

GENERAL AGREEMENT ON TARIFFS AND TRADE

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PROTECTIVE ACTIONS BY DEVELOPED COUNTRIES AGAINST IMPORTS FROM DEVELOPING COUNTRIES

Note by the Secretariat

1. The Sub-Committee on Protective Measures was established by a Decision of the CONTRACTING PARTIES at their thirty-fifth session in November 1979 "to examine any case of future protective action by developed countries against imports from developing countries in the light of the relevant provisions of the GATT, particularly Part IV thereof" (L/4899). The Decision also provides that such examinations shall be without prejudice to the rights of contracting parties under the GATT or the competence of other GATT bodies.
2. As the Sub-Committee is established under the Committee on Trade and Development and is required to report on its work to that Committee and, through it, to the GATT Council, the Committee on Trade and Development exchanged views, at its March meeting, on arrangements for the Sub-Committee's activities (COM.TD/104, paragraphs 6-20). In connexion with the collection of background information, the Chairman in his summing-up of the discussion in the Committee on Trade and Development, noted that there were three possible sources - notifications by developed contracting parties applying new protective measures affecting imports from developing countries, "reverse" notifications by developing countries and information provided by the secretariat on the basis of data available from official sources and as necessary checked with delegations concerned to ensure accuracy.
3. As at the time of preparing this note, no notifications have been received from delegations in response to the invitation circulated in GATT/AIR/1627 dated 21 April. The secretariat also checked notifications under other GATT procedures and these have been taken into account.
4. In reviewing data available to it, the secretariat has focussed its attention on those actions which would appear to have both a protective effect and a protective intent. Included in this category were taken to be such measures as tariff increases and tariff quotas, various charges on imports and variable levies, the imposition of quotas and import prohibitions and certain licensing arrangements, export restraints, mixing regulations etc. Since the Decision provides for the examination of "future" protective actions, the information below summarizes such actions taken between the end of November 1979 when

the Decision was adopted and the end of May 1980 and gives available tariff and trade data relating to them. In the course of the secretariat's research, it was noted that a number of restrictive measures which were due to expire have been continued with or without modification. The secretariat has summarized certain available material relating to this aspect in the Annex for the information of delegations.

5. Industry categories of particular interest to developing countries affected by protectionist pressures continue to be textiles, leather and footwear, steel and certain electrical and electronic products. The main measures affecting trade in these sectors have now been in operation for some time. While there has been considerable discussion of the possibility of new restrictive actions being taken in certain sectors and this could be a factor of uncertainty inhibiting trade and investment, no broad-ranging specific measures to this end appear to have been adopted over the period under review. In the United States, the trigger price mechanism for steel has been suspended and a number of anti-dumping investigations have been initiated. Special arrangements for steel continue to apply in the Community. The implications of measures in this respect for the trade of developing countries are, however, not clear. It is also understood that discussions have been taking place between the European Communities and Thailand on the question of the level of Thai exports of manioc (CCCN ex 07.06A) to the Communities.

6. Although certain information provided below relates to m.f.n. duty increases, actions were also taken in accordance with the provisions of various GSP schemes, which have been implemented as autonomous measures, by way of controls and quantitative limitations, exclusions, competitive need requirements, etc. In this respect, the Decision on the "Enabling Clause" (L/4903) provides in its paragraph 4 for notification and consultations, if requested, with respect to actions taken by a contracting party to introduce, modify or withdraw, inter alia, preferential tariff treatment accorded under the Generalized System of Preferences. The operation of the "Enabling Clause" will also be subject to review at meetings of the Committee on Trade and Development. In the circumstances, taking into account the "Enabling Clause" Decision as it relates to the GSP, it is not clear whether delegations would wish to take up in the Sub-Committee any aspect of modifications to GSP schemes which might result in the reapplication of m.f.n. duties having a protective effect. In this connexion, delegations could refer to documentation notifying modifications to GSP schemes which are circulated to contracting parties as they become available.¹ It might be noted that GSP improvements are also circulated to contracting parties, the main points being summarized in secretariat background documentation for reviews of the implementation of Part IV, and in the future, for reviews of the operation of the Enabling Clause.

¹Over a recent period, such documentation has included:

- L/3982/Add.14 - Australia (notified April 1980)
- L/4027/Add.12 - Canada (notified January 1980)
- L/4804/Add.1 - EEC (notified February 1980)

7. Anti-dumping duties and countervailing measures have also been mentioned in the context of protective actions. It will, of course, be noted that the General Agreement itself and the recently implemented Agreements contain provisions for the application of such measures to deal with certain specific situations. It might also be noted that in the context of Part IV of the General Agreement, paragraph 3(c) of Article XXXVII provides that "developed contracting parties shall have special regard to the trade interests of less-developed contracting parties when considering the application of other measures permitted under this agreement to meet particular problems and to explore all possibilities of constructive remedies before applying such measures where they would affect essential interests of those contracting parties". The drafting history of Part IV shows that "escape clause action and countervailing and anti-dumping measures" were among the "other measures" intended as being subject to the provisions of Article XXXVII:3(c). With respect to the Tokyo Round Agreements dealing with these matters, participants are expected to notify anti-dumping and countervailing actions taken in the first half of 1980 to the respective Committees by the end of October. Thus, while procedures are provided in the General Agreement and also in terms of the new Agreements dealing with anti-dumping and countervailing actions for the notification of measures in these areas and any further consultations etc. that may be called for in this respect, an indication has been given in the Annex of certain anti-dumping or countervailing investigations or actions which have been undertaken over the last twelve months to permit delegations to raise any aspect which might be considered relevant to the work of the Sub-Committee.

8. It may be noted that the Agreement on the Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade recognizes that subsidies may have harmful effects on trade and production. In the normal course, notifications on domestic and export subsidies are submitted by contracting parties in accordance with the provisions of Article XVI:1 of the General Agreement and a further elaboration with respect to notifications of subsidies by participants is contained in the Tokyo Round Agreement on this subject. Without prejudice to any views as to whether particular subsidies could be properly treated as a protective measure, it might be added that the secretariat research has not brought to light any new information on subsidy actions during the period under review which could be considered as relevant to the interests of developing countries.

9. On the question of textiles, bilateral agreements reached in this area under the Multi-Fibres Arrangement are in the normal course notified to the Textiles Surveillance Body for examination and subsequent circulation to participating countries. For this reason, such details are not listed in the Annex.

10. As the data provided below and in the Annex, based on information available to the secretariat, may not be exhaustive of new protective actions taken since the end of November 1979 or with respect to the other information provided, delegations are invited to draw to the attention of the Sub-Committee any other measures which they feel might call for discussion or examination within the Sub-Committee's mandate. It might be noted that the information provided below is intended to facilitate the work of the Sub-Committee and is without prejudice to views that members of the Sub-Committee might have on the desirability of taking up for examination any of the measures listed. In addition, it might be noted that the information contained in the Annex is also without prejudice to any views members of the Sub-Committee might have as to whether any of the items listed fall within the Sub-Committee's terms of reference.

Protective Actions Affecting Developing Countries
Introduced Since 28 November 1979

Country and Product Description	Measure	Date of implementation
<u>AUSTRALIA</u> ¹		
ex 40.10-16 Certain rubber semi-manufactures and manufactures	Duty increase	7.3.1980
<u>EUROPEAN COMMUNITIES</u>		
ex 07.03E Mushrooms in brine	Import licensing (L/4994)	15.4.1980
20.02A Preserved mushrooms from Hong Kong and Spain	Suspension of import licences (L/4994)	23.5.1980 (Hong Kong) 5.6.1980 (Spain)
<u>UNITED STATES</u>		
ex TSUS 654.02 Porcelain-on-steel cooking-ware	Additional duties - four-year period (Article XIX - L/4889 and Add.1)	17.1.1980

¹ It might be noted that Australia is undertaking a continuing review and reform of its tariffs, resulting in duty increases in some cases and duty reductions in others.

Measures Affecting Developing Countries Introduced Since end-November 1979: Tariff and Trade Data

CCCH	Country and Product Description	Rates of Duty ^{1/}		Measure Taken	Imports \$A ^{2/}	Main Suppliers ^{3/}
		MFN	GSP			
ex. 40.06.100	<u>AUSTRALIA</u> Thread, of unvulcanised natural or synthetic rubber	25% + (15% + Pr. 3%)	15% + (15% + Pr. 3%)	Mfn tariff increase. Removal of primage	1,035	USA, ZAF, GBR
ex. 40.09.000	Tubes & pipes, of unhardened vulcanised rubber: - Of cellular material - Vacuum cleaner parts	25% (9%) (15%)	15% (9%) (10%)	Mfn and GSP tariff increases	209,360 96,540	GBR, USA, KOR DEN, JPN, USA
ex. 40.14.900	Platen shells for typewriters and waver rolls for duplicators, of unhardened vulcanised rubber	25% (Free and 2%)	Free (Free)	Mfn tariff increase	33,939	DEU, USA, ITA
40.15.000	Hardened rubber (ebonite & vulcanite), in bulk, plates, sheet, strip, rods, profile shapes or tubes; scrap, waste & powder, of hardened rubber: - Rods, tubes & profile shapes - Other	25% (9%) (Free and 2%)	15% (9%) (Free)	Mfn and GSP tariff increases	7,755 46,457	JPN, DEU, GBR GBR, JPN, USA
40.16.000	Goods made of hardened rubber (ebonite and vulcanite)	25% (20%)	15% (10%)	Mfn and GSP tariff increases	101,830	USA, GBR, JPN KOR, NOR, MYS

^{1/} Existing rates of duty. Previous rates are in brackets.

^{2/} For Australia, imports cover the period 1 July 1977 - 30 June 1978 (\$A = Australian dollars). While these are the latest figures available in the secretariat, they need not necessarily reflect the trade situation at the time the measure was taken.

^{3/} For country code abbreviations see footnote 3, page 7.

Measures Affecting Developing Countries Introduced Since end-November 1979: Tariff and Trade Data

CCCH	Country and Product Description	Rates of duty		Measure Taken	Imports '000 EUA ¹	Main Suppliers ^{3/}
		MFN	GSP			
	<u>EUROPEAN COMMUNITIES</u> Vegetables provisionally preserved in brine, in sulphur water or in other preservative solutions but not specifically prepared for immediate consumption					
07.03 E	- other vegetables (i.e. other than olives, capers, onions, and gherkins)	12%	12% (Okra: free)	Import licensing for mushrooms	21,311 ^{2/}	YUG, POL, ESP, MAR, SUN, CHL ²
20.02A	Mushrooms, prepared or preserved otherwise than by vinegar or acetic acid	23%	23%	Suspension of licences for imports from Hong Kong and Spain	60,573	CHN, KOR, ESP, HNK, MAR, POL

¹For the EEC, imports are those from extra-EEC sources for calendar year 1978. (EUA = European Unit of Account. Average value in 1978: 1 EUA = US\$ 1.27). These are the latest figures available in the secretariat. They do not necessarily reflect the trade position at the time the measure was taken.

²Data refer to whole of tariff line in question and not just to trade subject to the new restriction

³For country code abbreviations, see footnote 3, page 7.

Measures Affecting Developing Countries Introduced Since end-November 1979: Tariff and Trade Data

T.M.S	Country and Product Description	Rates of duty ¹		Measure Taken	Imports US\$ '000	Main Suppliers ³
		MFN	GSF			
923.60 (ex 654.02)	<p><u>UNITED STATES</u></p> <p>Cooking ware (except tea kettles) of steel, not having self-contained electrical heating elements, enameled or glazed with vitreous glasses, and valued not over \$2.25 per pound, provided for in item 654.02</p>	<p>3.3% plus additional duty of:</p> <p>1980: 20¢ per lb</p> <p>1981: 20¢ per lb</p> <p>1982: 15¢ per lb</p> <p>1983: 10¢ per lb</p> <p>Total duty not to exceed 53.3% (3.3%)</p>	<p>Suspended (Free)</p>	<p>Temporary additional duty (Article XIX)</p>	<p>47,494²</p>	<p>ESP, JPN, FRA, MEX, ZAF, DEU,² KOR, ITA, YUG.</p>

¹ Existing rates of duty. Previous rates in brackets.

² 1979 statistics: data relate to cooking and kitchen ware of iron and steel enamelled or glazed with vitreous glasses (statistical position 6539725). For further information, see communications from the United States delegation contained in L/4889 and Add.1.

³ CHL: Chile
 CHN: China, People's Rep.
 DEN: Denmark
 DEU: Federal Republic of Germany
 ESP: Spain
 FRA: France
 GBR: United Kingdom
 HNK: Hong Kong
 ITA: Italy
 JPN: Japan
 KOR: Republic of Korea
 MAR: Morocco
 MEX: Mexico
 MYS: Malaysia
 NOR: Norway
 POL: Poland
 SUN: Soviet Union
 USA: United States
 YUG: Yugoslavia
 ZAF: South Africa

1. Recent decisions to maintain protective measures introduced earlier

Country and Product Description	Decision	Date
<u>AUSTRALIA</u> Textiles, clothing and footwear	Extension of programme of tariff quota or import licensing assistance by one year	Announced July 1979
Insulators	Continuation of temporary duties and conditional import régime, except in respect of certain fence insulators	Announced August 1979
Double-edged safety razor-blades	Continuation of import licensing restrictions under Article XIX (increase in annual quota from 16 m. to 20m. units)	Announced 17.4.1980
<u>FINLAND</u> Printed cotton fabrics, cotton terry towels	Continuation of minimum import price for one year to 5 November 1980	From 6.11.1979
<u>NORWAY</u> Textiles ¹	Prolongation of import quotas for six months (Article XIX - L/4692/Add. 3)	From 1.1.1980
	Further six months prolongation (L/4692/Add. 4)	From 1.7.1980

¹This measure has been examined by a panel established by the Council at the request of the United Kingdom acting on behalf of Hong Kong. At its meeting on 18 June, the Council adopted the report of the panel (L/4959) in principle and made a strong appeal to the two parties to intensify efforts to reach a mutually acceptable agreement. The Council recommended that Norway make its Article XIX action consistent with Article XIII as soon as possible. The Director-General was requested to initiate consultations with the two parties concerned. The Council would revert to the matter at its first meeting after the summer recess.

2. Actions relating to products of export interest to developing countries since June 1979¹ Page 9

Country and Product Description	Status of investigation	Date
<u>AUSTRALIA</u> High grade stearic acid from the Republic of Korea	Imposition of anti-dumping duties	August 1979
Certain electric motors from Yugoslavia	Imposition of anti-dumping duties	29.8.1979.
Dextrose monohydrate from Malaysia	Imposition of anti-dumping duties	28.9.1979
Sodium tripolyphosphate from Israel	Initiation of dumping inquiries	January 1980
<u>EEC</u> Cotton yarn from Turkey	Initiation of anti-dumping/anti-subsidy proceedings	3.8.1979
Mechanical alarm clocks from Hong Kong and the People's Rep. of China	Initiation of anti-dumping/anti-subsidy proceedings	24.8.1979
Mounted piezo-electric quartz crystal units from the Republic of Korea	Initiation of anti-dumping/anti-subsidy proceedings	29.8.1979
<u>USA</u> Certain textiles and textile products from Pakistan	Final countervailing duty determination	13.7.1979
	Initiation of countervailing duty investigation under new countervailing duty provisions of Trade Agreements Act 1979	8.4.1980
Certain textiles and textile products from Malaysia	Final countervailing duty determination	13.7.1979
Pig iron from Brazil	Preliminary countervailing duty determination	4.6.1979
	Final countervailing duty determination	26.11.1979

¹It might be noted that a number of investigations not reported here were terminated without additional measures being taken.

Country and Product Description	Status of investigation	Date	
USA (cont'd)	Initiation of ITC investigation on injury to US industry	3.12.1979	
	Initiation of countervailing duty investigation under new countervailing duty provisions of the Trade Agreements Act 1979	1.1.1980	
	Determination of material injury and assessment of countervailing duties	11.3.1980	
	Certain public works castings from India	Initiation of countervailing duty investigation under new countervailing duty provisions of Trade Agreements Act 1979	21.2.1980
	Industrial fasteners from India	Preliminary countervailing duty determination	30.4.1980
Certain plastic bouquet holders	Initiation of ITC investigation on unfair trade practices	19.2.1980	