

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## PART IV CONSULTATIONS: BACKGROUND INFORMATION

United States

Note by the Secretariat

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<sup>1</sup> Being issued as an addendum to this document.

## Introduction

1. At their Thirty-Eighth Ministerial Session in November 1982, the CONTRACTING PARTIES, with a view to improving the review and surveillance procedures in regard to the implementation of Part IV, decided that:

- (a) "the Committee on Trade and Development, bearing in mind particularly the special responsibility of the developed contracting parties in this regard, shall adopt a programme of consultations with contracting parties individually or collectively, as appropriate, to examine how individual contracting parties have responded to the requirements of Part IV;
- (b) "each such consultation shall be based on information supplied by the contracting party or parties in question and additional factual material prepared by the secretariat;
- (c) "the Committee on Trade and Development shall also examine other aspects of existing procedures for reviewing the implementation of Part IV and for dealing with problems relating to the application of its provisions, and prepare guidelines for their improvement."

2. At its Forty-Ninth Session, in March 1983, the Committee on Trade and Development agreed that the Part IV consultations should be carried out in the Committee itself. It also agreed that discussions, in the course of the consultations, could be organized under the following general points:

- (a) overall review of developments in a country's trade flows and factors affecting such trade;
- (b) examination of how a country's economic and trade policies have responded to the objectives and principles contained in Article XXXVI;
- (c) examination of how trade policy measures have responded to the commitments of the countries concerned under Article XXXVII;
- (d) consideration of any matters relating to joint action under Article XXXVIII.

3. In regard to the question of documentation to provide the necessary basis for the consultations, the Committee agreed that the consulting country would be invited to submit a paper containing information relevant to the points mentioned above, and that the secretariat would prepare a factual background paper covering developments in trade and trade policy in regard to the country or group of countries being consulted.

4. At the Fifty-First Session of the Committee on Trade and Development, and the Thirty-Ninth Session of the CONTRACTING PARTIES, in November 1983, it was agreed that during 1984, Part IV consultations will be held with the European Economic Community, the United States, Japan, and a group of Latin American developing countries, members of ALADI.

5. The present document contains factual background material covering developments in trade and trade policy in regard to the United States. The material has for the most part been drawn from available official and GATT documentation. It is not intended to be exhaustive.

6. While every effort has been made, including consultations with the delegation concerned, to present a clear and factually accurate picture of the situation, the information is subject to verification and correction in the light of any comments or suggestions that might be made by delegations.

## SECTION I: Economic Background

### Trends in Indicators of Domestic Economic Activity

7. The United States economy grew at an annual average rate, in real terms, of 3.0 per cent during the period 1972 to 1981. This average rate of GNP growth hides, however, significant variations in yearly performance, the most important of which were the sharp down-turns in economic activity during the periods 1974-75 and 1980-82. While real growth rates of over 5 per cent were achieved in the years preceding the 1974-75 recession and during the 1976-78 recovery, real GNP growth was negative in 1974 and 1975, registering declines of 0.6 per cent and 1.2 per cent respectively. The second round of deceleration in economic activity became apparent already in 1979 when the growth rate of real GNP declined to 2.8 per cent. 1980 and 1982 were once again years of negative growth, and the 1.9 per cent drop in GNP in 1982 indicated clearly that the severity of the latest bout of recession surpassed that of 1974-1975. It is interesting to note that the declines in 1982 in total domestic demand and in the foreign balance contributed equally to the reduction in GNP growth, whereas in 1974, and to a lesser extent in 1975 higher declines in total domestic demand were offset by an amelioration in the foreign balance, thus abating the effects of the severe domestic recession on aggregate output.

8. The trends in the growth of gross fixed investment followed closely the changes in total domestic demand. The years 1974 and 1975 reveal a marked slow-down in domestic investment activity which is more pronounced than the declines registered during the second recession in 1980 and 1982. During both recessionary periods, the declines in residential investment were far more significant than those in non-residential investment.

9. Fluctuations in industrial output in the 1973-82 period were far more pronounced than changes in GNP. After an annual rate of growth of 5.5 per cent in the volume of industrial production in the 1963-73 period, output stagnated in 1974 and fell by 9 per cent in 1975. During the period of recovery, from 1976 to 1978, industrial output was strong, averaging over 6 per cent growth in real terms. The deceleration in economic activity started in 1979 and became pronounced in 1980 and 1982, when industrial output declined by 3.6 per cent and 8 per cent respectively, and capacity utilization reached the lowest level since the war. The output declines were heaviest in sectors which exhibited sensitivity to interest rates, experienced structural problems and faced severe competition internationally. While automobiles and steel were the most notable examples, declines in the production of consumer durables, construction supplies and business equipment were also sizeable.

10. Employment growth in the United States during the period 1973-1982 has generally kept abreast of the growth in the civilian labour force, except during the 1974-75 and 1980-82 recessionary years. In 1975, and again in 1982, employment growth was actually negative, giving rise to unemployment rates in those two years of 8.5 per cent and 9.7 per cent respectively.

11. After four consecutive years of increases in the consumer price index, inflation started to abate in 1981. In 1980, the consumer price index had registered a record increase of 13.5 per cent, with the previous largest increase of 11 per cent having been recorded in 1974. The effects of anti-inflationary macro-economic policies on the rate of growth of the price level became apparent particularly in 1982 when the consumer price index increased by only 6.2 per cent. While significant inroads were thus made in containing inflation, unemployment reached its highest level precisely the same year that the largest deceleration in the rate of growth of the price level was achieved.

12. Two developments in the US economy which have implications that go beyond domestic concerns are the level of interest rates and the strength of the US dollar. The surge in interest rates which occurred in 1980 and 1981 was unprecedented; the prime rate during these two years reached 15.3 per cent and 18.9 per cent, respectively.<sup>1</sup> The high level of the nominal and real interest rates resulted not only in a substantial increase in the cost of funds domestically, but also led to sizeable inflows of capital from abroad and to the exacerbation of the debt-servicing burden of the debtor countries.

13. The appreciation of the US dollar in the same period, clearly linked to the high interest rates prevailing in the US economy, was considerable. The value of the US dollar with respect to the SDR appreciated by over 17 per cent from 1980 to 1982. An important effect of this development on the US economy was a widening deficit on the trade balance. At the same time, the appreciation of the US dollar increased the costs of debt-servicing for debtor countries whose obligations were denominated in that currency.

14. There was a significant improvement in most indicators of domestic economic activity in 1983. In fact, the incipient recovery was much stronger than had been anticipated, with a growth rate of 3.3 per cent in GDP in real terms in 1983. The upturn in domestic investment, particularly residential investment, and in private consumption constituted the critical elements accounting for the strength in GNP growth, as both government consumption and exports remained relatively weak. Unemployment was also on the decline in 1983, after having peaked at the end of 1982. The deceleration in the rate of inflation continued for the third consecutive year, and the increase in the consumer price index, at 3.2 per cent, was the lowest achieved in a decade. Domestic interest rates also showed some easing with a decline of over 2 per cent in the 3 month Treasury Bill rate. The US dollar remained unusually strong, however, accounting in part for the continued poor export performance of the US economy.

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<sup>1</sup> Short-term (i.e. 3 month Treasury Bills) nominal interest rates in 1980 and 1981 were 11.4 per cent and 14.0 per cent respectively. The corresponding figures for short-term real interest rates were 4.2 per cent and 4.4 per cent, having been negative throughout most of the seventies.

### Trends in International Transactions

15. The external payments situation of the United States has undergone a number of changes in recent years, reflecting the effects of the decline in domestic demand, high domestic interest rates and the strength of the US dollar. Table 1 shows balance-of-payments statistics for 1980, 1981 and 1982. In effect, the trade balance has been in deficit since 1976. This deficit reached US\$36.6 billion in 1982 and exceeded US\$60 billion in 1983. A large part of the deficit on the trade balance was offset by the traditional surplus on the service account, yielding a positive balance in the current account during the period 1979 to 1981. The US\$11.5 billion deficit on the current account in 1982, however, reflected not only the widening of the deficit on the trade balance but also the decline in the surplus on services which resulted from a stagnation in services credits coupled with an increase on the debit side.

16. In the capital account, the most significant change has been the transformation of the United States from a net exporter of long-term capital to a net importer. The net flows of long-term capital, which were consistently negative up until 1980 became positive (signifying inflow) in 1981 and 1982, amounting to US\$12.2 billion and US\$6.2 billion respectively. Of the various components comprising long-term capital flows, the most significant change was recorded in direct investment flows which registered an unprecedented swing from outflows of US\$5.6 billion in 1980 to inflows, amounting to US\$12.6 billion in 1981.

17. The large and increasing "net errors and omissions" item in the US balance-of-payments is notable. While a small proportion of this item may represent unrecorded current account transactions, in particular service receipts, the bulk is generally believed to reflect unrecorded financial inflows in the capital account.

18. The United States' merchandise exports have been declining in volume since 1980 and in value since 1981. From 1980 to 1983, exports experienced declines of approximately 10 per cent and 24 per cent in value and volume terms, respectively. This development reflected the effects of the global recession on foreign demand for US exports as well as the negative influences of a strong dollar on the international competitiveness of American goods. Imports on the other hand, registered, in the same period, an increase of 5 per cent in value and 7.2 per cent in volume terms. The weakness of US import demand, despite a strong dollar, resulted mainly from the severity of the domestic recession, although the reduction in the oil import bill also had the effect of reducing the value of imports. Imports actually declined in both value and volume in 1982. The upturn in domestic activity in 1983 has, however, started to restore the growth in import demand.

19. As a result of the developments in merchandise exports and imports mentioned above, the deficit on the trade balance widened in this period from US\$41.4 billion in 1980 to over US\$60 billion in 1983. Table 2 shows the trends in the evolution of trade balances with different groups of countries in 1980, 1981 and 1982. The balance on trade with both developed and non-oil developing countries deteriorated steadily in this period as a result of declining exports, while that with oil-exporting countries showed amelioration, mainly as a result of the declining oil import bill.

TABLE 1

U.S. Balance-of-Payments, 1980, 1981, 1982  
(in billions of US dollars)

	1980	1981	1982
Exports, f.o.b.	224.3	237.0	211.0
Imports, f.o.b.	-249.8	-265.2	-247.6
Net Services	33.6	40.2	34.0
Private and Official Transfers	-7.6	-7.5	-8.8
Current Account Balance	0.5	4.5	-11.5
Direct Investment, Net	-5.6	12.6	13.5
Portfolio Investment, Net	3.0	2.8	-1.0
Other Long-term Capital, Net	-5.6	-2.4	-6.3
Short-term Capital, Net	-30.9	-42.4	-34.3
Net Errors and Omissions	29.5	23.7	41.7
Other Transactions <sup>1/</sup>	17.1	5.8	2.7
Total Change in Reserves <sup>2/</sup>	-8.0	-4.6	-4.8

<sup>1/</sup>Includes mainly liabilities constituting foreign authorities' reserves.

<sup>2/</sup>A negative sign (-) implies an increase in reserves.

Source: IMF, Balance-of-Payments Yearbook, 1983.

TABLE 2  
Balance and Direction of U.S. Trade, 1980, 1981, 1982  
(in billions of US dollars; exports f.o.b., imports c.i.f.)

	1980			1981			1982		
	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance
Total trade	212.9	254.3	-41.4	225.8	271.2	-45.4	206.0	253.0	-47.0
Developed countries	125.5	129.0	-3.5	130.3	145.7	-15.4	118.9	145.7	-26.8
Oil-exporting developing countries	17.5	58.2	-40.7	21.2	51.8	-30.6	22.0	32.7	-10.7
Other developing countries	62.0	64.4	-2.4	66.2	70.0	-3.8	58.6	70.9	-12.3
ETA	7.8	2.7	5.1	8.0	3.7	4.3	6.6	3.7	2.9

Note: The trade figures in this table do not correspond exactly with those of Table 1 because different statistical sources have been used for the two tables.

Source: GATT, International Trade, 1982/83

20. A longer term overview of the geographic distribution of US trade shows that the share of developed countries in US exports declined from 67.0 per cent in 1973 to 57.7 per cent in 1982. This was accompanied by an increase in the share of oil-exporting developing countries from 5 per cent to 10.7 per cent and of other developing countries from 23.5 per cent to 28.4 per cent. On the import side, the trends were quite similar. The share of US imports originating in developed countries declined from 70.0 per cent in 1973 to 57.6 per cent in 1982. Oil-exporting developing countries almost doubled their share in the same period, from 6.6 per cent in 1975 to 12.9 per cent in 1982 while the share of other developing countries in US imports increased from 22.6 per cent in 1973 to 28.0 per cent in 1982. The evolution in the trade flows of the US during the past decade clearly demonstrates the increasing importance of the developing countries in both the imports and exports of the United States. In 1982, all developing countries accounted for nearly two-fifths of total US trade.

## SECTION II: M.f.n. duties

### The level of m.f.n. duties

21. Table 3 shows pre- and post-Tokyo Round m.f.n. duty averages (simple and weighted) of eight industrialized markets with respect to industrial products, i.e. products falling within CCCN Chapters 25-99 (excluding petroleum) and, amongst these products, separately for industrial raw materials, semi-manufactures and manufactures. As the table indicates, the US made significant tariff concessions on industrial products in the Tokyo Round. In the industrial sector, post-Tokyo Round tariff levels of the US and the EEC are very similar to each other, at 6.3 per cent and 6.4 per cent in the simple average, and 4.3 per cent and 4.6 per cent in the weighted average. As a result of the Tokyo Round, US duties on industrial raw materials, semi-manufactures and manufacture are being reduced from 3.3 per cent, 10.1 per cent and 13.0 per cent to 1.8 per cent 6.1 per cent and 7.0 per cent in the simple average, and from 0.7 per cent, 4.4 per cent and 8.1 per cent to 0.2 per cent, 3.0 per cent and 5.6 per cent in the weighted average.

22. While a majority of industrial products have been covered by the US GSP scheme, the level of post-Tokyo Round m.f.n. duties (most of which which will be fully in force by 1987) continues to be of interest and relevant for developing countries to the extent that GSP rates do not apply to all imports from developing countries because of the exclusion of sensitive products and competitive countries from GSP, and because of uncertainty regarding the continued application of GSP to products and countries benefiting from it at the present time.

23. Table 4 shows post-MTN m.f.n. duty averages according to the stage of processing with respect to a number of industrial product groups, and imports of these product groups from GSP beneficiary developing countries according to tariff treatment (m.f.n. duty-free, GSP covered and no-GSP). In the table, "GSP covered" is inclusive of imports which, though covered by the scheme, may not actually have been accorded GSP treatment for one reason or another. "No GSP" indicates imports excluded from GSP because of product or country exclusions under the US scheme.

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<sup>1</sup> It may be noted that the GSP schemes of the United States and the EEC are quite different in their structure and that GSP import data for these markets are not comparable for technical reasons.



TABLE 3

Pre- and post-MTN a.f.n. duty averages (simple and weighted)<sup>1</sup>  
industrial products excluding petroleum and according to stages of processing

		U.S.	JAPAN	E.C.	AUSTRIA	SWITZERL.	FINLAND	NORWAY	SWEDEN
ALL INDUSTRIAL PRODUCTS (EXCL. PETROLEUM)									
Pre-MTN	-SIMPLE	11.2	10.2	9.1	11.7	3.7	13.2	8.5	6.0
	-WEIGHTED	5.3	5.4	6.5	8.9	2.9	6.9	4.2	5.6
Post-MTN	-SIMPLE	6.3	6.0	6.4	8.1	2.9	11.4	6.7	4.8
	-WEIGHTED	4.3	2.7	4.6	7.7	2.2	5.5	3.1	4.0
OF WHICH: RAW MATERIALS (EXCL. PETROLEUM)									
Pre-MTN	-SIMPLE	3.3	2.5	1.9	2.6	1.8	0.8	1.3	0.9
	-WEIGHTED	0.7	1.4	0.1	0.9	0.2	0.7	0.0	0.0
Post-MTN	-SIMPLE	1.6	1.4	1.6	1.9	1.3	0.5	0.9	0.4
	-WEIGHTED	0.2	0.4	0.1	0.8	0.2	0.3	0.0	0.0
SEMI-MANUFACTURES									
Pre-MTN	-SIMPLE	10.1	9.7	8.9	10.3	3.6	13.0	6.7	6.0
	-WEIGHTED	4.4	6.5	5.5	5.7	1.6	6.7	1.7	5.2
Post-MTN	-SIMPLE	6.1	6.3	6.2	7.3	2.8	11.7	5.4	5.1
	-WEIGHTED	3.0	4.5	4.1	4.7	1.2	5.8	1.4	3.2
MANUFACTURES (EXCL. PETROLEUM)									
Pre-MTN	-SIMPLE	13.0	11.5	10.0	13.4	4.0	14.3	10.8	6.6
	-WEIGHTED	8.1	12.4	9.7	18.3	3.9	7.7	5.6	6.5
Post-MTN	-SIMPLE	7.0	6.4	7.0	9.1	3.0	12.0	7.8	5.1
	-WEIGHTED	5.6	5.9	6.8	16.0	3.0	6.0	4.2	4.8

<sup>1</sup>Based on imports in 1977 or 1976.

(Source: COM.TD/W/375)

TABLE 4

U.S. - Post-MTN m.f.n. duty averages and imports from GSP beneficiary developing countries according to industrial product groups

Product groups	Post-MTN duty averages according to industrial product groups and stages of processing S = simple average W = weighted average, based on 1977 imports				1977 imports from GSP beneficiary developing countries according to tariff treatment GSP covered: includes imports actually accorded m.f.n. treatment due to non-utilization of GSP No GSP: includes imports accorded m.f.n. treatment due to competitive need country exclusions			
	% ad valorem				Total (\$ million)	M.f.n. duty-free	M.f.n. dutiable	
	All products	Raw materials	Semi-finished manufactures	Finished manufactures			GSP covered	No GSP
All industrial products (Ch. 25-99) excluding petroleum	S 6.3 W 4.3	1.8 0.2	6.1 3.0	7.0 5.6	18,785 100%	3,856 20%	5,779 31%	9,150 49%
As above pre-MTN	S 11.2 W 6.3	3.3 0.7	10.1 4.4	13.0 8.1				
Rubber and rubber articles	S 8.5 W 4.5	1.4 0.0	5.2 2.4	5.2 <sup>1/</sup> 4.2 <sup>1/</sup>	896 100%	344 37.5%	121 13.5%	432 48%
Hides, leather and products, fur	S 9.7 W 10.6	0.7 0.0	3.5 4.3	10.8 <sup>2/</sup> 6.7 <sup>2/</sup>	1,469 100%	24 2%	97 7%	1,348 92%
Wood and cork	S 2.8 W 1.0	1.2 0.0	0.6 0.0	5.0 <sup>3/</sup> 3.1 <sup>3/</sup>	1,038 100%	178 17%	482 47%	377 36%
Pulp, paper and printed matter and other articles	S 2.2 W 0.2	0.0 0.0	2.0 0.1	3.7 <sup>4/</sup> 3.2 <sup>4/</sup>	119 100%	40 33%	79 67%	0
Textiles	S 9.8 W 18.2	2.9 3.4	7.8 9.1	11.7 (fabrics) <sup>5/</sup> 11.5	3,833 100%	216 6%	52 1%	3,565 93%
Made-up articles	S W			8.3 7.4	250 100%	51 21%	26 10%	173 69%
Clothing and clothing accessories	S W			12.6 22.7	3,062 100%	0	5	3,057 100%
Mineral products and fertilizers	S 5.0 W 4.3	1.7 1.2	-	6.1 <sup>5/</sup> 7.9 <sup>5/</sup>	3,947 100%	1,787 45%	1,157 29%	1,003 26%
Precious stones and precious metals	S 6.3 W 1.3	1.2 0.0	6.0 0.0	8.4 6.1	964 100%	769 80%	185 19%	10 1%
Ores and metals	S 4.8 W 3.0	0.8 0.2	See below	5.5 4.6	2,863 100%	1,456 51%	850 30%	557 19%
Iron and steel	S W	3.3 <sup>6/</sup> 1.7 <sup>6/</sup>	4.7 4.3		480 100%	101 21%	67 14%	312 65%
Non-ferrous metals	S W	2.7 <sup>7/</sup> 0.6 <sup>7/</sup>	4.6 2.2		1,163 100%	683 59%	349 30%	131 11%
Chemicals	S 6.0 W 4.1	6.2 3.4	5.2 <sup>8/</sup> 3.9 <sup>8/</sup>	4.5 <sup>8/</sup> 5.0 <sup>8/</sup>	789 100%	324 41%	376 48%	89 11%
Machinery, transport equipment and scientific instruments	S 5.2 W 3.3				5,093 100%	195 4%	2,323 46%	2,574 50%
Miscellaneous manufactures	S 5.2 W 4.9				960 100%	29 3%	845 88%	86 9%

<sup>1/</sup> Rubber manufactures other than the following: rubber tyres and tubes, S 3.1, W 4.1; rubber footwear, S 28.3, W 12.4.

<sup>2/</sup> Leather manufactures other than the following: travel goods and hand-bags, S 7.9, W 15.1; leather footwear, S 14.2, W 12.0.

<sup>3/</sup> Wood and cork manufactures other than the following: wood based panels S 5.8, W 7.1; furnitures of wood and other materials S 4.8, W 3.9.

<sup>4/</sup> Manufactured articles other than printed matter.

<sup>5/</sup> Mineral manufactures other than the following: manufactured fertilizers S 0.2, W 0.0; glass and glassware S 7.3, W 9.7.

<sup>6/</sup> Ferro-alloys.

<sup>7/</sup> Unwrought non-ferrous metals.

<sup>8/</sup> Chemicals other than the following: dyeing, tanning and colouring materials S 7.9, W 11.6; medical and pharmaceutical products S 6.4, W 3.8; plastic materials and articles thereof S 5.8, W 5.2; essential oils, toilet preparations, etc. S 3.3, W 3.3.

24. While post-MTN m.f.n. duty averages for many product groups are less than 6 per cent, higher averages are recorded with respect to a number of product groups, almost all of which are of export interest to developing countries, i.e. rubber and leather footwear, travel goods and handbags, other finished leather manufactures, wood based panels, textile yarn and fabrics, textile made-up articles, clothing and clothing accessories, mineral products and fertilizers, finished manufactures of precious stones and metals, glass and glassware, and dyeing, tanning and colouring materials. Products falling in these groups are often not covered by the GSP scheme.

25. Table 5 shows the pre- and post-MTN m.f.n. duty averages (simple and weighted) of the EEC, the US and Japan with respect to some agricultural/tropical product groups in respect of which tariffs appear to be the major measure affecting imports. With respect to other agricultural product groups, other commercial policy measures such as variable levies, quantitative restrictions, state-trading and subsidies, appear to be playing an important role in one or more of the three markets. Reference may be made to Sections V and VI for information on the use of these measures by the United States. As far as the product groups covered by Table 5 are concerned, the level of US m.f.n. duties is generally lower than those of the EEC and Japan.

#### Bindings of m.f.n. duties

26. Table 6 shows the extent to which a number of developed countries have bound their m.f.n. tariffs in the GATT. The US has bound 90 per cent of its tariff lines covering agricultural products, accounting for 96 per cent of 1976/77 imports of these products. In the case of industrial products excluding petroleum, the US has bound practically all its tariffs. As indicated in Table 6, these levels of bindings are the highest among developed countries.

27. The tariff bindings of GATT member countries represent the results accumulated in a series of GATT trade negotiations since the end of World War II and may be considered as one of the most important aspects of the multilateral (GATT) trading system. Their value and importance to developing countries is certain to increase progressively as they continue to diversify their economies and to increase their participation in international trade.

### SECTION III: GSP

#### Legal basis of the US GSP scheme and its duration

28. The Trade Act of 1974 (Title V) authorized the President to establish duty-free preferences for developing countries. Under this authority the GSP scheme of the US was put into effect on 1 January 1976 by Executive Order 11888. The Trade Act of 1974 was amended by the Trade Agreements Act of 1979 to introduce the de minimis provisions and some other improvements in the scheme in the light of experiences gained in the administration of the scheme. In this section "the Trade Act" refers to the Trade Act of 1974 as amended by the Trade Agreements Act of 1979. In accordance with the Trade Act, the current GSP scheme remains in effect until ten years after the enactment of the Trade Act, i.e. until 3 January 1985. Details of the GSP scheme and its yearly modifications have been notified to GATT and are available in documents L/4299 and Add.1-11 and L/5153 and Addenda.

TABLE 5

EEC, US and Japan - Pre- and post-MTN m.f.n. duty averages  
with respect to some agricultural product groups

- Notes: 1. This table based on data collected for the assessment of the Tokyo Round results, covers agricultural product groups for which tariffs are the major measure affecting imports in the three markets.  
2. The averages of duties actually applied to developing countries are lower than those indicated because a number of products covered by this table enjoy GSP treatment.

Product group	Averages of m.f.n. duties <sup>1/</sup>					
	EEC		USA		Japan	
	Pre-MTN	Post-MTN	Pre-MTN	Post-MTN	Pre-MTN	Post-MTN
Coffee, tea, cocoa (0901, 0902, 2102, Ch. 18)	S 12.6	11.1	2.0	1.6	22.6	19.9
	W 7.4	4.9	0.1	0.0	2.1	1.8
Spices (0904-0910)	S 9.4	8.6	1.8	1.3	5.2	3.8
	W 13.2	6.9	0.3	0.1	6.4	6.4
Vegetables and fruit <sup>2/</sup>	S 14.0	13.5	11.0	9.2	21.2	19.9
	W 13.3	13.1	8.5	n.a.*	20.6	20.1
Unprocessed (Chs. 07, 08)	S 11.3	10.8	10.0	8.6	13.8	12.3
	W 12.5	12.2	6.3	n.a.	19.1	18.7
Processed (Ch. 20)	S 21.8	21.2	12.6	10.2	26.4	25.1
	W 22.1	22.0	13.9	12.3	26.7	25.6
Vegetable oilseeds and oils <sup>2/</sup>	S 7.9	7.8	5.3	3.8	4.3	3.6
	W 3.9	3.9	4.4	0.8	4.5	3.9
Seeds (1201)	S 0.0	0.0	5.7	4.2	1.4	1.1
	W 0.0	0.0	0.1	0.1	2.2	1.8
Oils (1507, 1510-12)	S 8.3	8.2	5.2	3.6	6.2	5.2
	W 7.8	7.8	4.6	0.8	7.4	6.4
Plants, flowers, wax (Ch. 06, 1207, Chs. 13, 14, 1515, 1516)	S 5.6	5.3	2.6	1.9	3.8	3.7
	W 3.9	3.7	2.9	1.7	3.1	2.9
Fishery products	S 12.9	12.2	6.0	5.0	9.3	8.6
	W 16.4	15.8	0.5	0.5	6.5	5.1
Unprocessed (Ch. 03)	S 12.4	11.6	1.5	1.2	7.9	7.1
	W 13.7	12.7	0.0	0.0	6.0	4.5
Processed (1504, 1604, 1605)	S 15.2	15.1	8.7	7.3	13.7	13.1
	W 20.3	20.3	5.0	4.2	14.9	14.8
Miscellaneous animal products (0106, 0204, Ch. 05)	S 3.0	2.8	2.4	1.9	1.1	1.1
	W 1.3	1.1	5.5	2.8	0.9	0.9

<sup>1/</sup> Average of all tariff items (i.e. duty-free as well as dutiable items) weighted by imports of such items from GSP beneficiary countries.

<sup>2/</sup> EEC data for these product groups do not cover variable levies on sugar content in preserved fruit and on olive oil.

\*Not available

Source: 1980 Tariff Study files.

TABLE 6  
Importance of m.f.n. tariff bindings in GATT

(%)

	Share of bindings in			
	Tariff lines		m.f.n. Imports	
	Agriculture (CCCN ch.01-24)	Industry excl. petroleum (CCCN ch.25-99 excl. 2709-10)	Agriculture (CCCN ch.01-24)	Industry excl. petroleum (CCCN ch.25-99 excl. 2709-10)
United States	90	100	96	100
Canada	90	97	98	99
Japan	64	98	66	79
European Communities	63	99	79	100
Austria	65	97	78	93
Finland	59	98	86	99
Norway	70	90	94	97
Sweden	48	98	79	97
Switzerland	55	99	66	100
Australia <sup>1</sup>	..	..	..	..
New Zealand	56	44	76	63
Ten tariffs combined	66	92	81	96

<sup>1</sup>It has not yet been possible to compile post-MTN data for Australia. On the basis of 1975/76 imports and pre-MTN tariff, the bindings were as follows: agriculture, 23 per cent of tariff lines and 39 per cent of m.f.n. imports; industry, 14 per cent and 29 per cent, respectively.

Note: The estimates refer to the post-MTN tariffs and to imports in 1977 or 1976 and cover full and partial bindings. The national tariff nomenclatures have been used. MFN imports include imports entitled to GSP. The figures are preliminary and will be revised when all consolidated schedules in loose-leaf form are available.

(Source: TAR/W/22)

### Beneficiary countries and territories

29. The list of beneficiaries of the GSP scheme covers 114 independent countries and 26 non-independent countries and territories. Major changes in the list of beneficiaries were made in 1980 when five countries - Ecuador, Indonesia, Zimbabwe, Uganda and Venezuela - were added to the list and two countries - Ethiopia and Afghanistan - were removed from it. Table 7 shows GSP duty-free imports from ten major GSP beneficiaries in the years 1980-1983. The share of these beneficiaries in total GSP duty-free imports increased from 74 per cent in 1980 to 81 per cent in 1983.

30. GATT member countries or territories enjoying GSP treatment in one or more developed country markets but not included amongst the beneficiaries of the US GSP scheme are: Gabon, Kuwait and Nigeria (OPEC countries), Cuba and Spain. Section 502 of the Trade Act lays down various conditions for designating GSP beneficiary developing countries.

### GSP rates and margins

31. All the US GSP rates are zero, irrespective of whether they are applied on agricultural products or industrial products (GSP rates of the EEC and Japan on agricultural products are often positive). Thus, US GSP margins are always equal to the m.f.n. rates being applied. The application of US GSP rates is not subject to any quantitative limitations (the GSP rates of the EEC and Japan on sensitive industrial products are applied to imports within tariff quotas or ceilings).

### GSP eligible and ineligible articles

32. At present 3,053 out of a total of 4,840 m.f.n. dutiable items are covered by the US GSP scheme. The following products are mandatorily excluded from the GSP scheme: (a) textile and apparel articles subject to textile agreements, (b) watches, (c) import sensitive electronic articles, (d) import sensitive steel articles, (e) certain specified footwear articles and (f) import sensitive semi-manufactured and manufactured glass products. (Section 503 of the Trade Act).

### Imports under GSP

33. Since the introduction of the US GSP scheme in 1976, the value of imports receiving GSP duty-free treatment has risen as indicated below:

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
\$ Million	3,176	3,878	5,204	6,280	7,327	8,395	8,425	10,764

In 1982 total imports of the United States amounted to US\$242 billion, of which imports of petroleum and gas (SIC categories 13 and 29) amounted to US\$66 billion and imports of other products US\$176 billion. The following figures show the breakdown of non-petroleum imports according to tariff treatment and sources of supply.

TABLE 7

Ten major beneficiaries of the US GSP scheme in 1980-1983  
and GSP duty-free imports from them (\$ million)

1980		1981	
TOTAL	7,327	TOTAL	8,395
Taiwan Province	1,835	Taiwan Province	2,224
Hong Kong	803	Korea, Rep. of	890
Korea, Rep. of	775	Hong Kong	795
Mexico	509	Mexico	633
Brazil	442	Brazil	514
Singapore	300	Singapore	382
Israel	230	Israel	324
Argentina	213	Argentina	278
Yugoslavia	176	Yugoslavia	189
India	139	Thailand	172
Sub-total of 10 listed	5,422 (74%)	Sub-total of 10 listed	6,401 (76%)
1982		1983	
TOTAL	8,425	TOTAL	10,764
Taiwan Province	2,333	Taiwan Province	2,981
Korea, Rep. of	1,089	Korea, Rep. of	1,523
Hong Kong	795	Hong Kong	1,102
Mexico	600	Mexico	725
Brazil	563	Brazil	632
Singapore	429	Singapore	512
Israel	407	Israel	474
India	187	Philippines	258
Yugoslavia	179	Venezuela	239
Argentina	173	Argentina	225
Sub-total of 10 listed	6,755 (80%)	Sub-total of 10 listed	8,671 (81%)

Source: Information provided by the US authorities.

(US\$ million)

<u>Imports 1982</u>	<u>Total</u>	<u>MFN Free</u>	<u>MFN Dutiable</u>	<u>GSP Eligible</u>	<u>GSP Accorded</u>
from GSP beneficiaries	50,931	11,453	39,478	17,426	8,425
%	100	22.5	77.5	34.2	16.5
from other sources	125,541	38,255	87,287	-	-
%	100	30.5	69.5	-	-
Total	176,472	49,708	126,765	17,426	8,425
%	100	28.2	71.8	9.9	4.8

Source: Information provided by the US authorities.

In 1982 imports accorded GSP duty-free treatment accounted for 3.5 per cent of total imports and 4.8 per cent of non-petroleum imports. In the same year imports accorded GSP duty-free accounted for 16.5 per cent of non-petroleum imports from GSP beneficiary countries and 21.3 per cent of non-petroleum 'm.f.n. dutiable' imports from GSP beneficiary countries.

34. With respect to different SIC product categories, and on the basis of imports from GSP beneficiary countries in 1982, Table 8 shows the percentage shares in m.f.n. dutiable imports of (A) imports of GSP eligible items and (B) imports actually accorded GSP duty-free treatment.

Competitive need country exclusions and de minimis exemptions from the exclusions

35. The US GSP scheme, which was put into effect about four and a half years after the introduction of some other major GSP schemes, has a built-in mechanism to exclude competitive beneficiaries from GSP application on a product-by-product basis. Under the competitive need provisions of the Trade Act, a country or territory loses GSP duty-free treatment for a product if its shipments of that product in the preceding calendar year exceeded 50 per cent of the value of total US imports of the product or were more than a certain dollar value.<sup>1</sup>

36. The two criteria for competitive need country exclusions were initially applicable to all GSP items irrespective of their importance in trade. Thus, these country exclusions were applied to a number of minor trade items and small exporting countries until 1979... The de minimis provisions introduced by the 1979 Trade Agreements Act, however, allow the President to waive the 50 per cent competitive need limits in cases where total US imports of an item did not exceed a certain dollar value.<sup>2</sup>

<sup>1</sup> US\$25 million in the initial scheme. This amount has been increased each year in step with the growth in the GNP, e.g. to \$41.9 million for the 1980 scheme, to US\$53.3 million for the 1983 scheme and to US\$57.7 million for the 1984 scheme.

<sup>2</sup> US\$1 million for the 1980 scheme. This amount has been increased each year in step with the growth in the GNP, e.g. to \$1.27 million for the 1983 scheme and to \$1.37 million for the 1984 scheme.



Table 8

S/C No.	Product Group	A %	B %	SIC No.	Product Group	A %	B %
27	Printed matter	100	61	33	Primary metals	53	21
26	Paper	100	48	01	Agricultural/ tropical products	48	9
35	Non-electric machinery	97	42	20	food products	45	24
14	Minerals	95	73	10	Metal mining	31	25
34	Metal products	89	62	21	Tobacco	21	21
37	Transportation equipment	87	37	31	Leather and products	11	6
09	Fishery products	86	54	22	Textile products	9	6
25	Furniture	82	55	02	Livestock, animal hair, eggs	7	6
32	Ceramic products	74	53	23	Apparel	4	3
28	Chemicals	73	61	08	Forestry products	1	1
39	Miscellaneous manufactures	69	30	12	Coal	0	0
30	Rubber products	65	42	13	Crude petroleum and	0	0
24	Wood products	58	38	29	Petroleum products	0	0
38	Instruments	55	33				

Source: Information provided by the US authorities

37. Table 9 lists certain beneficiary countries or territories that were subject to competitive need country exclusions in the GSP years 1980-1983 and also shows the number of GSP items involved in these exclusions.

38. Such country exclusions mean that imports of the relevant items from the affected GSP beneficiary countries/territories became subject to m.f.n. duties. The figures below show the level of m.f.n. duties on GSP items subject to the competitive need country exclusions in 1983 among those items listed in the Annex.

Post-MTN m.f.n. rates (1987)	0.1-3.0%	3.1-6.0%	6.1-9.0%	9.1-15.0%	15.1-25.0%	25.1-35.0%
No. of GSP items	25	72	26	8	7	2

#### Review of the US GSP scheme and a new GSP policy

39. In April 1980 the President submitted to the Congress the report of the first five years' operation of the US GSP scheme. The conclusions of the report included the following paragraphs referring to the application of a "graduation" principle to the GSP scheme.

"In order to provide the new GSP benefits and to ensure that the more advanced beneficiaries' use of the programme does not damage the trading interests of the less developed, the Administration intends to introduce two improvements in the operation of the GSP scheme in 1980. First, a special effort will be made to include on the GSP list products of special interest to low income beneficiaries, including handicraft items. Second, the President's authority 'to withdraw, suspend or limit duty-free treatment' will be used to limit benefits for the more developed beneficiaries in products where they have demonstrated competitiveness and to provide increased opportunities for less developed, less competitive countries. This authority likewise will be exercised when products are added to the GSP eligible list. In exercising this authority the President will take into account the development level of individual beneficiaries, their competitive position in the product concerned and the overall economic interests of the United States.

"In accordance with overall US trade policy toward developing countries, this action is designed to promote the continued graduation of more advanced developing countries from GSP benefits in products where they have demonstrated competitiveness. In addition, over time such action will help shift the overall share of benefits from the more to the less advanced and less competitive developing countries."

TABLE 9

Number of GSP items subject to competitive need country exclusions in the GSP years 1980 - 1983 according to GSP beneficiaries

GSP beneficiaries \ Year	1980	1981	1982	1983	TOTAL
Province of Taiwan	41	51	54	50	196
Mexico	46	45	39	55	185
Hong Kong	36	47	26	25	134
Republic of Korea	12	17	15	21	65
Brazil	12	7	8	7	34
India	6	8	6	7	27
Philippines	7	7	6	4	24
Chile	4	6	4	6	20
Argentina	2	5	7	3	17
Portugal	3	4	4	3	14
Thailand	2	4	6	2	14
Dominican Republic	3	3	3	2	11
Israel	2	4	2	3	11
Singapore	2	3	2	3	10
Peru	2	2	2	2	8
Colombia	1	3	2	1	7
El Salvador	6	1	-	-	7
Honduras	2	1	1	3	7
Haiti	1	2	2	1	6
Costa Rica	-	1	2	2	5
Turkey	1	1	1	2	5
Bolivia	-	1	1	1	3
Ghana	-	-	1	2	3
Malaysia	1	1	1	-	3
Panama	-	1	2	-	3
Venezuela	1	-	1	1	3
Yugoslavia	-	1	-	2	3
Barbados	-	-	1	1	2
Guatemala	-	1	1	-	2
Netherlands Antilles	-	1	1	-	2
Zambia	-	1	1	-	2
Bangladesh	-	-	-	1	1
Egypt	-	-	-	1	1
Macao	-	-	-	1	1
Madagascar	1	-	-	-	1
Mozambique	-	1	-	-	1
Romania	-	-	1	-	1
Swaziland	-	-	1	-	1
TOTAL	194	230	204	212	840

Note: The exclusions are cumulative. For example, Mexico's competitive need exclusions in 1983 were valued at \$2,278 million; however of this amount new competitive need exclusions affected 6 products from Mexico valued at \$146.5 million.

Source: Information provided by the US authorities.

Graduations

40. In accordance with the new US policy, a number of country exclusions have been made since 1981 for reasons other than the statutory competitive need limits, in the following contexts.

(a) Non-redesignation of certain beneficiaries in spite of GSP eligibility under the competitive need provisions

Individual countries excluded in the preceding year from GSP duty-free treatment for particular products may be redesignated for GSP benefits at the discretion of the President if the exports of these products by the countries concerned fall below the preceding year's competitive limits. Before 1981, the President had used this discretionary authority almost fully. However, this authority was used only for 30 per cent of the statistically eligible imports from GSP beneficiaries in 1981, 26 per cent in 1982 and 25 per cent in 1983. The remaining 70 per cent in 1981, 74 per cent in 1982 and 75 per cent in 1983 were "graduated", or continued to be subject to country exclusions in spite of GSP eligibility under the competitive need provisions. Graduation through non-redesignation has affected only seven beneficiaries thus far (Taiwan Province, Republic of Korea, Hong Kong, Mexico, Brazil, Singapore and Israel). It may be noted that redesignation has been granted by the President in all instances with regard to the majority of eligible beneficiaries.

(b) Country exclusions as a result of annual product reviews

Some beneficiaries have been removed from GSP eligibility with respect to certain specified products because of "demonstrated competitiveness" in those items as determined through the annual GSP review process.

(c) Country exclusions with respect to tariff items added to the GSP

Some beneficiaries found to be already "competitive" have been excluded ab initio from GSP eligibility at the time of the addition of new tariff items to the GSP. The US authorities consider this to be a better option than non-inclusion of the items in the GSP.

41. The number of US tariff headings affected by the above three types of "graduation" are indicated below according to the countries/territories affected.

(number of US GSP items)

<u>Types of graduation</u>	<u>(a)</u>			<u>(b)</u>			<u>(c)</u>			<u>Total</u>		
	<u>81</u>	<u>82</u>	<u>83</u>	<u>81</u>	<u>82</u>	<u>83</u>	<u>81</u>	<u>82</u>	<u>83</u>	<u>81</u>	<u>82</u>	<u>83</u>
Province of Taiwan	9	24	-	5	2	3	2	-	-	16	26	
Hong Kong	18	19	1	-	-	4	-	-	-	18	19	
Republic of Korea	4	7	2	2	3	1	-	-	-	6	10	
Mexico	5	3	-	-	1	-	2	2	-	7	6	
Brazil	2	2	-	-	3	-	1	-	-	3	5	
Israel	1	2	-	1	-	-	-	-	-	2	2	
Singapore	-	1	-	1	-	-	-	-	-	1	1	
Total	21	39	58	3	9	9	8	5	2	32	53	69

Source: Information provided by the US authorities.

#### Annual GSP reviews

42. In extending GSP treatment, the President is required to have due regard, notably, for the anticipated impact of such treatment on US producers of like or directly competitive products (Section 501 of the Trade Act). The GSP scheme is modified every year as from 31 March according to statutory requirements under the Trade Act (e.g. competitive need country exclusions), on the basis of import data for the preceding calendar year and as a result of the annual GSP reviews.

43. Each year requests for the designation of additional articles and for the withdrawal, suspension or limitation of GSP treatment are submitted by interested parties in the US or foreign governments, with supporting material. The deadline for acceptance of petitions for review is 1 June of each year. Procedures for the annual review, including transparency requirements, are laid down in the Regulations of the United States Trade Representative pertaining to Eligibility of Articles for the GSP (cf. L/4299/Add.7). For example, it is provided that "requests by foreign governments, whether in the form of a petition or diplomatic correspondence, should be supported by specific information for each product requested on the current status in the foreign country of production, capacity, employment, prices and sales, together with an analysis of how those factors might change in the future, both with and without the GSP treatment of the product. In addition, foreign governments should, if available and appropriate, submit the information requested of interested parties."

#### Annual modifications of the GSP

44. Table 10 provides information on the additions and withdrawals of GSP eligible articles. Between 1979 and 1983, some 200 items covering approximately US\$1.1 billion in relevant imports were added to the US GSP scheme, and some ten items covering US\$0.3 billion were removed from the scheme.

45. This table also provides details in regard to country exclusions, waivers from country exclusions under the de minimis provisions and redesignation of eligible items/countries (cf. "graduation" above). The table shows that country exclusions under the competitive need provisions decreased significantly in regard to the number of items between 1979 and 1980 owing to the waiver from country exclusions granted under the de minimis provisions. In terms of trade coverage, however, such country exclusions continued to increase considerably between 1979 and 1983. As a result of "graduation" introduced in 1981, redesignations as eligible items/countries decreased sharply between 1980 and 1981, and have continued to be at low levels ever since.

#### US GSP scheme for the period 1985-1994

46. In early April 1984, the US delegation provided the following information on the bill submitted to Congress for the extension of the scheme for another ten-year period:

"The Administration's legislative proposal to extend the GSP was transmitted to Congress on 28 July 1983. The bill was introduced as S. 1718 at the request of the Administration on 1 August 1983, by Senator John C. Danforth, Chairman of the Sub-Committee on International Trade of the Senate Finance Committee. It has not been introduced in the House of Representatives.

Table 10

Tariff items and trade affected by modifications of US GSP Scheme

\$ .. m = relevant imports from GSP beneficiaries in the previous calendar year in million US Dollars.

GSP year (31 March-30 March)	1979	1980	1981	1982	1983
Product additions	21 items \$100 m.	50 items \$485 m.	48 items \$442 m.	48 items \$76 m.	29 items \$10 m.
Product withdrawals	4 items \$126 m.	1 item n.a.	1 item \$76 m.	-	3 items \$73 m.
Country exclusions:					
Statutory competitive need	337 items \$3,900 m.	182 items \$4,600 m.	204 items \$5,600 m.	237 items \$6,800 m.	212 items \$7,100 m.
Graduation type (a)	-	-	21 items \$356 m.	35 items \$597 m.	60 items \$805 m.
Graduation type (b)	-	-	3 items \$87 m.	8 items \$54 m.	6 items \$95 m.
Waiver from country exclusions under <u>de minimis</u> provisions	-	256 items \$32 m.	186 items \$38 m.	194 items \$41 m.	206 items \$47 m.
Redesignation as eligible items/countries	102 items	42 items \$651 m.	32 items \$152 m.	35 items \$213 m.	35 items \$270 m.

Source: Information provided by the US authorities.

"The proposed legislation builds on the provisions already contained in Title V of the Trade Act of 1974. The provisions of the bill are additive, and are designed to increase the President's ability to reorient the GSP's operation so as to better reflect, on a product-specific basis, the development needs of beneficiary developing countries and their competitiveness in specific products. Consistent with the language of the Enabling Clause of the Framework Agreement of 1979, the provisions of the bill are designed to further promote the integration of developing countries into the international trading system. The bill addresses further liberalization of the GSP and continuation of graduation on a product-specific basis.

"The Administration has requested an extension of the GSP for ten years. The bill provides for an additional set of competitive need limitations by clarifying the President's ability to subject competitive products from competitive suppliers to lower competitive need limits set at 25 per cent of the value of total US imports or US\$25 million. This would occur after a general review of the GSP, which would be concluded not later than two years after the enactment of the bill. In determining how the lower limits should be applied, the President will undertake an assessment of the level of development of the beneficiary, its competitiveness in the particular product and the extent to which the beneficiary is providing equitable and reasonable market access commensurate with its level of development.

"The legislation as envisioned by the Administration will expand the President's authority to waive competitive need limits through a general waiver authority. The proposed legislation also fully exempts the least-developed beneficiaries from the competitive need limits".

#### Hand-made products

47. The additions made to the GSP scheme in 1981 included the following hand-loomed and folklore products:

- Certified hand-loomed and folklore floor coverings in which pile is hand-inserted or hand-knotted, over 50 per cent by weight of pile being hair of the alpaca, guanaco, huarizo, llama, misti, suri, or any combination of these (part of 360.05, new TSUS 360.04).
- Certified hand-loomed and folklore wool floor coverings, not made on a power-driven loom, valued over 30 cents per square foot (part of 361.44, new TSUS 361.43).
- Certified hand-loomed and folklore tapestries of wool and needlework display motifs (part of 364.22, new TSUS 364.21).
- Certified hand-loomed and folklore wall hangings of wool (part of 367.30, new TSUS 367.31).
- Certified hand-loomed and folklore wool pillow covers (part of 367.30, new TSUS 367.28).

It may be noted that for these products GSP treatment may be accorded only when bilateral agreements have been reached with individual developing countries concerning certification of the hand-loomed and folklore nature of the products concerned. Certification arrangements have been made with Uruguay, Thailand, Republic of Korea, Macao, Peru and Romania.

Rules of origin

48. The origin rules for the purposes of the US GSP scheme are laid down in Section 503(b) of the Trade Act and Sections 10.171-10.178 of the Customs Regulations. The US rules of origin are simple and lenient, requiring basically that the cost or value of the materials produced in the beneficiary country and the direct costs of processing operations performed in such country be not less than 35 per cent of the value of the eligible article at the time of importation.

49. Merchandise produced in two or more countries which are members of a designated association (regional grouping) are deemed to be originating in one beneficiary country. The Trade Agreements Act of 1979 modified the rules of cumulative origin for regional groupings by allowing them to meet the same value-added percentage as individual countries. Previously, 50 percent was required for recognized regional groupings instead of the 35 per cent for individual countries. The ANDEAN group and the ASEAN were designated as such associations in 1981 and the CARICOM in 1982.

50. Under the GSP schemes of Australia, Canada, Japan and New Zealand, donor country content can be counted as originating in the beneficiary country. The US GSP scheme does not have this rule,

51. It may be noted that the value-added criterion used by the United States is based on "the appraised value of such article at the time of its entry into the customs territory of the United States". It appears difficult, if not impossible, for traders and certifying authorities in exporting developing countries to know beforehand the value of exported goods to be appraised by the customs authorities of the US at the time of importation. On this question, the US delegation has provided the following information:

"In most cases the ex-factory price is the appraised value. Shipping and other costs (e.g. insurance) related to the transport of GSP articles are not included in the value of the article, nor in the value-added calculations".

SECTION IV: Imports according to economic groupings, product groups and tariff treatment

52. Table 11 shows 1980 imports of the US according to economic groupings and tariff treatment. In 1980 total imports of the US amounted to \$236 billion, of which imports of agricultural products, as defined in the US Tariff Schedule, amounted to \$20 billion or 9 per cent, imports of petroleum, \$73 billion or 31 per cent, and imports of industrial products, \$142 billion or 60 per cent.



TABLE 11

Imports of the United States in 1980 according to economic groupings and tariff treatment

(\$ million)

Sources of imports Tariff treatment	Total	MFN sources	GSP benefi- ciaries	Canada (automotive products)	Unspecified
Total imports	235,617	154,682	76,163	8,202	570
Agricultural products (TSUS)	20,401 100%	8,370 41%	11,990 59%	-	41
MFN 0% bound	9,512 47%	2,293	7,212	-	7
MFN dutiable (bound or unbound) and 0% unbound	10,889 53%	6,077	4,778	-	34
Covered by GSP <sup>a</sup>	1,144 5.5%	-	1,144	-	-
Other (MFN treatment) <sup>b</sup>	9,711 47.5%	6,077	3,634	-	-
Industrial products (TSUS) excl. petroleum	141,989 100%	98,731 70%	34,539 24%	8,202 6%	517
MFN 0% bound	42,506 30%	33,866	8,227	-	414
MFN dutiable and 0% unbound	99,483 70%	64,865	26,312	8,202	103
Preferential imports of automotive products from Canada	8,202 6%	-	-	8,202	-
Covered by GSP <sup>a</sup>	9,367 6.5%	-	9,367	-	-
Other (MFN treatment) <sup>b</sup>	81,810 57.5%	64,865	16,943	-	-
Petroleum	73,227 100%	47,581 65%	25,634 35%	-	12

a : Including imports eligible for GSP treatment but accorded m.f.n. treatment because of the non-utilization of GSP. Not including imports accorded m.f.n. treatment because of competitive need country exclusion or graduation. Such exclusion and graduation relate to the US GSP scheme for April 1982 - March 1983.

b : Including imports of duty-free items unbound or current duty-free items bound at positive rates (ceiling binding).

(Source: 1980 Tariff Study files).

Imports of agricultural and industrial products according to economic groupings

53. Of total imports of agricultural products (TSUS), 59 per cent was supplied by developing countries enjoying GSP in the US market. The remaining 41 per cent was supplied by m.f.n. sources. Of total imports of industrial products (TSUS) excluding petroleum, 24 per cent was supplied by developing countries. Six per cent was imports of automotive products from Canada under preferential arrangements<sup>1</sup>. The remaining 70 per cent was supplied by m.f.n. sources.

Imports according to tariff treatment irrespective of sources of imports

54. With respect to agricultural products (TSUS), imports of bound m.f.n. duty-free items accounted for 47 per cent of the total. The remaining 53 per cent comprised dutiable items (bound and unbound) and unbound duty-free items. This is broken down into imports subject to m.f.n. treatment, from whatever origin - 47.5 per cent, and imports covered by GSP - 5.5 per cent. With respect to industrial products (TSUS), bound m.f.n. duty-free items accounted for 30 per cent of the total. The remaining 70 per cent, comprising only dutiable items, are broken down into imports subject to m.f.n. treatment from whatever origin (57.5 per cent), imports covered by GSP (6.5 per cent) and preferential imports of automotive products from Canada (6 per cent).

Imports from developing countries

55. Imports of agricultural products (TSUS) originating in developing countries amounted to \$12 billion in 1980 (see Table 11). Bound m.f.n. duty-free items accounted for 60 per cent of this total. The remaining 40 per cent consisted of imports covered by GSP (10 per cent), and imports subject to m.f.n. treatment, not covered by GSP (30 per cent). In other words, some 70 per cent of agricultural imports from developing countries enjoyed duty-free treatment on an m.f.n. basis or under the GSP. Imports of industrial products (TSUS) originating in developing countries amounted to \$34.5 billion in 1980. Bound m.f.n. duty-free items accounted for 24 per cent of this total. The remaining 76 per cent consisted of imports covered by GSP duty-free treatment (27 per cent), and imports subject to m.f.n. treatment, not covered by GSP (49 per cent). In other words, about one-half of industrial imports from developing countries benefitted from duty-free treatment on an m.f.n. basis or under the GSP.

56. According to a 1983 OECD publication on the GSP, US imports actually accorded GSP treatment amounted to \$7.3 billion in 1980. This represents 70 per cent of the "imports covered by GSP" indicated in Table 11. This means that 30 per cent of "imports covered by GSP" did not actually enjoy GSP because of the non-utilization of the GSP for one reason or the other. In this connection it may be noted that "imports covered by GSP" already exclude imports not accorded GSP treatment because of country exclusions under the GSP scheme of the United States.

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<sup>1</sup>See BISD 14S, pages 37-42 for the waiver granted in 1965 for the preferential duty-free imports by the US of automotive products from Canada.

57. As indicated above, in the US a majority of imports (excluding those of petroleum) from developing countries enjoy either bound m.f.n. duty-free or GSP duty-free tariff treatment. However, Table 12 lists certain products of interest to developing countries, covering (i) m.f.n. dutiable items not included in the GSP, (ii) GSP items subject to country exclusions because of the competitive need provisions or graduations and (iii) unbound m.f.n. duty-free items. Items subject to the above categories of tariff treatment have only been included in Table 12 if imports from developing countries accounted for more than 20 per cent of imports from all sources or exceeded \$5 million in 1980. For the products listed in the table, the number of tariff lines and imports in 1980 have been indicated according to different tariff treatment (m.f.n., GSP and other preference).

58. Among the agricultural product groups listed, Group 3 covering sugar, tobacco and alcoholic beverages was most important in value terms for developing countries, followed by Group 2 covering vegetables, fruits and nuts and their products, Group 4 covering vegetable oils, cut flowers, spices, etc., and Group 1 covering meat, fishery products, dairy products and cereals. With respect to the 191 agricultural items examined, total imports amounted to \$4.6 billion in 1980, of which imports from developing countries accounted for 76 per cent (m.f.n. treatment - 60 per cent and GSP treatment - 16 per cent). Details at the tariff line level are available in the Annex.

59. Among the industrial product groups listed, Group 12 covering machinery, electrical articles, car parts, etc., is most important for developing countries, followed by Group 8 covering textile articles and clothing, Group 13 covering miscellaneous industrial products, Group 6 covering leather, footwear, etc., and Group 11 covering minerals, metals and metal articles. With respect to the 808 industrial items examined, total imports amounted to \$47.6 billion in 1980, of which imports from developing countries accounted for 31 per cent (m.f.n. treatment - 26.5 per cent and GSP treatment - 4.5 per cent). Details at the tariff line level are available in the Annex.

#### SECTION V: Quantitative restrictions and other trade measures

##### Import restrictions

60. Quantitative import restrictions maintained by the US mainly relate to some agricultural products (for the most part covered by the waiver granted by the CONTRACTING PARTIES in 1955) and textiles and clothing items covered by the MFA, apart from a few other "import-sensitive" products currently subject to import restrictions by way of emergency measures. Quantitative import restrictions on selected items currently of interest to developing countries have been indicated in the Annex.

##### Textiles trade: trade flows and restrictive measures

61. As shown in Table 13, exports of textiles and clothing from the US in dollar terms maintained a rising trend during the period 1973-1980. Exports in 1981 and 1982 dropped relative to 1980 but were higher than in previous years. Exports of textiles which amounted to \$1,220 million in 1973 rose to \$3,457 million in 1980 and stood at \$2,635 million in 1982.

TABLE 12

Tariff treatment of selected products of interest to developing countries

Note: Bound m.f.n. duty-free items and GSP duty-free items not subject to country exclusions are not covered by this table. From among unbound m.f.n. duty-free items, m.f.n. dutiable items not covered by GSP and m.f.n. dutiable items covered by GSP duty-free treatment but subject to GSP country exclusions, the following items have been covered by this Table: items in respect of which imports from GSP beneficiary developing countries accounted for more than 20 per cent of imports from all sources or exceeded \$5 million in 1980.

TSUS Nos.	Product groups	Number of Tariff Lines	Imports in 1980 (\$ million)				
			Total	m.f.n. treatment		GSP treatment	Other pref. treatment <sup>1/</sup>
				from m.f.n. sources	from develop- ing countries		
(1) 11045-11970 12619-13160	Meat, fishery products, dairy products and cereals	44	176.3 100 %	69.1 39 %	98.9 56 %	8.3 5 %	-
(2) 13516-15450 16525-16565	Vegetables, fruits and nuts, and their products	95	886.2 100 %	54.2 6 %	784.8 89 %	47.2 5 %	-
(3) 15520-15575 16640-17080	Sugar, tobacco, alcoholic beverages	24	3,156.4 100 %	868.6 27.5%	1,689.8 53.5%	598.0 19 %	-
(4) 15640-16183 17515-19285 45030-45244 49026 74825	Vegetable oils, cut flowers spices, essential oils, etc.	28	366.7 100 %	82.4 22.5 %	190.9 52 %	93.4 25.5%	-
	Sub-total of agricultural products	191	4,585.6 100 %	1,074.3 24 %	2,764.4 60 %	746.9 16 %	-
(5) 20025-25687 77105-77455	Wood, rubber, rattan and plastic articles	51	2,722.8 100 %	1,616.1 59.5%	797.2 29 %	309.5 11.5%	-
(6) 12120-12163 70005-70940 79127-79176	Leather, footwear, headgear, gloves, lace and travel goods	98	4,147.8 100 %	1,171.9 28 %	2,659.5 64 %	316.4 8 %	-
(7) 30060-35950	Textile fibres, yarn, fabrics, cordage	106	1,046.8 100 %	581.3 55.5%	451.2 43 %	14.3 1.5%	-
(8) 36010-38970	Textile articles and clothing	162	5,952.6 100 %	925.8 16 %	5,019.9 84 %	5.9 -	1.0 -
(9) 40212-44542 45540-47378 49321-49342	Chemicals	46	348.7 100 %	164.7 47 %	157.8 45 %	26.2 8 %	-
(10) 51131-54666	Tiles, ceramics, glassware	41	716.7 100 %	429.1 60 %	212.0 30 %	75.6 10 %	-
(11) 60340-65730	Minerals, metals and metal articles	96	7,970.1 100 %	6,192.5 78 %	1,476.7 18 %	228.1 3 %	72.8 1 %
(12) 66042-69635	Machinery, electrical articles, car parts, etc.	60	36,026.0 100 %	24,529.5 68 %	4,274.5 12 %	1,258.6 3 %	5,963.4 17 %
(13) 71130-74820 74840-75525 79003-79070 79250-99995	Meters, clocks, musical instruments, furniture, bicycles, toys, sports goods, games and jewellery	148	8,656.2 100 %	4,882.1 56 %	2,829.5 33 %	944.6 11 %	-
	Sub-total of industrial products	808	67,587.7 100 %	40,493.0 60 %	17,878.3 26 %	3,179.2 5 %	6,037.2 9 %
(14) 47505-47565	Petroleum	6	73,216.4	36,166.1 49 %	37,050.3 51 %	-	-
	TOTAL	1,005	145,389.7	77,733.4 53 %	57,693.0 40 %	3,926.1 3 %	6,037.2 4 %

<sup>1/</sup> Imports of automotive products from Canada.

TABLE 13

United StatesTrade in Textiles and Clothing

(US\$ million)

		1973	1976	1977	1978	1979	1980	1981	1982
Total Exports	Textiles	1,220	1,882	1,865	2,127	3,041	3,457	3,446	2,635
	Clothing	262	508	609	632	833	1,055	1,102	849
Total Imports	Textiles	1,306	1,444	1,557	1,970	1,943	2,141	2,655	2,509
	Clothing	1,971	3,258	3,696	5,313	5,536	6,268	7,407	8,005
Imports from Developed Countries	Textiles	881	777	891	1,124	1,006	1,059	1,247	1,230
	% share in total imports	67.45	53.82	57.17	57.06	51.77	49.46	46.98	49.02
	Clothing	530	528	606	783	672	645	716	721
	% share in total imports	26.89	16.19	16.41	14.74	12.13	10.29	9.67	9.00
Imports from Developing Countries	Textiles	408	615	624	770	861	934	1,160	1,046
	% share in total imports	31.23	42.57	40.07	39.10	44.29	43.61	43.68	41.71
	Clothing	1,432	2,689	3,024	4,400	4,639	5,309	6,205	6,578
	% share in total imports	72.68	82.52	81.83	82.81	83.80	84.71	83.78	82.17

Exports of clothing were valued at \$262 million in 1973, \$1,055 million in 1980 and \$849 million in 1982. Imports of textiles into the United States were valued at \$1,306 million in 1973 and rose to \$2,655 million in 1981, declining somewhat, to \$2,509 million in 1982. Imports of clothing rose each year, from \$1,971 million in 1973 to \$8,005 million in 1982.

62. In 1973, developed countries accounted for 67.45 per cent of the total imports of textiles by the United States, and 26.89 per cent of the total imports of clothing, while the developing countries supplied 31.23 per cent of the total imports of textiles and 72.68 per cent of the total imports of clothing. By 1982, the share of the developed countries had declined to 49.02 per cent for textiles and 9 per cent for clothing, as against the rise in the share of the developing countries to 41.71 per cent for textiles and 82.17 per cent for clothing.

63. Table 14 shows the imports of textiles and clothing into the United States market and the exports of textiles and clothing by the United States as percentages of the total apparent consumption (gross output plus imports minus exports) of these products in the United States. It will be noted that imports of textiles by the United States during the period 1976 to 1979 amounted to 3.5 to 4.3 per cent of total apparent consumption in the US market, and that during this period, except for the year 1978, exports of textiles by the United States were larger than imports by the United States. Imports of clothing by the United States during this period accounted for 9.1 to 10.5 per cent of total apparent consumption. Exports of clothing by the United States were however at much lower levels, being 1.3 to 1.6 per cent of total apparent consumption.

64. Comprehensive agreements covering all MFA products have been entered into with China, Colombia, Haiti, Hong Kong, India, Japan, Republic of Korea, Macao, Malaysia, Mexico, Philippines, Poland, Romania, Singapore, Sri Lanka, Taiwan Province and Thailand. The number of products under specific restraint vary from country to country.

65. A comprehensive agreement covering cotton and man made fibre products is in force between the US and Brazil. A similar agreement with Pakistan covers cotton products. In terms of these two agreements products not under specific restraint are subject to consultative provisions.

66. Selective agreements with one or more products under specific restraint are in force with Costa Rica, Dominican Republic, Hungary, Indonesia, Maldives, Mauritania, Uruguay and Yugoslavia.

#### Safeguard actions

67. Table 15 below lists all Article XIX actions notified by the United States since 1978.

#### Voluntary Export Restraints and Orderly Marketing Arrangements

68. Table 16 below contains information available to the secretariat on Voluntary Export Restraints and Orderly Marketing Arrangements entered into by the United States with developing countries since 1978.

Table 14

Trade in Textiles and Clothing as a Percentage of  
Apparent Consumption in the United States

	1976	1977	1978	1979
<u>Textiles</u>				
Apparent consumption (\$ mil.)	37,564	50,752	54,939	57,685
Trade as % of consumption:				
Imports	4.3	3.5	4.0	3.8
Exports	4.9	3.7	3.8	5.2
<u>Clothing</u>				
Apparent consumption (\$ mil.)	33,585	40,005	44,182	47,543
Trade as % of consumption:				
Imports	9.7	9.1	10.9	10.5
Exports	1.3	1.3	1.3	1.6

Source: The Multifiber Arrangement 1973 to 1980 USITC Publication 1131.

TABLE 15  
Article XIX actions

Product	Measure	Duration	Reference
1. Citizens Band Radio Transceivers (Item 685.25 of the TSUS)	Increased duties	April 1978-April 1981	L/4634 + Add.1-2
2. High carbon ferro-chromium (Item 607.31 of the TSUS)	Additional duty	November 1978-November 1982	L/4702 + Add.1-6
3. Lag screws and bolts (Items 646.49, 646.54, 646.56 and 646.63 of the TSUS)	Increased duties	January 1979-January 1982	L/4742 + Add.1-22
4. Clothes pins (Item 790.05 of the TSUS)	Global quota	February 1979-February 1984	L/4759 + Add.1 and Add.2
5. Porcelain-on-steel cooking ware (Item 654.02 of the TSUS)	Additional duty	January 1980-December 1983	L/4889 + Add.1-14
6. Preserved mushrooms (Item 144.20 of the TSUS)	Increased duties	November 1980-October 1983	L/5027, L/5088 + Add.1-11
7. Speciality steel	Additional tariffs and global quotas	July 1983-July 1987	L/5524 + Add.1-20



TABLE 16  
Voluntary Export Restraints and Orderly Marketing Arrangements

Country	Product	Duration	Reference
1. Korea, Rep. of	Colour TV receivers	January 1979-June 1982	Information from countries concerned
2. Korea, Rep. of	Mushrooms, preserved or prepared	July 1979-June 1980	Information from countries concerned

Anti-dumping actions

69. Information concerning anti-dumping actions taken by the United States between October 1983 and March 1984 may be found in the document prepared by the secretariat for the Council review, on 15-16 May 1984, on developments in the trading system (document C/W/437, p.20). Notifications by the United States of anti-dumping actions taken since 1980 may be found in the following documents: ADP/4/Add.1, ADP/7/Add.1, ADP/10/Add.3, ADP/11/Add.4, ADP/13/Add.3, ADP/14/Add.4, ADP/15/Add.2 and ADP/20/Add.6.

Countervailing duty actions

70. Information concerning countervailing duty actions taken by the United States between October 1983 and March 1984 may be found in the document prepared by the secretariat for the Council review, on 15-16 May 1984, of developments in the trading system (document C/W/437, p.20). Notifications by the United States of countervailing duty actions taken since 1980 may be found in the following documents: SCM/4/Add.1, SCM/5/Add.1, SCM/7/Add.1, SCM/15/Add.4, SCM/34/Add.2, SCM/39/Add.4, SCM/44/Add.4 and SCM/48/Add.5.

Other non-tariff measures

71. Table 17 lists notifications by other contracting parties of non-tariff measures maintained by the US, affecting products of export interest to developing countries. Notifications under the relevant procedures do not, however, necessarily establish the existence of non-tariff barriers to trade in these cases. Relevant documents, which have been indicated, may be referred to for further information on these measures.

SECTION VI: Other trade policy aspects

Structural adjustment policies

72. Information in regard to structural adjustment policies and developments in the US contributed by the US to the Working Party on Structural Adjustment and Trade Policy, is contained in document Spec(82)6/Add.4. The record of the discussions on this contribution in the Working Party is contained in document Spec(83)29/Add.25.

73. Information in regard to structural adjustment policies and developments in the US in the textiles sector, submitted by the US to the Sub-Committee on Adjustment appointed by the Textiles Committee, is contained in document COM.TEX/32/Add.19, and in document COM.TEX/33.

Regional Trade Arrangements: Caribbean Basin Economic Recovery Act

74. The Caribbean Basin Economic Recovery Act, P.L.No.98-67 of 5 August 1983, authorizes the President of the United States to extend duty-free treatment to any article which is the growth, product or manufacture of any of the beneficiary Caribbean countries and territories, and which complies with certain regulations prescribed by the Secretary of the Treasury. The duty-free treatment does not apply to the following: (1) textile and apparel articles which are subject to textile agreements; (2) footwear,

TABLE 17

A - Product-related notifications

CCCN	Description	Notifying Country	NTM	Reference
0102	Live animals of bovine species	Switzerland	Health and sanitary controls	AG/DOC/4/US/2
0301	Fish, fresh (live or dead), chilled or frozen	Canada	Valuation for duty purposes/ customs classification	AG/DOC/8/US/1
0303	Crustaceans and molluscs, whether in shell or not, fresh, chilled, frozen, salted, in brine or dried; crustaceans in shell, simply boiled in water	Japan	Health and sanitary controls; Maryland State Law Requirements	AG/DOC/4/US/2
0401	Milk and cream, fresh, not concentrated or sweetened	Canada	Health and sanitary controls; state and local regulations	AG/DOC/4/US/2
0601	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower	EEC	Health and sanitary regulations	AG/DOC/4/US/2
0602	Other live plants, including trees, shrubs, bushes, roots, cuttings and slips	EEC	Health and sanitary regulations	AG/DOC/4/US/2
1605	Crustaceans and molluscs, prepared or preserved	Japan	Health and sanitary regulations	AG/DOC/4/US/2
2207	Other fermented beverages (i.e. cider, perry and mead)	EEC	Health and sanitary regulations Maryland State Law Requirements	AG/DOC/4/US/2
Chapter 83	Ships	Poland Portugal	Classification of "sparkling cider", or perry, for excise tax purposes	AG/DOC/8/US/1
- -	Aluminium and its alloys, pearls, footwear, church bells, articles of copper, cotton, linen, hemp and ramie fabrics	EEC	Subsidy to ship building	NTM/INV/I.A.40
ex 7324, ex 7611	Boilers and pressure vessels	Australia Austria Nordic Countries	Import documentation  American Society of Mechanical Engineers seal of approval	NTM/INV/II.D.22  NTM/INV/III.C.13

TABLE 17 (continued)

A - Product-related notifications

CCCN	Description	Notifying Country	NTM	Reference
Chapter 89 4501 3605	Safety equipment (life-rafts, life-jackets, life-belts, life-boats, marine pyrotechnics)	EEC Nordic Countries	Coast guard inspection of safety equipment for use on United States flag vessels standards	NTM/INV/III.C.14
-	Plumbing and heating equipment, lumber, fire-fighting equipment and electrical equipment	Australia EEC	Standards	NTM/INV/III.B.9.1
7611, 7324	Gas cylinders	EEC	Regulations	NTM/INV/III.B.9.2
Chapter 87	Motor vehicles	EEC	Safety standards	NTM/INV/III.B.9.3
ex 7611	Compressed gas cylinders	EEC	Samples and test requirements	NTM/INV/III.C.16
Chapter 49	Books and periodicals	EEC	Copyright legislation, manufacturing classe	NTM/INV/IV.L.5

TABLE 17 (continued)

B - Other notifications

NTM	Notifying Country	Reference
Domestic International Sales Corporation (DISC)	EEC Japan	NTM/INV/I.A.38
Domestic International Sales Corporation (DISC)	Canada	NTM/INV/I.A.39
Ship American	Japan	NTM/INV/I.A.41
Federal Government procurement	Australia EEC Nordic Countries	NTM/INV/I.C.24
State and local practice in government procurement	Australia EEC Nordic Countries	NTM/INV/I.C.25
Government procurement	Canada	NTM/INV/I.C.26
Enforcement of US immigration Laws	Canada	NTM/INV/I.D.2
Extension of visas for sejours of engineers	Japan	NTM/INV/I.D.3
Uncertainty of TSUS classification, non conformity of tariff classification to CUCN and need for explanatory notes	Austria EEC Japan Nordic Countries Portugal	NTM/INV/II.C.4
Customs invoice form 5515	Austria Canada Nordic Countries	NTM/INV/II.D.21
Repairs to ships abroad	EEC	NTM/INV/V.B.49
Section 337 of the United States Tariff Act of 1930	EEC	NTM/INV/V.F.4
Marks of origin	Austria Canada EEC Hungary Japan Nordic Countries	NTM/INV/IV.K.9

handbags, luggage, flat goods, work gloves, and leather wearing apparel not designated at the time of the effective date of this title as eligible articles for the purpose of the generalized system of preferences under title V of the Trade Act of 1974; (3) tuna, prepared or preserved in any manner, in airtight containers; (4) petroleum, or any product derived from petroleum, provided for in part 10 of schedule 4 of the TSUS; (5) watches and watch parts (including cases, bracelets and straps), of whatever type including, but not limited to, mechanical, quartz digital or quartz analog, if such watches or watch parts contain any material which is the product of any country with respect to which TSUS column 2 rates of duty apply. Special rules apply to the extension of duty free treatment to specified sugar and beef products. The United States has requested the CONTRACTING PARTIES for a waiver from the provisions of paragraph 1 of Article I in regard to the trade provisions of the Act, under footnote 2 of paragraph 2 of the 1979 Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries and paragraph 5 of Article XXV of the General Agreement. The United States request is being examined in a working party established by the CONTRACTING PARTIES at the Thirty-ninth Session.

#### Agricultural policy

75. By a decision taken on 5 March 1955, the CONTRACTING PARTIES granted a waiver to the US from their obligations under Articles II and XI of the General Agreement, to the extent necessary to prevent a conflict between these obligations and certain trade restrictive actions required to be taken by the Government of the US under Section 22 of the US Agricultural Adjustment Act of 1933, as amended. The waiver was subject, inter alia, to the general condition that "the United States will remove or relax each restriction permitted under this waiver as soon as it finds that the circumstances requiring such restriction no longer exist or have changed so as no longer to require its imposition in its existing form". It was also subject to the condition that the CONTRACTING PARTIES will undertake an annual review of any action taken by the US under this decision, on the basis of reports to be submitted by the US.

76. The twenty-sixth Annual Report in this connection submitted by the US was issued as document L/5595 on 19 December 1983. The following general statement in regard to policies and measures adopted under Section 22 of the United States Agricultural Adjustment Act is reproduced from that report.

#### Recent changes in Section 22 controls

"Import restrictions pursuant to Section 22 continued in effect for cotton of specified staple lengths, cotton waste and certain cotton products; peanuts; certain dairy products; and sugar and syrups. During the reporting period, there were no changes except for sugar; these are described below. No new Section 22 restrictions were imposed.

"Sugar. The flexible import fee system for sugar, keyed to changes in sugar prices, remained in effect. The fee system has been described in detail in previous reports. Throughout the reporting period, the fee applicable to raw sugar remained at zero cents per lb. The fee for refined sugar was one cent per lb. The fees are intended to prevent domestic sugar prices from falling below a price objective established under the support programme for sugar cane and sugar beets.

"The previous report noted that the International Trade Commission had completed an investigation concerning certain technical modifications of the import fee system. Presidential action on the Commission's report is pending.

"In June 1983, temporary Section 22 quotas of zero lbs. were placed on two categories of certain sugar-containing articles. The action was taken to halt importation of high sugar-content articles which had been newly formulated in order to obtain customs classification in tariff categories not subject to the import quota on sugar. (As previously reported, the sugar quota is not a Section 22 quota; the sugar quota was established in 1975 under the President's "headnote authority" and was lowered to a restrictive level in May 1982).

"The new quotas do not apply to those sugar-containing articles, such as confectionery and bakery goods, which are normal articles of trade. No traditional trade has been disturbed.

"In accordance with the Section 22 statute, the International Trade Commission has undertaken an investigation of this action. The investigation currently is still in progress.

"Steps taken to balance agricultural production with demand"

For three of the four commodity groupings subject to Section 22 controls (cotton, peanuts, dairy products), United States production normally exceeds market requirements. In all three sectors, the Government has recently taken strong measures to reduce excess production and bring supplies into a better balance with demand.

"For the 1983 crop of upland cotton, several measures were taken to reduce production substantially. Early in the crop year, a 20 per cent reduction in acreage was established; in addition, there was an optional paid diversion of up to 5 per cent of the base acreage. Under the subsequently announced Payment-in-Kind (PIK) Programme, producers were encouraged to put an additional 10-30 per cent of their base acreage in conservation uses; reduced production was compensated with payments in cotton. The PIK programme also included an alternative option in which producers could, under certain conditions, remove their entire base acreage from production and be compensated accordingly. Details of these measures are described in the Cotton section of this report.

"For peanuts, the steps to reduce production which were begun in 1977 are continuing. Production is controlled by a national poundage quota representing national requirements for domestic edible use. Only peanuts within that quota receive full support. The national poundage quota was again reduced for the 1983 crop to 1,167 million tons.

"During the past three years, the measures taken to discourage over-production of milk have been stronger than at any time in the history of the Dairy Support Programme. Except for a temporary three week period, the support price for milk has been frozen since 1 October 1980. Since production costs have continued to increase

because of price inflation, this has meant - in real terms - a reduction of the support price. Direct penalties for excess production in the form of two deductions of 50 cents per cwt. have been authorized by law and are now being levied on producers. The second of the deductions may be refunded to producers who reduce their marketings from a specified base-period amount. Additional legislative proposals for achieving a better balance between milk supplies and demand are now before the Congress. Full details of the existing programmes and the legislative proposals are provided in the Dairy Products section.

#### General observations

"As noted above, the single restrictive Section 22 action taken during the period under review did not involve normal trade; it concerned only articles which had been especially formulated to evade existing border controls. Historic trade in the tariff categories concerned has continued without interruption and has actually increased slightly.

"Existing Section 22 controls are kept under continuing review, as is the feasibility of alternative measures. The essential consideration regarding adoption of alternative measures to Section 22 controls is effectiveness in protecting the support programmes - specifically, in preventing involuntary government purchases and inventory maintenance costs because of displacement of domestic supplies by imports.

"Requests were received from producer groups and their legislative representatives to limit imports of tobacco, peanut products and honey. These are commodity sectors which are politically sensitive and controversial. However, no import restrictions were imposed on these commodities, nor have formal Section 22 investigation procedures been initiated.

"The United States will continue to meet the conditions of the Section 22 Waiver, including exploration of possible alternative approaches and continuation of efforts to increase consumption and to improve the supply balance for the commodities concerned. The United States will continue to confine its Section 22 controls to the measures necessary to prevent interference by imports with its support programmes for agricultural commodities."

#### Participation in international commodity agreements

77. The US is a member of the international commodity agreements on coffee, jute, rubber, wheat and sugar. The US is also a member of the international agreements on dairy products and meat. The US has signed, but not yet ratified, the Agreement on the Common Fund for Commodities.

#### SECTION VII: United States Trade with Least-Developed Countries

78. The US maintains trading relations with almost all the countries which fall under the category of the least-developed countries. Table 18, which outlines the evolution of this trade, shows that the volume of trade has been fairly stable on both the export and import sides over the past few



TABLE 18

## US TRADE WITH THE LEAST-DEVELOPED COUNTRIES 1980-1982

(million US \$)

YEAR COUNTRY	EXPORTS			IMPORTS		
	1980	1981	1982	1980	1981	1982
Afghanistan	11.3	6.4	10.1	5.9	12.5	11.2
Bangladesh	292.3	157.7	226.7	85.1	85.2	70.4
Benin	14.9	18.7	24.5	-	0.5	1.4
Bhutan	-	-	-	-	-	-
Botswana	6.0	6.4	5.1	87.2	131.6	49.3
Burundi	2.9	3.8	3.8	40.3	28.0	41.3
Cape Verde	-	-	-	-	-	-
Central African Rep.	0.7	0.8	1.2	8.9	6.4	4.9
Chad	1.9	0.8	1.9	-	-	0.1
Comoros	0.2	0.1	0.6	3.3	3.9	5.6
Dem. Peoples Rep. Yemen	6.5	5.6	8.0	18.4	1.3	0.7
Djibouti	11.6	7.2	7.3	-	-	0.1
Equatorial Guinea	0.1	0.7	0.4	-	0.2	-
Ethiopia	71.9	62.2	42.9	86.9	82.8	102.3
Gambia	4.5	3.5	5.7	0.2	0.4	0.2
Guinea	33.9	53.0	27.6	94.5	95.8	121.1
Guinea Bissau	22.5	23.6	24.3	0.2	3.1	0.3
Haiti	310.9	300.6	298.6	253.2	276.5	309.6
Lao P.D.R.	0.4	0.5	0.4	1.1	1.2	1.6
Lesotho	7.8	8.7	6.2	0.1	0.1	0.3
Malawi	3.7	5.0	3.0	25.3	61.6	30.7
Maldives	0.9	0.3	1.7	1.4	3.4	6.5
Mali	6.8	5.0	7.6	0.4	0.9	1.1
Nepal	11.7	7.2	6.2	5.1	1.9	1.8
Niger	19.8	12.3	10.3	-	-	0.7
Rwanda	5.4	6.2	5.8	67.5	40.5	32.9
Western Samoa	3.9	17.9	3.2	1.3	1.6	2.5
Sao Tome and Principe	-	-	-	-	-	-
Sierra Leone	20.8	26.3	15.4	77.0	45.0	34.7
Somalia	55.8	58.8	46.6	0.4	0.2	0.9
Sudan	142.5	208.4	270.1	17.3	58.0	15.7
Togo	19.1	24.2	25.3	15.9	9.2	10.1
Uganda	11.6	6.8	8.7	125.8	101.0	155.5

TABLE 18 (continued)

(million US \$)

COUNTRY \ YEAR	EXPORTS			IMPORTS		
	1980	1981	1982	1980	1981	1982
U. Rep. of Tanzania	61.7	47.7	41.2	31.8	18.8	29.0
Upper Volta	20.3	22.2	13.4	0.3	0.1	0.2
Yemen A.R.	77.4	43.9	38.2	0.8	0.4	0.5
Total	1,261.7	1,152.5	1,192.0	1,055.6	1,072.1	1,043.2
Total US Trade	220,626.3	233,677.0	212,193.1	244,870.6	260,981.8	243,951.9
LLDC Trade as % of Total US Trade	0.5	0.4	0.5	0.4	0.4	0.4

Source

US Department of Commerce - Bureau of the Census  
UN CTS (Maldives)

Legend:

\* = very small level of trade - = no recorded trade

years. Total US exports to these countries amounted to about \$1.26 billion in 1980 and to \$1.19 billion in 1982, representing about 0.5 per cent of total US exports. Imports from these countries, which represented an average of 0.4 per cent of total US imports over the same period, rose slightly from \$1.05 billion in 1980 to \$1.07 billion in 1981, but fell to \$1.04 billion in 1982. On the whole the balance of trade has been in the favour of the US. As the table also shows, export trade with these countries is dominated by a few countries. In 1982, exports to Bangladesh, Haiti and Sudan constituted about 66.6 per cent of total exports to the least-developed countries; other main export markets amongst these countries were Ethiopia, Somalia, Tanzania, Yemen Arab Republic, Benin, Guinea, Togo, Sierra Leone, Guinea Bissau, Upper Volta, Niger and Afghanistan. On imports side, US imports from Ethiopia, the Republic of Guinea, Haiti and Uganda, alone accounted for about 65.9 per cent of total imports from the least-developed countries. Other major sources of imports were Bangladesh, Afghanistan, Botswana, Burundi, Malawi, Tanzania, Rwanda, Sierra Leone and Togo. While the overall trade balance has been in the favour of the US the situation varies from country to country with about thirteen least-developed countries enjoying a favourable balance in their trade with the US during the period under review.

79. The commodity coverage of US imports from the least-developed countries is wide, ranging from primary agricultural food products, industrial raw materials to semi-processed and manufactured articles (see Table 19). In terms of volume the most important commodity imported in 1981 from the least-developed countries was coffee, which constituted about 10% of total US imports of this product. Other major food items imported by the US were sugar, groundnuts, fish products, edible nuts, cocoa beans, tea, spices, meat products and fruits. Industrial raw materials and semi-processed products imported from the least-developed countries included minerals such as nickel ores, bauxite and alumina, as well as various non-ferrous base metals, industrial and gem diamonds, unmanufactured tobacco, hides, skins and leather, animal hair, vegetable textile fibres, gums and resins, plants for perfumery and pharmaceutical industries, essential oils, wood products etc. The US also imported a range of manufactures from the least-developed countries. Important among these were tobacco manufactures, brooms, brushes and basketwork, footwear, leather products, woven fabrics of jute, sacs and cordage, twine of vegetable textile fibres, carpets, carpeting, rugs and tapestries, woven textile fabrics, garments, dresses and specialized textile products, various light engineering products, household utensils and appliances, toys and sporting goods.

#### Tariff measures affecting imports from Least-Developed Countries into United States

80. As from 1 January 1980 the US has effected, in favour of the least-developed countries, advanced implementation of Tokyo Round concessions otherwise subject to staged implementation. Accordingly, with a few exceptions, dutiable imports to the US from least-developed countries are subject to the final post-MTN m.f.n. rates. The least-developed countries also enjoy duty-free access into the US for a wide range of products of export interest to them, under the US GSP scheme. Moreover, under the Caribbean Basin Economic Recovery Act of the US, which came into

TABLE 19

US IMPORTS FROM LEAST-DEVELOPED COUNTRIES - COMMODITY COMPOSITION AND SOURCES OF SUPPLY - (1981)

SITC	Product Description	Total Imports (US\$ '000)	Imports from LLDCs (US\$ '000)	Major LLDC Suppliers
011.1	Meat of bovine animals excluding offals, fresh or frozen	1,194,286.2	2,592.7	HTI
011.2	Sheep and goat meat excluding offals, fresh, frozen	38,019.4	499.3	HTI
011.6	Offals, bovine, of sheep etc. fresh, frozen	5,415.9	8.9	HTI
011.89	Meat and edible offals, nspf, fresh, frozen	15,704.5	3,962.4	HTI, BGD
014.9	Meat and meat products nspf prepared or preserved	558,239.4	319.6	HTI
034.0	Fish, fresh, chilled or frozen	1,316,767.5	1,137.8	HTI, MDV, WSM, MWI
036.0	Shellfish, fresh, frozen, salted dry	1,145,424.0	10,112.2	HTI, BGD, SLE, SOM
037.1	Fish, prepared, or preserved n.e.s.	229,628.9	921.1	MDV, WSM
037.2	Shellfish nspf, prepared or preserved	188,437.8	771.3	HTI, BGD, TZA
045.9	Buckwheat and cereal nspf, unmittid	6,328.6	19.6	NPL
054.2	Vegetable, leguminous, dried	26,269.4	590.8	NPL, MWI, TZA
054.5	Vegetables, nspf, fresh, chilled, frozen, dry	274,654.4	27.4	HTI, YMD, BGD, WSM
054.8	Vegetable products, roots, tubers nspf, fresh, dry	43,648.5	528.8	WSM, HTI
056.1; 056.49	Vegetable dehydrated; flour of fruits, vegetables	30,763.5	8.6	HTI, MWI
056.49	Arrowroot; cassava, sago, flour, starch	12,450.7	7.6	SLE
056.5	Vegetables nspf, prepared or preserved	319,306.5	84.3	HTI, NPL, GNS, NER, TCD, TZA, MWI, HVO
057.2	Citrus fruits, nspf fresh or dried	5,173.3	395.3	HTI
057.7	Edible nuts other than oilnuts, fresh, dry	233,219.3	10,000.4	TZA, WSM, BEN, HTI
057.9	Fruit, nspf, fresh or dried	110,110.4	2,160.7	HTI
058.3	Fruit jams, jellies and similar products	21,182.5	90.1	HTI
058.5	Fruit juices, vegetable juices unfermented	357,841.5	2.2	HTI
058.63; 058.64	Fruits and peels, temporary preserved etc.	3,020.4	143.9	HTI
061.1; 061.2;	Sugar, cane and beet raw or refined	2,142,270.6	36,386.5	MWI
061.5	Molasses	117,727.8	750.7	HTI
071.1	Coffee, coffee substitutes and mixtures	2,662,745.5	262,791.9	YEM, YMD, AFG, GNS, GIN, SLE, BDI, RWA, JGA, ETH, TZA, BWA, HTI
072.1	Cocoa beans	466,155.7	12,182.3	HTI, WSM, GIN, SLE, BEN, GNB, TGO
074.1	Tea	133,438.5	6,177.7	BGD, GIN, RWA, TZA, MWI
075.1	Peppers and Pimento	57,416.6	55.4	AFG, UGA
075.2	Spices nspf	82,927.2	4,377.4	HTI, YMD, NPL, SLE, TZA, COM, MWI
081.2	Byproducts of cereal grains, and leguminous vegetables	17,235.6	1,773.1	HTI
081.9	Food wastes and prepared animal feed, nspf	50,361.6	3.7	HTI
098.0	Food preparations, nspf	62,903.1	91.3	UGA, WSI, HVO
112.1	Wine of fresh grapes etc.	752,205.4	298.0	GNB
112.4	Beverages, distilled, alcoholic	1,229,644.0	279.9	HTI, SLE
121.3	Tobacco, scrap	39,271.2	452.9	CAF, MWI
121.1; 121.2	Tobacco unmanufactured other than scrap	387,560.3	2,961.1	CAF, TWI
122.3	Tobacco manufactures including chewing, smoking, snuff	222,601.1	13,899.7	TZA, MWI
211.1	Hides, bovine, and equine, undressed	31,885.5	3.1	HTI
211.4	Skins, goat and kid, undressed, raw, cured	3,499.1	840.4	HTI, ETH, SDN, AFG
211.6	Skins, sheep and lamb with wool, raw, cured	2,478.7	1,779.3	SDN, ETH
211.7	Skins, sheep and lamb without wool, raw, etc.	45,154.5	5,340.0	ETH, AFG, SDN, YMN
211.9	Hides and skins, nspf undressed raw etc.	17,396.8	734.3	HTI, TZA, BWA
212.0	Furskin undressed	167,836.6	252.6	AFG

## US IMPORTS FROM LEAST-DEVELOPED COUNTRIES - COMMODITY COMPOSITION AND SOURCES OF SUPPLY - (1981)

SITC	Product Description	Total Imports (US\$ '000)	Imports from LLDCs (US\$ '000)	Major LLDC Suppliers
222.1	Groundnut (peanut), green	329,043.3	43,222.7	SDN, MWI
222.3	Cottonseed	26.2	26.2	HTI
223.8	Oilseeds and oleaginous fruits nspf	59,300.3	19.1	MWI, ETH
232.0	Rubber natural, and similar natural gums	780,382.5	32.4	HTI
247.2	Logs, hardwood, except pulpwood	2,794.4	21.2	LAO
248.2	Lumber softwood, roughly sawn	1,880,034.8	43.6	YMD
248.3	Lumber, hardwood, roughly sawn	149,024.4	37.2	WSM
251.7	Wood pulp, sulphate	1,433,328.9	73.5	YMD
264.0) 265.9)	Vegetable textile fibres and their waste	5,810.4	1,823.9	BGD, LAO, LSO
265.4	Sisal, henequen and other agave fibres and waste	1,738.0	267.5	HTI, TZA
268.3	Fine animal hair, not carded	17,482.8	2,975.6	AFG
268.5	Animal hair, nspf including horse hair, not carded, not combed	6,586.3	15.5	HTI
277.1	Industrial diamonds	104,397.8	2,761.0	CAF, HVO, GNB
278.2	Clay, graphite, and other refractory minerals	49,097.5	23.3	COM
278.5	Mica, quartz, feldspar, cryohite etc.	120,697.5	41.9	TZA
282.0	Iron and steel, waste and scrap	73,018.7	14.3	YMD
287.2	Nickel ores and concentrate	257,439.5	131,384.1	BWA
287.3	Bauxite and aluminium oxide (alumina)	1,280,303.1	108,972.5	HTI, GIN, SLE
287.9	Ores and concentrates of non-ferrous base metals, nspf	301,802.4	8,350.8	SLE, RWA
288.2	Non-ferrous waste and scrap	159,039.1	25.2	HTI, GIN
289.0	Precious metallic ores, concentrates etc.	419,181.5	155.6	CAF
291.1	Bones, ivory, horns, coral, & similar products	25,275.7	513.6	CAF, HTI, BWA, TZA, LSO, COM
291.9	Other materials of animal origin nspf	148,231.1	37.7	ETH
292.2	Gums, resins, balsams, natural lacs	135,056.0	13,933.2	YMD, AFG, LAO, SDN, SOM, ETH, TZA, MWI
292.3	Vegetable materials for plaiting	10,097.6	3.8	SLE
292.4	Plants, etc. for perfumery, pharmacy etc.	45,577.0	3,333.9	HTI, AFG, TZA
292.5	Seeds for planting, other than oilseeds	53,915.7	103.3	HTI, SDN, NPL
292.6	Nursery stock, bulbs, corms, cips	61,928.1	20.3	HTI, WSM
292.7	Flowers, buds, foliage etc. for ornaments	117,939.4	201.8	HTI
292.9	Crude vegetable materials nspf	109,100.8	932.5	HTI, SDN, SLE, TZA, MWI
334.4	Heavy Fuel oil	1,477,060.5	7,010.8	TGO
424.2	Fixed Vegetable oil, and fats - Palmoil	60,040.7	15.5	SLE
424.3	Fixed Vegetable oil - Coconut oil	238,594.5	2.6	WSM
424.9	Vegetable oil nspf. including sesame oil	44,526.0	148.8	MWI
431.4	Waxes of animal or vegetable origin	12,254.4	895.7	ETH, TZA, HTI
517.8	Amino acids and nitrogenous compounds	509,166.6	17.2	YMN
541.8	Drugs, crude nspf	50,610.7	314.4	SDN
551.3) 551.6)	Essential oils, Perfume and flavour material	58,619.6	577.7	ETH, HTI
552.0	Essential oils, Perfumery, cosmetic, and toilet preparations	230,267.8	3,717.3	ETH, HTI, GIN, COM
592.2	Casein adhesives etc. and related products	216,988.4	70.0	COM
611.2	Leatherboard	7,229.2	85.9	HTI
611.3	Leather, calf and kip	29,444.5	234.6	BGD, HTI
611.4	Leather bovine nspf and equine	196,466.8	612.3	HTI, BGD, BWA
611.5	Leathers, sheep and lamb nspf	13,926.1	144.0	AFG
611.6	Leather nspf	106,989.2	2,399.9	HTI, BGD, NPL, SOM, ETH, BWA

TABLE 19 (continued)

US IMPORTS FROM LEAST-DEVELOPED COUNTRIES - COMMODITY COMPOSITION AND SOURCES OF SUPPLY - (1981)

SITC	Product Description	Total Imports (US\$ '000)	Imports from LLDCs (US\$ '000)	Major LLDC Suppliers
612.1	Belting leather, finished or shaped for belting	1,116.7	16.7	HTI
612.3	Leather, rubber or plastic cut for footwear	114,136.5	7,299.7	HTI
612.9	Other Manufactures of leathers, nspf	42,715.8	136.3	HTI, BGD
613.0	Furskins, dressed, including dyed	28,425.2	26.8	TZA, BWA
634.1	Wood veneer	105,088.3	4.8	CAF
634.9	Wooden beadings and mouldings	71,824.2	4.9	NPL, HTI
635.4	Wood manufactures for domestic and decorative use	156,774.2	754.5	HTI, BGD, NPL, MLI, SLE, TGO, TCD, BEN, TZA, MWI, LSO, HVO
635.9	Articles, manufactured of wood	275,972.8	424.7	HTI, NPL, TGO, TZA
642.8	Articles of paper, paper pulp or paperboard	189,449.4	2,159.0	HTI
651.3	Yarn and thread of cotton	40,990.9	11.7	HTI
651.9	Yarns and rovings of textile fibres nspf	28,687.9	848.4	HTI, BGD, TZA
652.2	Cotton fabrics woven, bleached, mercerized, dyed printed or otherwise finished	197,329.2	13.0	HTI, NPL
654.5 ) 654.98)	Woven fabrics of jute; vegetable and other textile fibres	168,710.9	69,411.4	BGD, NPL, HTI
656.0	Narrow fabrics, braid; lace and netting; trimmings, lacing and chenille yarn; embroidery textile materials, nspf.	56,476.2	666.0	HTI, BGD
657.5	Cordage, twine, nettings, manufactures of textile fibres	112,154.8	5,185.1	HTI, BGD, TZA
657.7	Wadding; textile fabrics and articles for machine	83,819.6	210.5	BGD, HTI
657.8	Felt and felt articles, etc., textile fibres, nspf	28,456.0	133.0	HTI
658.1	Bags and sacks of textile materials, nspf	4,027.6	719.3	BGD
658.4	Sheets, pillow cases, bed and furniture textile, nspf	200,975.3	1,022.1	HTI, AFG, BGD, LAO, NPL
658.9	Tapestries and made up articles of textile, nspf	243,731.5	6,256.2	HTI, AFG, NPL, ETH, BWA, LSO
659.2	Carpets, carpeting and rugs, knotted	195,804.6	3,094.3	HTI, AFG, BGD, NPL, ETH
659.7	Non-elastic braid textile material, & items, nspf	29,348.5	132.7	HTI, BGD
659.8	Floor covering, machine woven, braid, & knitted textile, nspf.	110,070.8	750.9	HTI, YMN, AFG, BGD, NPL, LSO
662.4	Ceramic brick, tile and ceramic construction material	206,803.1	138.9	HTI
664.8	Glass mirrors	54,018.1	19.9	HTI
665.8	Glass articles, nspf.	307,599.9	91.4	AFG, HTI
667.2	Diamond, non-industrial, not set	2,197,646.5	26,539.7	LAO, SLE, CAF, TZA
667.3	Precious & semiprecious stones, nspf.	414,422.9	1,007.8	AFG, SLE, TZA, GNB, GMB
682.1	Copper and copper alloys, unwrought	763,060.1	29.6	TZA
689.9	Base metals, nspf, wrought or unwrought	527,810.3	10.6	HTI
694.0	Nails, screws and other fasteners, of base metals	756,705.5	149.5	BGD
695.3	Handtools, nspf, of base metals	392,789.1	751.8	HTI, BGD, AFG
697.3	Heating, cooking appliances of base metal, non electric	250,159.3	43.8	HTI, BGD
697.4 ) 697.51)	Household and sanitaryware of iron or steel	156,561.8	22.0	HTI
697.52	Household and sanitary ware, nspf. of iron, steel, copper	104,688.4	54.9	HTI, AFG, BGD, NPL
699.1	Locks, safes, etc. of base metals	145,714.1	30.3	HTI
699.7	Cast iron articles nspf. vehicles parts, nspf. of iron or steel	466,414.9	82.7	HTI
699.8	Articles nspf. of copper, tin, lead, zinc, etc. nspf.	93,743.8	218.8	HTI, AFG, LAO, NPL

TABLE 19 (continued)

## US IMPORTS FROM LEAST-DEVELOPED COUNTRIES - COMMODITY COMPOSITION AND SOURCES OF SUPPLY - (1981)

SITC	Product Description	Total Imports (US\$ '000)	Imports from LLDCs (US\$ '000)	Major LLDC Suppliers
716.3	Motor generators, & rotating converters	18,562.1	53.0	HTI
716.9	Parts of rotating electric plants	114,427.3	276.8	HTI
728.4	Specialized industrial machinery	882,241.2	4,983.0	HTI
736.9	Parts of accessories, metal working, machine tools	237,309.7	14.1	HTI
749.2	Taps, cocks, valves and parts thereof	589,182.2	27.7	HTI
749.3	Gears, clutches, speed changers etc.	264,514.5	55.3	HTI
759.1	Parts of non-calculating office machines	293,615.0	272.6	HTI, BGD
759.9	Parts of automatic data processing and calculating office machine	1,080,589.2	1,492.0	HTI
764.1	Electrical telephone and telegraph equipment and parts	504,290.3	2,478.9	HTI
764.9	Parts nsf. of telecommunication & sound reproduction equipment	1,674,258.3	795.6	HTI
771.1	Electric transformers	122,956.2	2,617.9	HTI
771.2	Non-rotating electric power equipment nsf. to parts	358,977.2	5,680.0	HTI
772.1	Electric current carrying wiring devices & parts	949,715.0	16,859.6	HTI
772.2	Printed circuit boards	161,756.3	986.6	HTI
772.3	Fixed and variable resistors and parts	178,707.6	2,731.2	HTI
773.1	Insulated electric conductors (cables)	545,894.8	3,168.2	HTI
775.4	Electric shavers scissors and hair clip	48,148.4	179.9	HTI
775.3	Electro - Thermic appliances. nsf & parts	661,571.3	390.4	HTI
776.3	Diodes, transistors, semi conductors. nsf	474,600.8	2,049.2	HTI
776.3	Parts of electronic tubes & semi conductors	326,832.0	121.5	HTI
778.1	Battery and electric accumulators and parts	196,270.7	335.8	HTI
778.2	Electric lamps (bulbs and parts)	144,666.1	66.2	HTI
778.3	Electric equipment for engines to vehicles	273,097.9	5,144.9	HTI
778.8	Ferrites, nsf to electric machines and equipment nsf	954,498.2	3,565.9	HTI
812.4	Lighting fixtures and fittings	182,177.6	25.7	HTI
821.2	Furniture, medical etc. mattress etc.	19,265.5	21.7	HTI
821.9	Furniture and parts thereof, nsf	1,244,663.0	2,219.6	HTI, NER
831.0	Luggage, handbags & similar articles	805,805.4	9,382.2	HTI, YMD, AFG, BGD, NPL
842.1	Mens & Boys Coats, (except suit type) including raincoats of textile fibres not knitted	254,159.9	1,449.3	HTI
842.3	Mens and boys slacks, etc. cotton, wool, man-made fibres, not knitted	457,360.4	3,927.6	HTI
842.4	Mens & Boys suit type costumes of cotton, wool, man-made fibres, not knitted	82,872.9	126.0	BGD
842.9	Mens & boys dressing gown & outerwear apparel of man-made fibres not knitted	77,400.0	157.2	HTI
842.9	Mens & Boys dressing gown & outerwear apparel of cotton not knitted nsf	24,221.2	233.8	HTI
843.1	Women's girls' and infants' coats of cotton, wool, or man-made fibres, not knitted.	524,851.9	3,966.7	HTI, AFG, BGD, NPL
843.3	Women's girls' and infants' dresses of cotton, wool man-made fibres not knitted	97,920.3	2,618.0	HTI, AFG
843.4	Women's girls' and infants' skirts of cotton, wool, and man-made fibres not knitted	95,908.4	78.1	HTI, AFG, BGD, NPL
843.9	Women's, girls' and infants' garments for rainwear, other outerwear nsf, not knitted	1,700,298.1	14,068.7	HTI, AFG, BGD, NPL
843.9	Other outergarments of womens, girls and infants, of textile fabrics not knitted or crocheted	na	367.0	MDV

TABLE 19 (continued)

US IMPORTS FROM LEAST-DEVELOPED COUNTRIES - COMMODITY COMPOSITION AND SOURCES OF SUPPLY - (1981)

SITC	Product Description	Total Imports (US\$ '000)	Imports from LLDCs (US\$ '000)	Major LLDC Suppliers
844.1	Men's boys shirts, of cotton, wool, man-made fibres, not knitted	651,814.6	2,125.8	HTI, AFG, NPL, GMB
844.3	Women's girls and infants pajamas and other nightwear, of cotton and other underwear, nspf of textile material not knitted	50,466.3	1,058.7	HTI, AFG, NPL
845.1	Jerseys, pullovers, slip overs, cardigans, etc.	na	1,092.0	NDV
845.2	Sweaters and other outerwear apparel, of textile material nspf, knitted	1,366,355.4	4,908.4	HTI, AFG, BGD, NPL, GNQ
846.21	Men's and boys knitted shirts, of cotton, including T shirts	244,799.4	2,102.6	HTI
846.5	Brassiers etc. and other body support garments of textiles; knitted	167,904.0	16,059.4	HTI
846.29) 846.3 ) 846.4 )	Undergarments, including shirts, of textiles nspf, knitted	632,242.7	8,450.7	HTI, BGD
847.1	Handkerchiefs, scarf, tie, gloves of textile, nspf not knitted	116,540.0	2,029.8	HTI, AFG, BGD
847.2	Gloves, linen, hosiery of textile nspf, knitted	33,418.3	434.3	HTI, AFG
848.1	Gloves, belts, and other wear apparel of leather nspf	459,691.0	5,323.0	HTI, AFG
848.2	Gloves and apparel nspf of rubber and plastic	113,555.0	54.2	HTI, BGD
848.3	Fur clothing and other articles other than headwear nspf	106,499.2	176.9	HTI
848.4	Headwear, all material other than hat bodies	129,558.2	1,494.1	HTI, AFG
851.0	Footwear, new, excluding military or orthopaedic	3,019,374.1	6,423.0	AFG, HTI, BGD, LAO, GMB
872.0	Medical instruments and appliances nspf	267,837.2	917.3	HTI
874.5	Non-electric instruments nspf	26,070.4	90.9	HTI
874.8	Electric instruments, non medical	526,211.1	354.9	HTI
881.1	Still cameras and parts, flash apparatus	706,668.5	57.9	BGD
893	Articles of rubber or plastics, nspf	1,006,453.0	220.3	HTI, LAO, NPL
894.2	Toys, games and christmas ornaments etc.	1,585,252.3	10,717.0	HTI, BGD, LAO, NGR, TZA
894.7	Sporting goods etc. nspf	489,771.6	34,700.8	HTI, BGD
895.2	Pens, pencils & parts, crayons etc.	95,837.7	32.2	HTI
896.0	Artworks, collectors pieces, antique	2,056,038.3	2,109.5	HTI, MD, AFG, BGD, NPL, WSM, MLI, SLE, CAF, TGO, BEN, RWA, SOM, UGA, ETH, TZA, COM, BWA, LSO, HVO
897.2	Jewellery, etc. costume & semi-precious articles	196,149.5	111.8	HTI, AFG, BGD, NPL, ETH
897.3	Jewellery, of precious metals	752,167.6	11.2	NPL, AFG
897.4	Articles of precious metal nspf	70,805.2	49.1	CAF, NPL, HTI
898.3	Sound etc. recordings and blank media	362,802.1	37.3	HTI
899.1	Articles of carving etc. material nspf	30,538.9	15.0	HTI, BWA
899.4	Umbrellas, walking sticks, canes etc.	48,442.9	10.9	HTI
899.7	Brooms, brushes, etc. & basketwork etc.	234,888.7	5,191.8	HTI, BGD, WSM, NER, HVO, BEN, RWA, ETH, BWA, MWI
899.8	Buttons, etc. combs etc. feather duster, etc.	66,745.8	817.1	HTI
941.0	Live animals, nspf. (zoo animals, etc.)	28,078.1	816.5	HTI, BGD, MLI, TGO, ETH, TZA, BWA, MWI
971.0	Gold, non monetary other than ores and concentrates	2,117,617.0	365.6	HTI, TGO, CAF, BDI

<sup>1/</sup>In a few cases the US Schedule A classification has been used instead of the SITC to which they are generally equivalent.

Sources: US General Imports (US Department of Commerce - Bureau of the Census)  
UN Commodity Trade Statistics



effect on 1 January 1984, a number of dutiable exports from Haiti, the only least-developed country covered by the Act, enjoy duty-free treatment. Most exports of the least-developed countries to the US are therefore duty-free either on an m.f.n. or preferential basis. Some products of interest to the least-developed countries remain subject to m.f.n. duties, as indicated in Table 20. It may be noted that most of these products are textiles, clothing, leather and footwear.

81. In addition, products can be excluded from GSP concessions under the competitive need provisions<sup>1</sup> of the US scheme. Because of these provisions, imports of jute yarn and roving plied (720 yards or over a pound, TSUS 30503) from Bangladesh worth \$938,100 in 1982 and imports of baseball equipment and parts (TSUS 73456) from Haiti worth about \$35.8 million in 1982 were excluded from GSP treatment in 1983.

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<sup>1</sup>Legislation presently under consideration might eventually allow these provisions to be waived with regard to exports from the least-developed countries.

TABLE 20

Imports from the least-developed countries subject to duties in the United States (1981)

TSUS No.	Product	Final MTN Rates	Suppliers
11205	Bonito, and yellowtail, not in oil, in airtight containers	6%	CPV
11230	Tuna, prepared or preserved, not in oil, canned, not over 15 lbs with contents within quota	6%	CPV,MOV
12163	Leather n.e.s. not fancy	5%	BGD,BWA,HTI,
17010	Wrapper tobacco, not stemmed	7.2%(S)	CAF
17032	Cigarette leaf, not stemmed, not mixed, not over 35% wrapper tobacco, n.e.s.	16.8%(S)	MWI
17060	Scrap tobacco	19.4%(S)	HTI,MWI,CAF,GNB
17080	Tobacco, manufactured or not manufactured nsf	11.2%(S)	MWI,TZA
24023	Plywood, other wood face n.e.s., no face finish or with a clear face finish	8%	LAO
30631	Wool, n.e.s. finer than 44s, greasy or washed, not sorted	5.1%(S)	CAF
30662	Cashmere goat and like hair, greasy or washed, sorted	0.7%(S)	AFG
32000	Woven cotton fabrics, not fancy, figured, bleached or coloured, of numbers 01-09	5.6%	BGD,HTI
32200	Woven cotton fabrics, coloured, not fancy or figured of numbers 01-09	8.3%	BGD,HTI
33595	Other fabrics, n.e.s. woven, weighing over 4 oz. per sq. yard	3.0%	BGD,YEM
35120	Handmade lace in the piece or motifs of fibres other than vegetable fibres, valued not over \$50/pound	15%	HTI
35140	Lace in the piece or motifs, made on a leavers machine, 12 points or finer, or fibres other than manmade	10.0%	HTI
35350	Ornamented fabric in the piece and ornamented motifs, nsf.	8.4%	HTI,LAG,AFG
35525	Manmade fibre webs, wadding, batting and non-woven fabrics etc.	12.5%	HTI
360015	Floor covering, pile and hand inserted over 66 2/3 cents per sq. ft.	5.1%	AFG,BGD,ETH,HTI,LAO,NPL
36070	Floor coverings with pile or tufts inserted or knotted into a pre-existing base, over 50% wool	7.0%	HTI,NPL
36154	Floor coverings nsf or woven textile materials n.e.s.	7.7%	AFG,HTI,LAG
36156	Floor coverings nsf of textile materials n.e.s.	5.3%	HTI,NPL
36325	Bedding, lace, net, or ornamented n.e.s.	17.0%	HTI
36385	Bedding, of man-made fibres, not ornamented, n.e.s.	13.0%	HTI,LAG
36416	Certified hand-loomed and folklore tapestries and tapestries of cotton, n.e.s.	7.2%	AFG,HTI
36578	Other net furnishings, ornamented of cotton	12.8%	AFG,HTI
36586	Net furnishings made of lace, net or knitting machine and other furnishings ornamented, of wool or man-made fibres	12.8%	AFG,ETH,HTI
36618	Towels of cotton, pile or tufted construction, not over 45 cents each, not ornamented	10.5%	BGD
36624	Towels of cotton, pile or tufted construction, over 45 cents each, valued over \$1.45 per lb.	10.5%	BGD
36679	Furnishings, of cotton, not ornamented, n.e.s. except plain woven, n.e.s.	7.2%	AFG,HTI
36760	Furnishings of man-made fibres, n.e.s. not ornamented	8.5%	BGD,HTI
37450	Wool hosiery, not ornamented n.e.s.	12.0%	AFG
37616	Garters, suspenders etc. of man-made fibres, or of such fibres and rubber or plastic	7.0%	HTI
37624	Lace or net body support garments, and other body-support garments, ornaments, of any materials	32.0%	HTI
37628	Body-supporting garments of any materials, not ornamented	18.0%	HTI
37805	Lace or net underwear, and other underwear, ornamented	17.0%	HTI
37860	Other underwear, not ornamented, or knit man-made fibres	15.5%	HTI
38000	Mens and boys wearing apparel n.e.s. of cotton ornamented	16.8%	AFG,HTI,YMD
38004	Mens and boys wearing apparel n.e.s. of man-made fibres ornamented	25.8%(A)	HTI
38006	Mens and boys wearing apparel n.e.s. of cotton, knitted not ornamented	13.5%(A)	HTI,LAG,NPL
38012	Mens and boys suit of cotton, not ornamented, not knitted, over \$4 each	6.5%(A)	HTI,NPL,AFG,BEN
38027	Mens and boys shirts of cotton, not knitted not ornamented	14.7%(A)	AFG,HTI,BGD,LAG,NPL,TGO

Imports from the least-developed countries subject to duties in the United States (1981)

TSUS No.	Product	Final MTN Rates	Suppliers
38036	Men's and boys, vests, not ornamented, not knitted of cotton valued over \$2 each	8.0%	AFG,HTI
38029	Men's and boys wearing apparel of cotton n.e.s. not knitted, not ornamented	9.6%(A)	AFG,HTI
38081	Mens' and boy's wearing apparel of man-made fibres, not ornamented, knitted	21.8%(A)	HTI,LAO
38084	Men's and boys wearing apparel of man-made fibres not knitted, not ornamented	19.8%(A)	HTI
38200	Women's and girls and infants wearing apparel of cotton ornamented	16.8%(A)	AFG,HTI,BGD,LAO,NPL,SLE
38204	Women's, girls' & infant wearing apparel of man-made fibres, knitted, ornamented	25.8%(A)	AFG,HTI
38206	Women's, girls and infants' wearing apparel of cotton, knitted not ornamented	14.4%(A)	HTI
38209	Women's girls' infants' coats of cotton, not knitted, not ornamented, valued not over \$4 each	8.0%	HTI
38212	Women's, girls' and infants coat of cotton, not knitted, not ornamented, valued over \$4 each	6.5%(A)	HTI,AFG,NPL
38230	Women's, girls' and infants vests of cotton, not knitted, not ornamented valued over \$2 each	8.0%	HTI
38233	Other womens, girls, infants, wearing apparel, of cotton not knitted or ornamented	10.1%(A)	ATG,BGD,HTI,LAO,NPL
38278	Women's, girls and infants wearing apparel of man-made fibre, knitted, not ornamented	25.7%(A)	BGD,GNB,HTI,LAO
38281	Women's, girls & infant wearing apparel of man-made fibre, not knitted, not ornamented	19.5%(A)	AFG,HTI
38550	Bags, sacks, etc. of vegetable fibers, except cotton, bleached, coloured, non-flammable	2.7%(C)	AFG,BGD
38570	Tassels, and cords and tassels, of textile materials	7.2%	AFG,HTI
38604	Cotton lace or net articles and other cotton articles, ornamented nspf	16.0%	BGD,HTI
38606	Wool lace or net articles and other wool articles ornamented nspf	10.0%	AFG,HTI
38650	Other articles nspf, not ornamented of cotton, excluding knitted, pile or tufted	7.0%	HTI
38840	Other articles nspf not ornamented, of wool, excluding knitted, pile, or tufted	7.5%	AFG,HTI
38950	Other articles nspf not ornamented, of man-made fibres, pile or tufted construction	11.0%	HTI
38962	Other articles nspf, not ornamented, of man-made fibres, not knitted, pile, or tufted, excluding artificial flowers	9.0%	HTI
40969	Basic dyes, 1 January-30 June only	14.7%(A)	LAO
47505	Crude petroleum, topped crude petroleum, crude shale oil, distillate and residual fuel oils	0.4%(S)	TGO
47535	Naphthas derived from petroleum, shale oil, natural gas or combination thereof, except motor fuel	0.3%(S)	YMD
62602	Unwrought zinc except alloyed	1.5%	TZA
64626	Brads, nails, and similar articles, 1 piece construction, iron or steel, round wire, 1 inch and over in length	0.5%	YMD
64663	Screws, n.e.s. of iron and steel, having shanks over 0.24 inches in diameter	9.5%	BGD
68550	Radiotelegraphic and radiotelephonic, transmission and reception apparatus n.e.s.	4.9%	BGD
70005	Huaraches, leather	20.0%	HTI
70015	Moccasins, leather	10.0%	HTI
70035	Footwear, nspf of leather, for men, youths and boys	8.5%	AFG,HTI
70043	Leather footwear n.e.s. valued N/O \$2.50 per pair not for men, youths, or boys	15.0	HTI
70045	Leather footwear n.e.s. valued over \$2.50 per pair not for men,youth, or boys	10.0%	AFG,HTI
70058	Footwear having uppers over 90% of exterior surface area of rubber or plastics, n.e.s.	6.0%	LAO,HTI
70060	Footwear n.e.s. over 50% by weight of rubber/plastic or over 50% fiber/rubber/plastic, etc.	20-58.5%	HTI
70066	Footwear, fiber uppers with leather soles, valued not over \$2.50 per pair	15%	AFG

TABLE 20 (continued)

Imports from the least-developed countries subject to duties in the United States (1981)

TSUS No.	Product	Final MTN Rates	Suppliers
70068	Footwear, fiber uppers with leather soles, valued over \$2.50 per pair	10.0%	AFG
70080	Footwear, uppers of fibers, soles other than leather n.e.s.	12.5	AFG
70256	Knitted headwear of wool, valued over \$2.0/lb.	16.9	BWA
70432	Lace, net, or ornamented gloves of man-made fibers	20.0%	HTI
70445	Gloves, not lace, net, or ornamented, of vegetable fibers, made from pre-existing machine-knitted fabric	25.0%	HTI
70465	Gloves, not lace, net or ornamented, of wool, over \$4/DOZ pairs	8.3%(C)	AFG,HTI
70490	Gloves, not lace, net, or ornamented, of man-made fibres, not knitted	12.3%(C)	HTI
70535	Gloves of horsehide or cowhide (except calfskin)leather	14.0%	HTI
70605	Flat goods, such as billfolds, key cases, and similar articles of leather other than reptile	8.0%	AFG,HTI
70607	Leather handbags, valued not over \$20 each, not of reptile leather	10.0%	AFG,HTI,NPL
70609	Leather handbags valued over \$20 each, not of reptile leather	9.0%	HTI
70613	Leather luggage, fitted and not fitted, not of reptile leather	8.0%	AFG,HTI
70618	Luggage, handbags, and flat goods of unspun fibrous vegetable materials n.e.s.	5.3%	HTI,BGD
70622	Luggage, handbags, and flat goods, not wholly or in part braided, not pile or tufted construction	7.2%	HTI
72782	Pillows, cushions, mattresses and similar furnishings, of cotton	6.0%	HTI
73165	Artificial baits and flies	9.0%	MWI
77230	Wearing apparel of rubber or plastics except those in TSUS 370.04-382.87; 700.05-705.90; 791.05-.91	5.0%	GIN,BGD,HTI
79176	Leather wearing apparel, n.s.p.f. other than reptile leather, and other than in chief weight of textile	6.0%	LSO,HTI

Legend: A = Average rate; S = Specific rate; C = Compound rate