spools, reels and similar supports, etc., articles of a kind used in machinery and mechanical or electrical appliances of Tariff Chapters 84, 85, or goods of Chapter 90, except milking machine parts (excluding goods of Item Code 40.000) ... ..	100% 1982 licences

"C" Items (shown in the Schedule as "C")—These are items for which applications for licences are considered on their individual merits. There is no basic provision and licences issued under "C" policy are all designated special licences, which do not in any way qualify the holder for any future licences.

Basic Items (shown in the Schedule as, e.g., percent of (year) licences, or percent of (year) imports)—These are item codes where the Schedule provides a percentage allocation for existing licence holders based either on the amount of licence previously held, or on the value (or occasionally the quantity) of actual imports by the licence holder during a stated previous import licensing period.