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DEVELOPMENTS IN THE TRADING SYSTEM APRIL 1984 - SEPTEMBER 1984

Note by the Secretariat

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Introduction

1. Since 1980, the Council has held periodic special meetings to review developments in the trading system. The first such meetings were related exclusively to the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210) drawn up in the Multilateral Trade Negotiations. They were concerned primarily with reviewing developments covered by paragraphs 2 and 3 of the Understanding, which deal with the notification of trade measures, and by paragraph 24, which concerns surveillance of developments in the trading system. In July 1983, the Council agreed to extend the scope of its special meetings to include monitoring of paragraph 7(i) of the Ministerial Declaration (BISD 29S/11) adopted in November 1982. This paragraph provides undertakings with regard to the consistency of trade policies and measures with GATT rules, and to resistance to protectionist and trade-distortive measures. The Council also agreed that such special meetings should preferably be held twice a year.

2. The present note covers developments in trade policies and related matters in the period 1 April - 30 September 1984. It follows the arrangement in C/W/437/Rev.1, which reviewed developments in the preceding six months. Its aim is to focus on substantive developments in policies and measures during the period under review, whether of a liberalizing nature or not, and whether or not these have been notified to the CONTRACTING PARTIES. Section A provides a broad survey of major developments, and also brings together information on measures affecting certain important sectors of trade. Section B contains a more comprehensive and detailed enumeration of tariff and non-tariff measures; Section C focuses on arrangements affecting trade that are not specifically referred to in the General Agreement. Appendices I and II provide a systematic review of the status of notifications, similar to that which appeared in previous secretariat notes for the special meetings of the Council. Appendix III reviews developments in the area of dispute settlement, Appendix IV lists bilateral trade agreements noted during the period, and Appendix V lists, for reference purposes, restraint arrangements which were established earlier, but which remained in force during the period under review.

3. The information given in this note is based as far as possible on notifications made to the GATT. In addition, use has been made of official sources and, in some cases, of the economic press. Errors and omissions certainly exist, and the secretariat would be grateful to delegations for assistance in correcting them. Inclusion of a measure in this document should not be taken to imply any judgement on its legal status under the General Agreement.

A. MAJOR AND SECTORAL DEVELOPMENTS IN TRADE POLICY

Overview

4. The present document covers developments during the period from 1 April to 30 September 1984. It notes a large number of actions, major and minor, that had a direct impact on trade and were taken during the period. In the secretariat's view, the main trends remain much as they were in the previous six-month period. A few liberalizing actions have been taken, particularly in the tariff field. These are outweighed, however, by the continuing introduction or intensification of non-tariff restrictions, particularly in the form of bilateral restraint arrangements. The trend to bilateralism is also evident in continuing discussion and conclusion of a growing number of bilateral agreements and in the increasing attention given to countertrade. At the same time, nevertheless, there have been further statements at the highest political level of resolve to resist protectionism and to pursue multilateral cooperation, notably in completing the GATT work programme and in studying possibilities for new negotiations.

5. The economic background to these developments has been assessed by the secretariat in its recent review of prospects for international trade (GATT/1363 of 10 September 1984). In the United States, economic recovery, coupled with the high level of the dollar, has resulted in a surge in import demand which has stimulated exports from other countries, and especially from the more industrialized Asian countries. However, the very large U.S. merchandise trade deficit, now expected to exceed \$130 billion in 1984, together with continuing structural difficulties and other factors, has also fuelled protectionist pressures. While the United States Administration has taken a number of new restrictive actions, covering such sectors as textiles and steel, during the period under review, it has also refused others, for example in the case of proposals for protection of the copper industry. In October it pressed successfully for the rejection of a number of legislative proposals for U.S. protectionist action. Elsewhere, although trade growth has been stronger than previously expected, economic recovery has been uneven, adjustment difficulties in several major sectors have continued, and unemployment levels remain very high. In the industrialized countries, there appears to have been no significant relaxation of protectionist pressures. In spite of a certain revival of exports, mainly to the United States, many developing countries have been driven, by debt servicing or other difficulties, to adopt stabilization programmes which have contributed to a reduction in their imports and in some cases have led them to introduce new trade restrictions during the period.

6. An encouraging development has been the increasing counter-pressure against protectionist action exerted by groups which have seen their interests threatened by proposals for trade restriction. Evident particularly in the United States, these counter-pressures have come not only from importers and consumers, but also from domestic industries dependent on imported inputs, or vulnerable to retaliation against their exports, and from banks with foreign exposure.

7. Comparison between developments in the two six-month periods covered respectively by the present note (April - September 1984) and its predecessor C/W/437/Rev.1 (October 1983 - March 1984) is difficult. The seasonal pattern of developments may be different, it is uncertain whether the transparency of such developments is improving, and simple counting of actions taken obscures their very varied significance in terms of actual impact on trade. Nor is interpretation easy: for instance, a rise in the number of anti-dumping and countervailing actions could indicate a justified response to an increase in dumping and subsidization, or greater harassment of imports - or both. With all these qualifications, however, the present note shows, in comparison with the previous period, what appears to be a significant increase in the number of actions taken in a number of areas. More restrictions were applied for balance-of-payments purposes. A larger number of subsidy investigations were opened: it is not possible to conclude, from the notifications received on subsidies, whether there was an increasing trend in subsidization itself. The present note also records more instances of voluntary export restraints and countertrade agreements. On the other hand, there was a fall in the number of anti-dumping investigations initiated, and no significant change in the number of newly-introduced anti-dumping and countervailing measures.

I. Tariffs

8. All OECD countries have now taken the decision, in principle, to accelerate the tariff cuts agreed to in the Tokyo Round of negotiations. In addition to the regular tariff reduction scheduled for 1985, consideration has been given to implementing the 1986 and, possibly, the 1987 reductions in 1985 as well. The EFTA countries have already decided to make all the three remaining cuts as of 1 January 1985; the EC is studying the possibility of making a similar move. Should this be agreed to, all the remaining scheduled MTN reductions will have been implemented by early 1986 at the latest.

9. A number of specific developments on import duties may also be noted. A further 70,000 tonnes of newsprint may be imported duty-free by the EC this year after a decision taken by the Council of Ministers in July. The amount is in addition to the existing "tariff quota" for the year of 500,000 tonnes. The EEC quota remains the subject of a GATT dispute. Switzerland introduced certain additional customs charges, while Austria modified its special tariff régime. Duty exemptions or reductions were announced by India and Zaire, and increases by Colombia, the Republic of Korea, Malawi, Malaysia, Peru, the Philippines, Spain and Zambia. Brazil, Indonesia, Nigeria and South Africa made changes in tariffs that included both increases and reductions.

10. Australia has become the first country to officially accept the Harmonized Commodity Description and Coding System, which creates a new basis for the tariff classification and for statistical purposes. It will implement the classification from 1 January 1987, the date set for the legal entry into force of the Convention establishing the Harmonized System.

II. Generalized system of preferences¹

11. All preference-giving countries except the United States had, by 30 September, extended their GSP programmes beyond 1985. Section B.II gives details of changes made or envisaged in these programmes, including changes affecting trade in 1984. While there have been improvements in the coverage of many schemes, a trend is evident to more selective application of preferences.

12. In the United States, action to renew the U.S. generalized preference programme was taken after the end of the period covered by this note, as part of the Trade Act approved by the Congress on 9 October (see section A.V).

III. Regional developments

13. The Council of Ministers of the European Community has adopted (at its September meeting) a set of fifteen Directives designed to suppress technical trade barriers within the Common Market for a series of products, mainly in the gas and construction plant sectors.

14. The ten member countries of the European Community and the sixty-four African-Caribbean-Pacific (ACP) States are currently completing talks on a new Lomé trade and aid convention to run for five years from the expiry of the current Convention in March next year.

15. The EC member countries have reaffirmed the aim of Spanish and Portuguese entry into the Community by 1 January 1986.

16. EFTA heads of governments met in May 1984 and underlined the Joint Declaration adopted in Luxembourg in April at the first-ever Ministerial meeting between the EC and EFTA. Part of the Declaration refers to the common desire to eliminate any remaining hindrances to free trade between the two groupings. Efforts would be directed at six areas in particular: harmonization of standards, elimination of technical barriers, simplification of border facilities, elimination of unfair trading practices, controls in state aid where conflicts with free trade may arise, and the opening up of government contracts. As regards their internal trade, the EFTA countries agreed to press for the abolition of non-tariff barriers not in accordance with the terms of the Stockholm Convention, and to resist the introduction of new barriers.

17. The member countries of the Latin American Integration Association (of which Argentina, Brazil, Colombia, Chile, Peru and Uruguay are GATT contracting parties) have implemented regional tariff preferences as from 1 July 1984.

18. ASEAN tariffs on thirty-three items of export interest to Singapore have been reduced, in general, by between 20 and 30 per cent.

¹A comprehensive analysis of the GSP schemes of the EC, Japan and the United States, prepared for Part IV consultations with these countries has been circulated recently (COM.TD/W/401, 402 and 410).

19. In July, the Fifth Summit of the Caribbean Community and Common Market (CARICOM) ended with broad agreement on a number of issues and set an agenda for overcoming the region's balance-of-payments problems. The final communiqué highlights the need for structural adjustment policies that involve "a conscious and determined shift to a new development path to accelerate development while adapting to major external or internal shocks to the economic system". This would, inter alia, enable the region to take fuller advantage of the opportunities presented by the Caribbean Basin Initiative (for earlier reference to the Caribbean Economic Recovery Act, see C/W/437/Rev.1, paragraph 7).

20. An important step in the creation of the Preferential Trade Area for East, Central and Southern African States (PTA) was taken on 1 July 1984 with the introduction of tariff cuts for commodities and goods included in the PTA common list. Reductions were announced on nine items, while member States have the opportunity to add other items to the list before a further round of negotiations. The list of items will be amended and expanded every three years until 1992, when the regional common market will be fully established.

IV. Sectoral developments

21. As in the previous six months some of the most significant trade policy developments in the period from April to September 1984 have been those in particular sectors. In the agricultural sector there have been few concrete developments, but some signs of greater readiness to reconsider present policy in the future. Developments in the textiles and steel sectors have been largely unfavourable. In the automobile sector, Japanese car exports to North American and major European markets continue to be subject to limitation arrangements. An OECD study notes a growing tendency for a number of countries to insist on high levels of local content in automobile production.

22. Agriculture: The EC intends to begin negotiations in the GATT under Article XXVIII in order to re-establish a duty on imports of cereal substitutes (corn gluten feed, oilcake, brewing and distilling dregs) which exceed a certain threshold level. This proposal implies the partial unbinding of the duty-free entry granted by the Community some twenty years ago. In this connection, the EC is reported to have also requested a limit on imports of maize gluten feed from Brazil. The Community has also decided to extend its arrangement covering New Zealand butter imports into the EC for another three years. New Zealand's export quota for this year will be 83,000 tonnes. Following an agreement reached earlier this year between the EEC and Finnish authorities, the Community has undertaken to import more cheese from Finland this year under the Temporary Arrangement between the two parties concerning reciprocal trade in cheese. The latest amendment to the Agreement, which was originally signed in 1981, brings the Community's import quota for Finnish cheese to a maximum of 8,400 tonnes for 1984.

23. The European Community plans to sell up to 200,000 tons of surplus butter at subsidized prices to the Soviet Union, Iran, and several Middle Eastern countries over the next 17 months, according to the EC Commission Director-General for Agriculture.

24. The United States authorities have announced that the ceiling on U.S. cereal exports to the USSR will be raised from 12 to 22 million tons during the second year period of the five-year grain agreement (1 October 1983 - 30 September 1984).

25. United States and Japanese representatives signed agreements in August, opening up Japanese markets to increased sales of United States beef, oranges and orange juice. Under the beef agreement Japan is committed to increase its purchases of high-quality beef by 6,900 metric tons each year, starting from a level of 30,800 metric tons in fiscal 1983. Japan's quota for fresh oranges will increase by 11,000 metric tons a year, from a quota level of 82,000 metric tons in 1983. The quota on orange juice will increase by 500 tons a year, from 6,500 tons. The agreement calls for an end to all import restrictions on beef and citrus products by 1 April 1988. A general agreement on increasing beef and citrus imports was reached last April (see C/W/437/Rev.1, paragraph 10).

26. Discussions on objectives and disciplines for agricultural trade policies have continued in Geneva in the GATT Committee on Trade in Agriculture.

27. Steel: Under United States trade law the Administration is required to review certain trade decisions under which import relief is instituted after the relief has been in effect for one full year. Review was thus required of the July 1983 action when the United States Administration imposed a combination of tariffs and quotas on specialty steel imports (see C/W/437/Rev.1, paragraph 9); as a result of the review, it was decided that quotas would not be substituted for the tariffs that had previously been imposed. On 24 July 1984, in accordance with the provisions of Section 201 of the Trade Act of 1974, the United States International Trade Commission (USITC) reported to the President its determination that certain carbon and alloy steel products are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat of serious injury, to the domestic industries producing like or competitive articles. A majority of the USITC Commissioners recommended that import restrictions be imposed on the affected products for a period of five years. The President, under Section 202 of the Trade Act of 1974, rejected the recommendation, deciding that the industry could best be served by instead (i) negotiating "surge control" arrangements or understandings with countries whose exports have increased rapidly, (ii) re-affirming existing voluntary restraint agreements and taking steps to ensure their effectiveness, and (iii) by initiating unfair trade cases, including anti-dumping, countervailing duty and Section 301 actions, when appropriate. As a result of these approaches, among others, a "market-determined import penetration of approximately 18.5 per cent" (excluding semi-finished steel products) is expected to be achieved.¹ The proposed Article XIX import relief action envisaged by L/5677 of 5 September 1984 will accordingly not be proceeded with.

28. With respect to voluntary restraint agreements, more or less formal agreements now exist between the United States and a large number of foreign steel producers. A steel arrangement with the EC limits its exports of a range of steel products to about 5 per cent of the domestic market; there is also a less formal

¹Against the current 25.4 per cent.

understanding, which the Community in September 1984 indicated its readiness to put in more concrete terms, that the EC would also curb increases of exports of pipes and tubes, which have increased sharply this year. South Africa and Mexico have already volunteered unilaterally, in April, to restrain their exports to the United States. Under a "very informal agreement" the Japanese are reported to be prepared to voluntarily restrain their steel shipments. Although Canada has no formal agreement, reports indicate that the Canadian industry exercises "prudence" in exports to the United States. Among the other major suppliers to the United States market, South Korea, Brazil and Spain at the present time have no understandings or agreements about restraining their shipments.

29. The European Commission is raising minimum prices for basic steel products from EC plants by between 2.5 and 5.29 per cent from 1 October. This is part of the Community controls for the steel industry whereby the Commission administers a system of production quotas and minimum prices. In addition, the Commission negotiates, each year, steel import "ceilings" with a number of third countries, using 1980 as the reference year. In 1983 and 1984, the EEC imposed a 12.5 per cent reduction compared with 1980, and in 1984, imposed strict respect for the "triple clause" (such exports are not to be concentrated either geographically, in terms of time, or on particular products). For 1985, the Council has not yet provided the Commission with a new negotiating brief, but it is reported that while the "triple clause" is expected to be retained, the reduction to be negotiated from third country suppliers will be only 10 per cent on 1980. It has also been reported that the third countries with whom the EC has voluntary arrangements or understandings are to be advised that, if no agreement has been reached by the end of December, then the general base prices and non-privileged conditions would be made applicable as from the beginning of 1985. The EC has bilateral arrangements covering steel with Australia, Brazil (pig iron), Bulgaria, Czechoslovakia, Hungary, the Republic of Korea, Poland, Romania, South Africa and Spain. Further arrangements with Austria, Finland, Norway and Sweden are based on reciprocity, as volume figures have not been laid down in the agreements. A special understanding, which refers to an agreement reached within the industry, exists with Japan.

30. Motor vehicles: Japan forecast in June that its automobile exports to Canada in the fiscal year 1985 would be about 166,000 units, rising slightly if the Canadian market strengthened.

31. Copper: On 16 July 1984, the United States International Trade Commission (USITC) reported to the President its findings and conclusions in an investigation of imports of black, blister and anode copper provided for in item 612.03 of the Tariff Schedules of the United States (TSUS) and unwrought copper, other than alloyed, provided for in item 612.06 of the TSUS. The USITC determined that increased imports of unwrought copper have caused serious injury to a domestic industry producing a like or directly competitive article in the United States. The President, in accordance with Section 203(b)(2) of the Trade Act of 1974, subsequently informed the plaintiffs of his decision not to grant import relief to the industry - a rejection of the proposed emergency action under Article XIX notified by the United States in L/5661 of 16 August 1984.

32. Electronics: The minimum price for videocassette recorders (VCR) exported by Japan to EEC countries has been cut by 5 to 7 per cent, from August 1984, to compensate for the appreciation of the yen against European currencies in the past year. It is reported that the volume of finished Japanese VCRs exported to Europe will be restrained at a level 10 per cent below the officially agreed "ceiling" for the current year, in order to prevent a build-up of stocks that could lead to trade friction. Japan's VCR exports to the EEC are regulated by the Ministry of International Trade and Industry in compliance with a EEC-Japanese agreement of February 1983. The three-year agreement limits Japanese exports to 4.55 million units in the current year, including 600,000 "knocked down" kits for final assembly in Europe. The reduction referred to above takes the form of an "administrative guidance" to VCR makers, and does not affect knocked down units. The agreement also provides for establishment of a minimum price for the units exported from Japan, designed to align their retail prices with those of units produced in Europe.

33. Textiles: Norway signed the 1981 Protocol extending the Multi-Fibre Arrangement with effect from 1 July 1984. Panama applied on 9 August to accede to the Arrangement; the request is on the agenda for the October meeting of the Textiles Committee.

34. In the United States, two sets of actions were set in motion which were considered in an emergency session in September of the Textiles Committee of the GATT. First was the filing, in July, of countervailing duty petitions by the U.S. industry against imports of a wide range of textile and textile products from thirteen developing countries, non-signatories of the GATT Code on Subsidies and Countervailing Measures. Investigations of these petitions by the United States Administration were started within twenty days of their filing. The second action was the publication, on 3 August, of new "Customs Regulating Amendments Relating to Textiles and Textile Products"; the regulations took effect on 7 September. These interim regulations governing the origin of textile and apparel items entering the United States provide more stringent guidelines for the United States Customs Service in determining whether "substantial transformation" has taken place in a third country when parts of the final product are exported to the United States from another country. These two developments have been further discussed at the October meeting of the GATT Council.

35. Over the period covered by the present note, changes have been made by a number of importing countries in the existing pattern of regulations applying to trade in textiles and clothing. Details will be found in the recent report of the Textiles Surveillance Body to the Textiles Committee (COM.TEX/SB/984). In the case of the European Community, actions taken also include measures to permit particular member countries to exclude from Community treatment certain textile products imported from other EC countries: details are given in III(d) below.

36. The TSB's Major Review of the operation of the Arrangement (COM.TEX/WB/984), issued in October, includes observations which, although the review covers a much longer period than the present report, are relevant to the use of the MFA in 1984. It notes that

"- restraints under the MFA have, since its inception, been applied almost exclusively to products from developing countries;

- under MFA III, restraints introduced pursuant to the Arrangement have been more extensive and in many cases more restrictive. Most importing countries, in restraining imports under the MFA, had recourse to extensive invocation either of "exceptional circumstances" or of the need to maintain minimum viable production;
- the brunt of such more severe application of the MFA's provisions has been borne by exporting countries which, in some cases, have had their production and marketing adversely affected, even though the MFA explicitly recognizes the need for developing countries to receive special treatment;
- while some progress may have been made during the life of MFA III with respect to the orderly development of world trade in textiles and to the increase in export earnings of developing countries, little or no headway has been made in the objectives of achieving the reduction of barriers and the progressive liberalization of world trade."

37. In July the GATT secretariat published the background study "Textiles and Clothing in the World Economy", prepared by it on its own responsibility in pursuance of the Ministerial Decision in 1982. Apart from its analysis of textiles and clothing, the study also considers the likely consequences for both importing and exporting countries of a phasing out of the MFA (bringing trade back under the rules of GATT) and of a continuation of the present system of restraints and restrictions. In its overview chapter, the study suggests that "The fundamental issue is structural adjustment, that is, the way in which economies respond to the pressures for changes in the patterns of production and trade that are inherent in the process of economic growth. In many respects, the structural adjustment problem confronting the textiles and clothing industries in the developed countries is the prototype for structural adjustment in general. Future policy decisions regarding these two industries will be a key test of the industrial countries' approach to structural adjustment."

V. Other trade policy developments

38. In a number of high-level meetings, governments have agreed on the importance of implementing the Work Programme agreed to at the Ministerial-level Session of 1982 and, in particular, on the need to ensure significant further progress before the end of 1984. At the OECD Ministerial meeting in May 1984, agreement was reached, and subsequently endorsed by Heads of Government attending the seven-nation London "summit" in June, on "the important contribution which a new round of multilateral trade negotiations would make to strengthening the open multilateral trading system for the mutual benefit of all economies, industrial and developing; and, building on the 1982 GATT work program, to consult partners in the GATT with a view to decisions at an early date on the possible objectives, arrangements and timing for a new negotiating round."¹ The joint Bank-Fund Development Committee, meeting in September, similarly "noted the progress being

¹The quotation is from the London Summit communiqué.

made in the implementation of the GATT's ongoing work programme, and welcomed the consideration being given to the role that could be played in liberalizing and strengthening the trading system by a new GATT round of multilateral trade negotiations in which all countries - developed and developing alike - could participate and from which all could benefit." Both the Development Committee and the IMF's Interim Committee called for adoption of concrete actions to combat protectionism.

39. In September, the Council of the European Community gave the EC Commission added powers to combat unfair trading practices by third countries. The accord empowers the Commission to start consultation or complaint procedures in GATT without previous agreement from Community governments. It also establishes a clear calendar to follow in cases of unfair trading practices: the Commission is to complete its initial investigation within a maximum of sixty days and write a report within a maximum of seven more months.

40. Under the terms of a new procedural Regulation adopted by the EC's Council of Ministers at its 23-24 July meeting, anti-dumping and countervailing duties and price undertakings will automatically lapse after five years, unless the need for their continued existence has been established. The Regulation, which entered into effect on 1 August 1984, requires that price undertakings have to be made within the period specified (for interested parties to make known their views on a case following the imposition of a provisional duty), and that duties cannot be imposed or increased with retroactive effect. Other modifications to the existing Regulation are largely concerned with terminology and procedures to take account of changes in the Community's customs legislation and its common rules on imports from non-market economy countries.

41. In the United States, the Congress approved an omnibus Trade Act on 9 October. Full details are not yet available, but press reports indicate that it provides for an eight-and-a-half year extension of the U.S. generalized system of preferences, with gradual phase-out of benefits for beneficiary countries whose per capita incomes reach the level of \$8,500. Contrary to earlier suggestions, none of the present major U.S. suppliers under the scheme have been excluded from it. The Act provides authority for the U.S. Administration to negotiate a free-trade agreement with Israel, and also to negotiate agreements with other countries, including Canada. In addition, it includes negotiating authority covering trade barriers affecting services and investments. It gives a time-limited right to grape growers who produce for the wine industry to bring unfair trade cases against wine importers, and tightens trade relief laws to permit applications for countervailing action against imports incorporating subsidized materials or parts. A non-binding resolution encourages the President to reach agreements, which the Act would give him the authority to enforce, to reduce the share of foreign suppliers in the United States steel market to between 17 and 20.2 per cent. The enforcement authority would be conditional on the industry making provision for modernization and for retraining of workers.

42. The Foreign Sales Corporation Act, signed into law on 18 July 1984, has created a new form of corporate subsidiary, based outside the United States, to serve as a mechanism for United States exports. The new law replaces the Domestic International Sales Corporation (DISC) Act, which had been the subject of a GATT

dispute procedure, and had been frequently discussed in the Council. (For recent discussions on DISC and the FSC see Appendix III). Unlike the DISC, which offered deferral of taxes on a portion of export income, the new FSC Act makes available a permanent exemption on part of a company's exports. The FSC law also gave permanent tax 'forgiveness' to accumulated DISC deferrals (estimated at about \$10 to \$12 billion).

43. The United States International Trade Commission must consider the cumulative effect of imports of competitive products from more than one country in making its preliminary injury rulings in countervailing duty investigations, the Court of International Trade decided on 11 July (Republic Steel Corporation versus the United States). In the ruling, involving seven kinds of steel products from Brazil, Spain and Korea, the Court held that "the criterion for finding a reasonable indication of material injury should have been simply whether all subsidized or allegedly subsidized products of the same type could exert a combined effect on the domestic industry". The court's decision, which arose out of an action brought by the U.S. steel industry, involved a series of injury determinations by the ITC in February and May 1982, under Section 703(a) of the Tariff Act. In the course of numerous rulings on carbon steel products, the Commission had made negative rulings with respect to carbon steel structural shapes, hot-rolled carbon steel bar and cold-formed carbon steel bar (all from Brazil); hot-rolled alloy steel bar and cold-formed alloy steel bar (from Spain); and cold-rolled carbon steel sheet (from the Republic of Korea).

44. On 13 July 1984, Norway abolished all quantitative restrictions on imports from Hungary referred to in paragraph 4 of the Protocol for the accession of Hungary to the GATT. The action followed entry into force of a bilateral agreement between the two countries under the Multi-Fibre Arrangement. The global quotas maintained by Norway under Article XIX were not renewed.

VI. Prospective developments

45. In assessing developments in trade policy for the period covered by the present report, the following initiatives should also be taken into account.

46. The Canada/United States talks to conclude sectoral free-trade agreements remain at a preliminary level. Reports indicate that discussions between Israel and the United States on setting up a free-trade area have reached an advanced stage.

47. The foreign ministers of the United States, Canada, Japan, Australia and New Zealand, and of the six member countries of the Association of South East Asian Nations (ASEAN), agreed in Jakarta on 12 July to help each other promote trade and growth in the Pacific.

48. The United States Commerce Department dropped its earlier January proposal for tighter government export controls, recommending instead, in September, a revised system of multiple-shipment licensing that gives primary emphasis on self-regulation by United States exporters. The self-regulatory approach replaces an earlier Commerce Department plan to toughen standards for United States

high-technology exporters to obtain distribution licences. Such licences authorize United States companies to ship products to several destinations under a single permit. This is the method by which some \$20 billion in United States exports currently are licensed every year. The new rules are expected to take force by next January.

49. On 8 August the Subcommittee on International Trade of the United States Senate Finance Committee considered the Administration's proposal, submitted earlier this year, to extend most-favoured-nation treatment for Romania, Hungary, and China. No resolution of disapproval has been introduced in the House or the Senate, and the House has not held hearings on the issue.

50. United States legislation intended to curb trademark counterfeiting was working its way through the Congress during the period under review. The proposed legislation, if approved, would add stronger civil remedies to the criminal sanctions against counterfeiters and authorize the Federal Trade Commission to police counterfeit goods. The United States Administration was also supporting proposed legislation to create an alternative to United States anti-dumping and countervailing duty laws to be used in assessing unfair competition from non-market economies. The new Trade Act, approved in October, is reported to include in the GSP renewal authority provisions to encourage beneficiary countries to prevent counterfeiting and to respect copyright.

51. The Japanese Diet has before it three bills intended to increase competition in Japan's telecommunication market.

VII. Other developments relevant to trade policy

52. Certain other economic developments directly relevant to trade policy may be noted.

53. The following currency movements were reported during the period:

- Bangladesh: The taka was devalued to 25.47/53 to the US\$ from 25.32/38, effective 23 September.

- Following a steady decline in the peso's value on the black market, the Bolivian Government established, in August, a two-tier foreign exchange system. According to the Planning Minister, the official exchange rate of Pesos 2,000 = US\$1, in force since a 75 per cent devaluation in April, will be maintained for essential imports. The second tier, which has been set at Pesos 5,000 = US\$ 1, will be applied to imports of non-essential items.

- With effect from 18 September, Chile introduced measures including a 19.3 per cent devaluation of the official Chilean peso rate against the dollar so as to offset the impact of high interest rates and the low price of copper, the country's main export. The official exchange rate is being cut from 93 to 115 pesos to the dollar. The Finance Minister, announcing the downward adjustment, said that the official rate would continue to move on a daily crawling peg devaluation basis.

- Costa Rica: The colon was devalued to a mid-point 44.75 to the US\$ from 44, effective 3 September.
- Ghana: The cedi is reported to have been devalued by 9.09 per cent from Cedis 35 = US\$ 1 to Cedis 38.50 = US\$1, with effect from 24 August 1984.
- Israel: According to a statement published by the Finance Ministry, the new Government has devalued the shekel from around shekels 364 to shekels 396 : US\$ 1. The measure was part of a programme aimed at attacking both the large balance-of-payments deficit and inflation running at an annual rate of about 400 per cent.
- New Zealand: With the change of government in July 1984, the New Zealand dollar was devalued by 20 per cent on 18 July (NZ\$ 1 : US\$ 0.4966 to NZ\$ 1 : US\$ 0.6205); measures decontrolling interest rates were taken at the same time.
- Norway: On 22 September the Central Bank of Norway announced that the Krone would be 'temporarily adjusted' downwards by 2 per cent. As the Bank intends to keep at 102, instead of 100, the index for the basket of currencies to which the Krone's value is linked, the Bank has maintained that, as a consequence, its new planned intervention target could not technically be regarded as a devaluation.
- The Philippines: On 6 June the Philippine peso was devalued by 22.22 per cent (P14 : US\$ 1 to P18 : US\$ 1). The new exchange policy includes a 10 per cent "special excise tax" levied on the peso value of all non-merchandise foreign-exchange transactions through to the end of 1985. The tax was reported to have been suspended in late September 1984.
- Saudi Arabia: The Saudi Arabian Monetary Agency devalued the riyal mid-September, from riyals 3.54 to riyals 3.56 : US\$ 1.

54. Among other developments:

- Egypt: A new system for financing private sector imports which, it is hoped, will encourage a higher level of expatriate remittances, was formalized in May. The Minister of Economy has allowed all banks, rather than just the four State-owned institutions, to buy U.S. dollars at Egyptian pounds (LE) 1.12 and to sell, for eligible importers, at the rate of LE 1.18. The difference of 6 piasters will be deposited at the Central Bank as a "currency pool fund". Eligible importers are to be assigned to three categories according to priority. First: industry and agriculture; second: construction; third: others. If funds are not available at the banks, the importer may buy from the free market. As a result of establishing this new currency exchange pool and procedures, the "free market" rate fell from LE 1.26 for the dollar to LE 1.22 in the first month of operation.
- Japan: In May Japan and the United States reached agreement on a package of measures designed to promote the opening up of Japanese capital markets and to internationalize the Yen.

- Mexico has recently decided to allow its creditor banks to switch their loans into currencies other than the United States dollar.
- In August, New Zealand lifted a thirteen-month-long embargo on Australian investments in New Zealand.
- According to press reports, Bolivia, Colombia, Ecuador, Peru, Venezuela (all members of the ANDEAN Group) and Malaysia are to relax rules on foreign investments.
- Participants in the London Economic Summit in June 1984 (see also A.V.), above) endorsed multi-year re-scheduling of commercial debts. They agreed to adopt this procedure for debts owed to their governments in cases where debtor countries are making progress in improving their economic performance.
- In April the President of the United States signed an Executive Order continuing Export Control regulations that would otherwise lapse because of an impasse in Congress over renewal of the Export Administration Act. The International Emergency Economic Powers Act was cited as the basis for the Executive Order; this is only the third application for the 1977 legislation which permits the President to ban commercial and financial transactions in response to "unusual and extraordinary" foreign threats.
- The EC Council of Ministers agreed to take part in a scheme accepted by the industrialized countries to extend the export credits consensus - under the aegis of the OECD - to nuclear power contracts. The consensus establishes the minimum interest rates and the conditions for the provision of export credits, mainly to developing countries, for capital goods imports. Previously, nuclear power contracts, most aircraft sales and agricultural products were excluded.
- New value-added tax (VAT) rules introduced in the United Kingdom in October stipulate that VAT on imports will have to be paid on entering the country instead of after the three months allowed at present. Importers can, however, apply for permission to defer VAT import bills for one month. The change brings United Kingdom practice into line with that of other Community members.

B. NEW TARIFF AND NON-TARIFF MEASURES

55. Details are provided below of specific trade policy measures, falling within the scope of the General Agreement, of which the secretariat became aware during the period April - September 1984.

I. Tariffs and related measures¹

56. Some improvements have been made in the Austrian special tariff régime for handicraft products originating in developing countries. As of 1 September 1984, duty-free treatment has been extended to certain articles of wood falling within

¹See also Notifications on emergency action (pages 27-28).

CCCN heading Nos. 44.24 (household utensils of wood), and 44.27 (wooden standard lamps, table lamps and other lighting fittings; articles of furniture, not falling within Chapter 94; wooden caskets, cigarette boxes, trays, fruit bowls, ornaments and other fancy articles; cases for cutlery, for drawing instruments or for violins, and similar receptacles, etc.). Duty-free treatment has been provided also for textile handicraft products originating in least-developed countries, which have so far enjoyed a 50 per cent tariff reduction.

57. The schedule of non-textile handicrafts now comprises articles falling within sixty-six tariff headings, and the schedule of textile handicrafts twenty-six headings. For the non-textile articles, duty-free treatment is provided for imports from all beneficiaries; for textile handicrafts, imports from least-developed beneficiaries are granted duty-free treatment, whereas imports from other developing countries are granted a 50 per cent tariff reduction. As at 1 August 1984, thirty-six countries (of which five are least-developed countries) are in a position to benefit from this special tariff régime on the basis of bilateral agreements with Austria to this effect (COM.TD/96/Add.7).

58. As from 1 May 1984, imports into Switzerland of certain frozen vegetables are subject to an additional customs duty. In addition to the prevailing rate of Sw F 55 per 100 kgs., a further customs duty of Sw F 100 per 100 kgs. is charged when imports of the following vegetables (CCCN ex 0702.10 and ex 0702.12) exceed 3,400 tonnes per year: peas, beans, carrots, spinach, Brussels sprouts, broccoli, cauliflower, snow peas, salsify, kohlrabi, kale, lettuce, leeks, rhubarb, celery, onions and marrows (L/5658).

59. The following tariff measures which have not been notified have also come to the attention of the secretariat in the period:

- Australia has decided to continue until 12 July 1985 the existing temporary duty of 10 per cent on certain imported filament lamps.
- Brazil: Decree-Law 2110 granted exemption from import duty and manufactured-goods tax to goods, machinery, equipment and the like, together with their spare parts and accessories, intended for use in coal production.
- A series of measures decided by the Customs Policy Council and published in the Diario Oficial da Uniao on 12 April and 14 June 1984 made many amendments to the Brazilian customs tariff in the form of tariff exemptions, extensions of temporary tariff exemptions, import tariff increases and decreases.
- The Ministry of Finance of Chile issued decree N618 of 19 July which introduced an additional import duty surcharge of 15 per cent for a number of items, thereby raising the import duty to 35 per cent for an indefinite period. In addition, a number of items were made temporarily subject to the extra 15 per cent surcharge. According to report, the Government cancelled the 15 per cent surcharge in September, and raised all import duties to 35 per cent ad valorem, the level of GATT bindings.
- Colombia increased the tax on imports to 2 per cent.
- Certain stainless steel seamless mother pipes (heading No. 73.17/19) when imported into India for the manufacture of stainless steel tubes and pipes, have been exempted from that portion of customs duty leviable under the import tariff which is in excess of the amount calculated at the rate of 60 per cent ad valorem.

- Effective 2 July 1984, the Government of India has reduced the basic customs duty on viscose staple fibre from 40 per cent ad valorem to 25 per cent ad valorem. The auxiliary duty at the rate of 5 per cent ad valorem and countervailing duty of Rs. 5 per kg. will continue to be levied in addition to the basic customs duty. Furthermore, the import duty on packing machinery and systems (tariff No. 84.19) has been reduced to from 60 to 10 per cent. The additional duty is nil while the auxiliary duty continues at 30 per cent. In sum, the duty will be 40 per cent.
- Indonesia: Under a series of Ministerial Decrees, import duty and import sales tax has been reduced or eliminated on products falling under the tariff numbers 15, 84.14.110, 84.14.120, 84.14.131, 84.14.139, 84.14.90, 84.18.250, 90.17.100, 90.17.990, 90.19.990. Under Ministerial Decrees increased import duty and import sales tax rates have come into effect for zinc oxide, zinc chloride and corrosive paper. In a move aimed at protecting the domestic paper industry, the import duty on duplex paper was increased from 30 to 40 per cent. On the other hand, the Indonesian authorities reduced the import duty on writing paper and printing paper (tariff headings 48.01.210, 48.01.299 and 48.07.191) to 10 per cent. The Decree of the Minister of Finance No. 402/1984 dated 5 May 1984, reduced the surcharge tariff on refined bleached deodorized stearin to 13.18 per cent and crude stearin to 18.48 per cent.
- The Republic of Korea has announced that higher emergency tariffs will be imposed on twenty-three items, beginning in July 1984. Rates of between 15 and 60 per cent will prevail on lubricating oil, chlorfluoro methanes, tyres and tubes for cars, table and kitchen glassware and copper waste and scrap. Tariffs ranging from 50 to 70 per cent will be levied on cosmetic soaps, machine-made carpets and re-organized pile and chenille fabrics. Other goods will also be given protection, including furs and skins, industrial and laboratory furnaces and ovens, electric cable and various watch parts. Earlier Korea had announced the lowering of tariffs on some 300 tariff items.
- The main changes in respect of imports given in the Malawi budget in March 1984 were a 5 per cent increase on the basic surtax and import duty, and an increase in import levy from 4 to 5 per cent.
- In July, Malaysia imposed a 50 per cent tariff charge on imported cement as part of a series of moves to correct the country's trade imbalance and, at the same time, to give added protection to a designated list of heavy industries.
- The Nigerian authorities announced new import duties as a result of the abolition of the Approved Users Scheme.
- Under the 1984 Nigerian Budget, fruit juices, grease-proof paper and woven fabrics will now attract 40, 50 and 100 per cent duty respectively. Other changes include 50 per cent for sacks and bags, 75 per cent for iron and steel bars and rods, 75 per cent for gas tanks/containers, 75 per cent for casks, cans, drums of aluminium and 60 per cent for parts of primary cells and batteries. Fats and oils of fish and marine mammals, tube and pipe fittings as well as glues and adhesives for industrial use now attract a duty of 25 per cent while the duty is 10 per cent for laboratory and pharmaceutical glassware. Relatively low rates were 10 per cent for components of electric domestic appliances and circuit breakers, and 20 per cent for components of motor cycles.

- Some imports, formerly subject to specific rates of duty, will now attract a percentage tax according to their certified value. Such items include 150 per cent for brandy, bitters, liqueurs, gin, rum, schnapps and whisky; 100 per cent for wine of fresh grapes; 100 per cent for man-made textile fabrics imported for use exclusively for the production of imitation leather by a manufacturer, and 100 per cent for woven fabrics (man-made). Some petroleum products are subject to a duty of 20 per cent. Twenty items were exempted from payment of import duty as a result of the Budget. The items included certain aircraft, their parts and auxiliary equipment, films for educational or scientific use, fuel, lubricating and similar products to be used solely for the operation of armed forces or civil aircraft, etc.
- Peru increased its import surcharge from 10 to 15 per cent. According to Decreto Supremo No. 153-84-EFC of 24 April 1984 this surcharge is based on the c.i.f. value and is applied to all products of the customs tariff.
- By various decrees published in the Official Gazettes of 21 and 22 June 1984, the Spanish authorities have changed the rate of customs duty on a number of products.
- South Africa: Customs tariff increases and decreases were published in the South African Government Gazette from April 1984 to the present.
- Under Order-Law No. 84 of Zaire various reductions in the rates of duties and charges, as well as changes in the wording of certain tariff headings of the Customs Tariff of Zaire, entered into effect on 2 April 1984.
- Under Act "NAB 1, 1984", customs duties on a great number of products imported into Zambia have been increased.

II. Generalized system of preferences

60. With effect from 1 July 1984, the following has been added to the List B of the rules of origin of the Austrian GSP scheme: shellac, seed lac, stick lac and other lacs; natural gums, resins, gum-resins and balsams (tariff heading No. 13.02) - working, processing or assembly, in which the value of the materials and parts used does not exceed 50 per cent of the value of the finished products, confers the status of originating products (L/4108/Add.19).
61. The Canadian Parliament has approved legislation extending the Canadian General Preferential Tariff for a further ten years to June 1994. An amendment to the rules of origin regulations of the Canadian General Preferential Tariff has also been made to allow for the implementation of global cumulative origin among beneficiary countries to meet the origin requirements of the Canadian system of tariff preferences on imports from developing countries (L/4027/Add.18 and 19).

62. Czechoslovakia has introduced improvements in its GSP scheme, effective 10 May 1984, including the extension of general duty-free treatment for least-developed countries to Lesotho, Sao Tomé and Príncipe, Sierra Leone and Togo, extension of preferential duties - equivalent of 25 per cent of the m.f.n. rates - to North Korea, Mongolia, Trinidad and Tobago and Viet Nam, and the elimination of eighteen items from the list of imports excluded from preferential treatment. Six imports not eligible for preferential duties include certain sugars, cigarettes, sacks and bags for packing of goods and tarpaulins, sails, tents, camping goods, etc. (L/3703/Add.5).

63. In July the European Commission put forward its proposals for modifications in the EC's generalized preference scheme for 1985. The proposals include an increase of 4.7 per cent in the value of goods allowed preferential access, the removal of twelve industrial products from the list of "sensitive" products and increases of up to 15 per cent in quantitative limits set on other products, a modest increase in the level of import ceilings for textile products, and the inclusion of eight new products (including computers, ball-bearings and video tape recorders) on the "sensitive" list. They will be considered by the Council of Ministers in November.

64. With effect from 1 March 1984, Finland has raised the value limits applicable to small consignments addressed to private persons and travellers' personal luggage to FMK 500 (from FMK 300) and FMK 2,000 (from FMK 1,000) respectively. Goods which fulfil the above criteria and the value of which stays within the specified limits, are granted GSP treatment without production of a certificate of origin (L/3694/Add.15).

65. Japan has notified in L/4531/Add.6 and 7 improvements and modifications in its GSP scheme for the 1984 fiscal year starting 1 April, including increases in ceilings for industrial products by about 55 per cent, modification of the "maximum country amount" from one-half to one-third of the ceilings, improvements in special measures for the least-developed countries on certain jute products and reduction of GSP rates on two tropical products (fresh bananas and palm oil).

66. As of 1 June 1984, one more product (ex. 70.13 - drinking glasses) has been removed from the general list of exceptions, and been made eligible for GSP treatment under Norwegian Scheme of Generalized Preferences (L/4242/Add.24).

67. The United States has notified in L/5153/Add.3 the latest changes in the list of products from developing countries that will be allowed to enter the United States duty free, with effect from 30 March 1984, under its Generalized System of Preferences programme.

68. Under the yearly product review process, twenty-two items previously not on the eligibility list have been designated for GSP treatment, representing US\$ 7 million of trade in 1983. Certain developing countries have been redesignated as eligible for GSP treatment regarding thirty-seven products with an estimated value of \$155 million. These countries were excluded from last year's preferences on these products because of the competitive need limit. The major items redesignated are unwrought aluminium from Ghana and Yugoslavia, leather from India, certain wooden chairs from Yugoslavia, and certain agricultural products

from Peru, Mexico, Honduras, Thailand and Barbados; of the total trade eligible for redesignation, 87 per cent (seventy-four items valued at \$1 billion) has been denied GSP access. The value of imports excluded under the competitive need provision amounts to \$10.7 billion, of which \$2.2 billion consists of trade in items where a beneficiary is losing eligibility for the first time. As a result of the de minimis provision, imports of 220 products valued at \$52 million from individual beneficiaries will be exempt from the 50 per cent competitive need rule. Two products - certain waterbed mattresses and liners, and fishing reels - have been removed from the U.S. scheme because of import sensitivity. In response to petitions from United States' producers and labour unions, imports from the Republic of Korea, Hong Kong and Taiwan valued at \$183 million have been denied GSP status.

III. Quantitative restrictions and other non-tariff measures

(a) Changes notified in licensing arrangements¹

69. As of 1 January 1984, the Federal Republic of Germany has exempted from the previously applied automatic licensing a wide range of imports from state-trading countries. All products from these countries not subject to quantitative restrictions no longer require any import licences. Certain steel products from all sources, however, are subject to a new Community automatic licensing system (LIC/1/Add.34).

70. As of 1 July 1984, the Republic of Korea has liberalized a wide range of products previously included in the "restricted list" for licensing purposes, including liquid soaps, products of plaiting materials, illuminating glassware, brass rods and wire, certain copper clad laminated sheet, razor blades, certain lamps and lighting fittings, certain locks for automobiles, air-conditioning machines, electricity supply meters, speedometers, etc. This move is the first stage in a five-year programme of import licensing liberalization, running to July 1988, which had been announced earlier. (Notification to the Group on Quantitative Restrictions and Other Non-Tariff Measures, August 1984.)

71. On 1 July 1984, New Zealand exempted from licensing approximately eighty tariff items with a trade value of about NZ\$60-70 million per annum; they include arrowroot, palmnuts and kernels, soybeans, copra, linseed, tobacco extracts and essences, fireworks, certain beds, casks and barrels, coir mats, roofing slates, certain glassware, stainless steel wire and wire cloth, certain copper tubes and pipes, certain sports goods, etc. (Notification to the Committee on Import Licensing, June 1984.)

72. The following items are no longer subject to licensing when imported into Norway from Japan and the Republic of Korea: new pneumatic tyres for motor lorries, motor buses and tractors, retreated rubber tyres, table knives, kitchen knives, spoons and forks (L/5640/Add.2).

¹See also import restrictions notified as being applied for balance-of-payments purposes (pages 21-24).

73. As notified in July 1984, Malaysian authorities have temporarily suspended the issuing of licences for the import of batik sarong items falling under CCCN 61.02-283, 383, 483 and 983, thus giving effect to a temporary ban. Malaysia cited Article XVIII:C of the GATT in connection with the measure, which is intended to provide governmental assistance to promote the local handicraft industry. (Notification to the Group on Quantitative Restrictions and Other Non-Tariff Measures, July 1984.)

(b) Other changes in licensing arrangements

74. The Colombian authorities added a further 1,773 positions of the import tariff to the list of products which are subject to import licences.

75. The Ivorian authorities have announced that the yeasts falling into three headings under the Ivorian customs tariff (21.06, 21.06.10, 21.06.90), are, with immediate effect, subject to the Intention d'Importation procedure, requiring authorization from Ivorian customs before shipment.

76. By Interministerial Order No. 13, the authorities of the Ivory Coast have made the import of gramophone records and other sound recordings (Tariff heading Nos. 92.12.20 and 92.12.29), regardless of origin, subject to prior authorization by the Ministry of Cultural Affairs and the Ministry of Trade.

77. Under the 1984/85 budget plan the Jamaican authorities largely abolished import licences. However, certain luxury products will continue to be subject to import restrictions. Imports of basic foodstuffs, raw materials and industrial producer goods are free subject to the availability of foreign exchange.

78. For the 1984-1985 import licensing period, New Zealand granted an allocation of \$500,000 for the issue of basic and non-basic special import licences for ropes, twine and cordage, of a type made in New Zealand and falling within Item Code 59.130. This allocation is in accordance with the provisions of the Textile Industry Development Plan 1976-1986.

(c) Import restrictions notified as being applied for balance-of-payments purposes

79. Argentina has notified the temporary prohibition of a large range of non-essential imports, together with prior examination of sworn declarations of import needs. The measures, originally taken for balance-of-payments purposes in December 1983 under Presidential Decree No. 319/83, has been extended until 31 December 1984 (L/5643 and L/5687).

80. Colombia has made further amendments to its import licensing régime pursuant to Article XVIII:B. As notified in L/5542/Add.2 and Add.3, a large number of items from all sources (about 1,735 tariff lines) have also been made subject to prior licensing. In addition, a wide range of items (about 835 tariff lines) have been transferred from the prior-licensing list to the prohibited-import list. Prohibited imports include live animals, meat and meat offals, fish, dairy products, cut flowers and foliage, vegetables, edible fruits and nuts, vegetables and fruits prepared or preserved, coffee, tea, cocoa, rice, cereals, oilseeds,

animal and vegetable fats and oils, food preparations, certain beverages and spirits, tobacco, mineral products, certain cinematograph films, leather, travel goods, paper and paperboard, wood, articles of apparel and clothing, certain footwear, ceramicware, glassware, etc. These import prohibitions do not apply to products originating in and coming from member countries of the Cartagena Agreement, and to those negotiated in public agreements and agreements signed within the framework of the Montevideo Treaty of 1980 and subsequent instruments. Colombia has also adopted temporary corrective measures in respect of certain imports originating in and coming from member countries of the Cartagena Agreement. According to these safeguard measures, imports of wallpapers, grapes, pears, flour and meals of fish unfit for human consumption, certain prepared and preserved fish and unwrought aluminium are subject to prior licensing.

81. As of 1 July 1984, the Hungarian Government abolished the system of reference limits applied to large and frequent importers in licensing, and re-established automatic import licensing in respect of all enterprises, with the exception of products falling within the six import quotas established for 1984 covering fertilizers, plant protection chemicals, protein fodder of animal and vegetable origin, fodder concentrate, animal feed phosphate and chemicals intended for use as feed (L/5363/Add.4). In its consultation with Hungary in May 1984, the Committee on Balance-of-Payments Restrictions welcomed the efforts made by Hungary to ease restrictions and reiterated its hope that Hungary would soon be in a position to announce a timetable for the phasing out of remaining restrictions and the return to automatic licensing. (See previous notes on Hungary in C/W/437/Rev.1, paragraphs 42 and 43).

82. India has been progressively liberalizing its import policy and procedures over recent years. The Import/Export Policy for 1984/85 continues the process of trade liberalization and aims to provide further incentives to exports, to allow local industry to expand its access to foreign capital goods and technology, and to simplify import procedures (BOP/245). In May 1984, the Committee on Balance-of-Payments Restrictions held a consultation with India under simplified procedures.

83. The 3 per cent import levy of Israel, introduced in June 1982 and originally intended to lapse on 1 April 1983, was extended first to 1 April 1984 and then to 31 March 1985. The measure applies to all imports which are subject to the value-added tax. Though the rate of levy was reduced to 2 per cent effective from April 1983, the liberalizing effect of this reduction has been offset by the concurrent introduction of a 1 per cent levy on procurement of foreign exchange, including purchases for import purposes (BOP/244).

84. Due to the persistence of its balance-of-trade deficit, Israel has extended its import deposit scheme, brought into force in June 1983 and covering a wide range of consumer goods and industrial supplies, for another six-month period until 1 December 1984. Further changes have been effected in the coverage of the scheme - twenty-three items added and eight deleted (L/5669).

85. Israel consulted on its restrictive import measures in the Committee on Balance-of-Payments Restrictions in May 1984; while recognizing that Israel faced serious and persistent balance-of-payments difficulties, and that the policies now being followed were showing positive effects in alleviating such problems, the

Committee recommended that, pursuant to paragraphs 1(b) and 1(c) of the 1979 Declaration on Trade Measures for Balance-of-Payments Purposes, Israel avoid the cumulation of different trade measures taken for similar ends, and indicate, as soon as practicable in line with improvements in the balance-of-payments situation, a time schedule for the phasing out of the restrictions (BOP/R/142).

86. Further temporary import restrictions, affecting imports of items which in 1983 accounted for about \$673 million of imports, were announced by Israel on 3 October (L/5697).

87. Republic of Korea: As briefly noted in C/W/437/Rev.1, a five-year tariff reform and reduction programme was introduced from 1 January 1984. The overall aim is to reduce the average level of tariffs from 22.6 per cent in 1983 to 16.9 per cent by 1988, with duties of less than 20 per cent on 93.5 per cent of Korean tariff headings. As a first step, tariffs were reduced on 734 items and raised on 300 items in 1984. New "adjustment tariffs" have been introduced under which tariff rates can be increased to a maximum of 100 per cent for a maximum period of three years, to protect domestic industries from sharp increases in imports resulting from import licensing liberalization.

88. Currently twenty-four items are subject to "adjustment" or "emergency" tariffs, as against thirty-eight previously. (See BOP/246 and BOP/W/83)

89. Information on changes in import licensing and on tariff reform has been provided to the Committee on Balance-of-Payments Restrictions. Consultations with the Republic of Korea are to be held in the Committee on 31 October.

90. Under measures introduced by Nigeria in 1984, all non-prohibited imports are subject to specific licence requirements and the scope of the advance import deposit scheme has been widened. The Committee on Balance-of-Payments Restrictions, which held consultations with Nigeria in March 1984, recognized that it faced a serious balance-of-payments problem, and that the restrictive measures taken during the period 1982-84 had been introduced in view of the extreme urgency of the situation; it encouraged the Nigerian authorities to pursue policies of economic stabilization and diversification which would lead to a sounder external position and permit the progressive elimination of restrictive measures (BOP/R/139).

91. On 6 June, the Philippines increased to 10 per cent the additional duty on imports (L/5691). A Consultation under simplified procedures is to be held with the Philippines in the Committee on Balance-of-Payments Restrictions on 30 October.

92. The import surcharge scheme of Portugal introduced in 1975 (originally at 10 per cent, increased to 30 per cent in February 1983 and reduced to 10 per cent in March 1984) will be maintained until 31 December 1984. Although certain products have been eliminated from the schedule of products subject to the surtax, it still covers a wide range of imports (L/5145/Add.3). According to the provisions of new legislation, the quota system of Portugal on imports of unassembled vehicles (completely knocked down motor vehicles having a kerb weight up to 2000 kgs.), originally introduced in 1977 for balance-of-payments reasons,

is now an integral part of the automobile sector policy. Quotas for CKD motor vehicles are applied by make, and the value of the quotas applying in 1984 has been increased by 46.9 per cent (L/5585/Add.1).

93. The system of import quotas for some consumer goods, introduced in 1977, to avoid the continuing deterioration of the Portuguese balance of payments, has been extended for another year, until 31 March 1985. While the list of products subject to quotas remains the same (certain fruits and nuts; non-electrical stoves; refrigerators; machinery, plant and similar laboratory equipment; sewing machines; vacuum cleaners and floor polishers; certain electric water heaters and oil heating apparatus; certain radio-broadcasting and reception apparatus; motor-cycles; firearms; furniture; certain toys; etc.), the global value of quotas has been increased by about 30 per cent to maintain, as far as possible, the level of imports in terms of volume (L/5543/Add.1).

94. Consultations with Portugal are to be held in the Committee on Balance-of-Payments Restrictions on 30 October.

95. Yugoslavia consulted on its trade measures in the Committee on Balance-of-Payments Restrictions in May 1984 under simplified procedures. In doing so, it noted that some liberalization has taken place in Yugoslavia's trade régime. In recent years, the number of goods which can be freely imported has been increased. The "liberalized" list covered 4,542 tariff lines at end-1983, accounting for 47 per cent of the value of imports, as against 41.7 per cent in 1980. The number of products subject to quotas was reduced to 1,270 tariff lines covering 32 per cent of imports in 1983, and those subject to licensing to seventy-four tariff lines accounting for 21 per cent of imports. Since 1983, Yugoslavia has also provided incentives to enterprises to increase their exports to convertible currency areas. Any enterprise which increases its exports to such areas by over 20 per cent in 1984 may retain the whole of the extra revenue after deduction of the proportion to be surrendered to the central government (BOP/W/80).

(d) Other import control and non-tariff measures noted by the secretariat

96. The following information on other measures taken in the non-tariff field in the period under review has come to the attention of the secretariat from sources other than notifications:

- Australia: Certain toys and novelties have been included in item 18 of the Second Schedule to the Customs (Prohibited Imports) Regulations, namely, goods the importation of which is prohibited unless the permission in writing of the Minister has been granted.
- The Colombian authorities have prohibited imports of 813 products.
- The Colombian Government has decided to restrict imports to 90 per cent of the value of last year's imports and has placed import quotas on a large number of products. In total, 319 tariff headings covering 4,000 products have been brought under official control.

- Cyprus has prohibited imports of the following goods as of June 1984: powdered milk, cheese, ham, canned fruit, canned vegetables (asparagus and mushrooms).
- Several EC countries have been authorized by the European Commission, under Article 115 of the EEC Treaty, to suspend EEC treatment for certain goods coming from other EEC member States but originating in third countries. The aim of this move is to avert trade deflections which might prove harmful to national manufacturers. EEC treatment may be suspended for the following goods until the end of the current year, unless otherwise indicated:
 - France: radio reception apparatus (even when combined with a recorder heading 85.15 A III of the CCT) originating in the Republic of Korea. Community treatment may also be suspended for certain quartz watches (CCT Ex 91.01), originating in China, India, Pakistan, the Philippines and Singapore.
 - Italy: until 31 March 1985, sensitized, unexposed film (plates and roll) for polychrome photos (heading 37.02 A, ex B IV of the CCT) originating in Japan.
 - The European Commission, under the above Article, has also authorized the following member countries to exclude from Community treatment certain textiles goods imported from other EEC countries, but originating in third countries (the list is not exhaustive, referring only to those items where the duration of the measure is for a certain length of time).
 - Ireland: until 31 December 1984, sweaters, pullovers, twinsets and jackets (textile category 5) originating in Macao; shirts and blouses, (textile category 7) originating in Yugoslavia; certain girls' and babies' garments (category 80), originating in Hong Kong; certain outer garments for trousers and shorts for men and boys and for women and girls (category 6) and certain undergarments (category 4), originating in Turkey; men's and boys' woven shirts (category 8), originating in Pakistan; and, jerseys, pullovers etc. (category 5) originating in the Republic of Korea. Ireland may also exclude textile category 15 B (overcoats, raincoats, jackets, etc.) and textile category 26 (woven and knitted or crocheted dresses) originating in Hong Kong; textile category 5 (jerseys, waistcoats, cardigans, etc.) originating in Taiwan and Hong Kong; textile category 4 (T-shirts, fine-knit jumpers, vests, etc.) originating in Macao. Lastly, Ireland may exclude textile category 31 (brassieres, etc.) originating in the Philippines.
 - Benelux: until the end of the year, coats, raincoats and jackets (textile category 15 B) originating in Yugoslavia; as well as textile category 15 B, until 31 December 1984, originating in Romania.
 - The United Kingdom may exclude until the end of the year, textile category 15 B (overcoats, raincoats, etc.) originating in Romania, and textile category 2 (woven fabrics of cotton) originating in China. The United Kingdom may also exclude textile category 15 B, originating in Yugoslavia; woven fabrics of man-made fibres (continuous) (textile category 35), originating in the Republic of Korea; coats, raincoats and jackets (textile category 15 B), originating in Czechoslovakia.

- France: woven men's and boys' shirts (textile category 8) originating in Hong Kong; cotton cloth and fabrics of discontinuous synthetic fibres (textiles category 2) originating in Thailand; cotton cloth (category 2) originating in Egypt; textile category B (woven overcoats, raincoats, jackets and blazers) originating in Romania and in free circulation in the other member States; textile category 2 (woven fabrics of cotton) originating in China. France has also been authorized to exclude textile categories 2 and 3 (discontinuous synthetic fibres) also originating in Romania. Finally, France has been authorized to introduce intra-Community surveillance for imports of several categories of textiles products from both China and Turkey.

- Italy: cotton fabrics (textile category 2) originating in Romania, and textile category 117 (woven fabrics of flax) originating in Czechoslovakia.

- Under Note No. 1295 of the Directorate of Customs, dated 6 April 1984, the Gabonese authorities have decided that all imports of goods of an f.o.b. value of CFAF 100,000 or more (FF 2,000) are subject to prior authorization to be granted by the Directorate for Foreign Trade of Gabon.

- The Ministry of Trade of Guyana published the list of prohibited imports which the Guyanan authorities had established at the beginning of this year. Products not contained in this list may only be imported with import licences issued by the Ministry.

- India has imposed limits on tea exports for the remainder of 1984. The limits, imposed in order to ensure supplies and price stability to the domestic market, were designed to restrict total shipments to 215 million kilograms, only marginally more than the 209 million kilograms actually exported in 1983.

- Indonesia: A decision of the Director-General of Foreign Trade No. 16/DAGLU/KP/VI/84 of 4 June 1984 sets out quotas and importing companies for imports of polyvinyl chloride (PVC).

- Under the terms of Decree No. 83-006 the Ivorian authorities have stipulated that the import of tiles of all type and materials and origins will only be permitted on the presentation of documentary proof that the importer has purchased 1.5 times as many locally manufactured tiles.

- Nigerian importers are now required to lodge the prior deposit at the time of requesting approval of form M, instead of at the time when documentary credit is opened. In addition, the deposit is now required whatever the period for payment of imports.

- The deposit rates in force in 1984 are as follows:

- raw materials (except petroleum products)	10 per cent
- parts	15 per cent
- foodstuffs (except rice which is exempt)	50 per cent
- medicaments, construction materials, capital goods, books and periodicals	50 per cent
- motor vehicles and lorries	200 per cent
- private passenger motor vehicles	250 per cent
- other products	250 per cent

- Papua New Guinea has banned imports of flour, effective 1 May 1984, and imposed a three-year import ban on honey from 1 May 1984.
- Peru: Under Supreme Decree 215-84-EFC, importers who make duty-free imports are now required to have each operation recorded in a register to be kept by the Director-General of Foreign Trade of the Ministry of Economy, Finance and Commerce before the signing of the contracts.
- The Philippine Government has prohibited imports of certain radio sets, electric gramophones and record-players, juke-boxes, electric amplifiers, and car radios.
- The United States Customs Service published details in the Federal Register, 3 May 1984, of its final ruling, revising the existing regulation which removes cement from the materials and products that are covered by the "buy America" provisions of the Surface Transportation Assistance Act of 1982.
- The Uruguayan authorities imposed a tax on foreign exchange purchases. The tax amounts to 1 pro mille on sales between finance institutes and 1 per cent on sales to private individuals. The measure entered into force on 1 July 1984.

(e) Notifications on emergency action

97. The Canadian Government has extended its import quotas on leather and non-leather footwear, from the original expiry date of 30 November 1984 for an additional sixteen months, until 31 March 1986. Canada originally imposed quota restrictions on imports of non-leather footwear in December 1981 and on leather footwear in July 1982, on the basis of a finding by the Anti-Dumping Tribunal that increased imports were causing or threatening serious injury to local producers. These restrictions were intended to provide local producers with a reasonable period to develop and implement necessary restructuring plans.

98. The Canadian Government has stated that the recent recession has delayed the restructuring of the industry and that accordingly an extension of quotas is necessary.

99. As notified in documents L/5263/Add.16 and L/5351/Add.17, the annual quotas to November 1985 will be increased by 3 per cent from the previous year, to 12.1 million pairs for leather footwear and 37.3 million pairs for non-leather footwear. From December 1985 to March 1986, the quota levels will take the 3 per cent annual growth factor into account. In addition, with effect from December 1984, the price points above which leather footwear is exempt from quotas are being lowered to Can\$ 40 per pair for shoes and sandals and Can\$ 67 per pair for boots. The Anti-Dumping Tribunal has been given the task of deciding if foreign producers are dumping on the Canadian market. Depending on the results of the Tribunal's enquiries, the Government will decide whether the quotas should be extended further.

100. Effective 14 June 1984, Canada has revoked the suspension of concessions which took the form of surtaxes applied as from 1 January 1984 applied to certain types of stainless steel products imported from the United States. This action

has been taken in response to the provision by the United States of a satisfactory form of compensation for the original U.S. action to increase tariffs on specialty steel (L/5524/Add.31).

101. Decree No. 619 published in the Official Gazette on 25 July 1984 has established a tariff surcharge on imports of sugar into Chile. In addition to the prevailing ad valorem duty of 20 per cent, a specific duty of US\$ 149 per ton for raw sugar (CCCN 17.01.01) and US\$ 151.25 per ton for refined sugar (CCCN 17.01.02) is charged (L/5672).

IV. Subsidies, anti-dumping and countervailing action

Notifications under Article XVI:1

102. New and full responses to the questionnaire on subsidies were requested in January 1984; so far only nineteen notifications (including one covering the European Communities) have been received, as indicated in Annex I to Appendix I. Cameroon, Chile, Czechoslovakia, Hong Kong, Romania and Uruguay have stated that they do not grant subsidies within the meaning of Article XVI:1 of the General Agreement.

Anti-dumping and countervailing actions

103. Given below is a summary of cases where anti-dumping and subsidy investigations have been opened, and provisional and final anti-dumping and countervailing actions taken, during the period under review. Sources for notified actions are given in Appendix I.

(a) Australia

- Anti-dumping investigations initiated on imports of phosphoric acid (from Japan), steel jerricans (USSR and China), biaxially oriented polypropylene film (Japan) and small diameter welded carbon steel tube (Taiwan), small diameter welded carbon steel pipe and tube (Thailand), pallet trucks (United States), basalt-lined steel pipe and fittings (Federal Republic of Germany), alloy steel chain and fittings (Federal Republic of Germany, Sweden), supermarket trolleys (Federal Republic of Germany), gas space heaters (Japan, New Zealand), refrigerators (New Zealand), candles (China).
- Countervailing duty investigations initiated on dried vine fruit (Greece), rinded Swiss-type cheese (Norway).
- Preliminary determination of dumping and injury: outboard motors (from the United States), certain passenger car tyres (China, Czechoslovakia).
- Definitive anti-dumping duties: coating crumbs (from the United Kingdom), fire resistant cabinets (Japan), dextrose monohydrate (Austria, United Kingdom), dishwashers (Japan), printed hardboard (Sweden), spark plugs (New Zealand, United States), male industrial overalls (China), cherries in brine (Italy), dense sodium carbonate (United States), ceramic tableware (China), polyvinyl chloride (Republic

of Germany, France, Spain, United Kingdom), power transformers (Taiwan, Republic of Korea), empty gelatine capsules (Japan).

- Final determination of no dumping in respect of pneumatic hose couplings (from Sweden), detergent powder (Hong Kong), polyvinyl chloride (the Netherlands), toughened glass panels (Spain), pneumatic hose couplings (Sweden).

- Final determination of no injury: passenger car tyres (Czechoslovakia, China), paper cold drink cups (United States, Canada), instrument transformers (Spain), phthalic anhydride (Taiwan).

(b) Canada

- Anti-dumping investigations initiated on imports of wooden clothespins (from China and Czechoslovakia), canned pork-based luncheon meat (EEC), stainless steel bars and stainless steel wire in cut lengths (Italy), certain nickel and nickel alloy pipe and tubing (Japan), photo-albums with self-adhesive leaves and component parts thereof (Hong Kong, United States), resistant steel pipe (United States), family-sized recreational camping tents (China), welding wire (Italy), certain wide flange shape sections (Spain), high voltage porcelain insulators (Japan, United States).

- Preliminary determination of dumping: refined sugar (from the United States), certain commercial china tableware (China), hydraulic turbines (Japan), various lawn chairs and lawn loungers (Italy, Spain, Taiwan), wooden clothespins (China, Czechoslovakia).

- Preliminary determination of subsidization and provisional countervailing duties in respect of canned pork-based luncheon meat (from the EEC).

- Final determination of dumping: carbon steel plate and alloy steel plate (from Belgium, Brazil, Czechoslovakia, France, Federal Republic of Germany, Republic of Korea, Romania, South Africa, Spain, United Kingdom), plate coils fully or partially manufactured (United States), mold steel (Federal Republic of Germany), stainless steel strip (Belgium, France, Federal Republic of Germany), stainless steel bars and stainless steel wire in cut lengths (Brazil, France, Federal Republic of Germany, Japan, Republic of Korea, Spain), wide flange shapes (Belgium, Federal Republic of Germany, Republic of Korea, Spain).

- Final determination of dumping and injury: paint brushes (from China), family-sized recreational camping tents (German Democratic Republic).

- Final determination of no injury: optical contact lenses (from Ireland, United Kingdom, United States), machine-made drinking glasses (Italy), alpine ski poles of aluminium alloy (France, Federal Republic of Germany, Italy, Norway), industrial press-on solid rubber tyres (Ireland, United States), family-sized recreational camping tents (Czechoslovakia), carbon steel welded pipe (Luxembourg, South Africa), refined sugar (United States), porcelain or china tableware (China).

- Definitive anti-dumping duties on carbon steel welded pipe (from the Republic of Korea).

(c) Chile

- Countervailing duty investigations initiated on calcium carbide (from Argentina and Brazil), sinks, bathtubs and gas water-heaters (Spain).

(d) European Community

- Anti-dumping investigations initiated on silicon carbide (China, Czechoslovakia, Norway, Poland, USSR, Spain, Yugoslavia), excavators (Japan), cut-to-length steel plate (Germany Democratic Republic), titanium mill products (Japan, United States), polystyrene sheets (Spain), ice skates (Hungary, Romania, Yugoslavia), bicycle chains (China, USSR).

- Preliminary determination of no dumping: artificial corundum (Spain and Yugoslavia).

- Provisional anti-dumping duties on certain shovels (from Brazil), certain angles, shapes and sections of iron and steel (German Democratic Republic), oxalic acid (Brazil), sodium carbonate (United States), artificial corundum (China, Czechoslovakia), pentaerythritol (Canada).

- Definitive anti-dumping duties on certain ball bearings (from Japan and Singapore), hardboard (USSR), vinyl acetate polymer (Canada), vinyl acetate monomer (Canada).

- Price undertakings: colour photographic paper (Japan), choline chloride (German Democratic Republic, Romania), horticultural glass and certain drawn glass (Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, USSR), certain kraft liner paper and board (Spain), copper sulphate (Czechoslovakia, Yugoslavia), oxalic acid and certain iron and steel shapes and sections (German Democratic Republic), pentaerythritol (Sweden).

- Final determination of no dumping: ceramic tiles (Spain).

- Suspension of anti-dumping duty: concrete reinforcing bars (Spain).

(e) United States

- Anti-dumping investigations initiated on large diameter carbon steel welded pipes (from Brazil), stainless steel wire cloth (Japan), potassium chloride (Israel, Spain, USSR, German Democratic Republic), carbon steel plate (Federal Republic of Germany), lamb meat (New Zealand), calcium hypochlorite (Japan).

- Countervailing duty investigations initiated in respect of potassium chloride (from the German Democratic Republic, USSR, Spain and Israel), cotton shop towels (Peru), tomato products (Greece), lamb meat (New Zealand), textiles and apparel (Argentina, Colombia, Indonesia, Mexico, Malaysia, Panama, the Philippines, Peru, Portugal, Singapore, Sri Lanka, Thailand and Turkey), bars and shapes (Mexico), lime (Mexico), fabricated automotive glass (Mexico), frozen orange juice (Brazil).

- Preliminary determination of dumping: certain steel valves and certain parts thereof (Japan), carbon steel plate (Republic of Korea), barium chloride (China), hot-rolled carbon steel sheet (Brazil), pads for woodwind instrument keys (Italy), choline chloride (Canada), titanium sponge (Japan, United Kingdom), cell site transceivers (Japan), calcium hypochlorite (Japan), fish netting of man-made fibres (Japan), carbon steel wire rod (Argentina, Poland, Spain), stainless steel sheet (Spain), large diameter carbon steel welded pipe (Brazil).
- Preliminary determination of injury: potassium chloride (Federal Republic of Germany, Israel, Spain, USSR), dried codfish (Canada).
- Preliminary determination of no injury: radial ply automobile tyres (Republic of Korea).
- Preliminary determination of no dumping: cold-rolled carbon steel sheet (Brazil), choline chloride (United Kingdom), carbon steel wire rod (Mexico), stainless steel strip (Spain).
- Preliminary determination of subsidization: bars and shapes (Mexico), potassium chloride (Spain, Israel), cotton shop towels (Peru), lime (Mexico), steel casing, tubing and drill pipe (Spain, Mexico, Brazil, Argentina, Republic of Korea).
- Preliminary determination of no subsidization: galvanized sheet (Australia).
- Final determination of no dumping: barium carbonate (China), tubes for tyres (Republic of Korea).
- Final determination of no injury: stainless steel flatware (from the Republic of Korea, Taiwan and Japan), acrylic sheet (Taiwan), bottled green olives (Spain), cold-rolled carbon steel sheet (Brazil), fresh cut roses (Colombia), carbon steel wire rod (Poland).
- Final determination of dumping: alloy tool steel bars, plates and forgings (Brazil, Federal Republic of Germany), cyanuric acid and its chlorinated derivatives (Japan), hot-rolled carbon steel sheet (Brazil), certain steel valves and certain parts thereof (Japan), barium chloride (China).
- Final determination of dumping and injury: certain circular welded carbon steel pipes and tubes (Republic of Korea, Taiwan), bicycle tyres and tubes (Taiwan), bottled green olives (Spain).
- Final determination of subsidization: carbon steel wire rod (Spain, Trinidad and Tobago), certain carbon steel products (Brazil), ampicillin trihydrate and its salts (Spain), bricks (Mexico).
- Final determination of no subsidization: fresh cut flowers (Mexico), carbon steel wire rod (Poland), pads for woodwind instrument keys (Italy), carbon steel wire rod (Czechoslovakia).

- Definitive anti-dumping duties on colour television receivers (from the Republic of Korea and Taiwan), steel valves (Japan), carbon steel plate (Republic of Korea).
- Definitive countervailing duties on cold-rolled carbon steel flat-rolled products (Argentina), bricks (Mexico), unprocessed float glass (Mexico), carbon steel wire rod (Spain).

C. NEW TRADE ARRANGEMENTS

I. Voluntary export restraints, orderly marketing arrangements and export forecasts

104. A number of voluntary export restraints, orderly marketing arrangements, export forecasts, and unilateral actions to constrain shipments that are not specifically referred to in the General Agreement, some of which had already been in effect for several years, were listed under "Information not based on notifications" in document C/W/420/Rev.1 and under "New Trade Arrangements" in document C/W/437/Rev.1. As far as the secretariat is aware, these arrangements are still in force. For convenience of reference, Appendix V lists voluntary export restraints and orderly marketing arrangements made since 1978, or made before that date and still in force. The following paragraphs list new measures or arrangements which have come to the attention of the secretariat. Their inclusion does not necessarily imply that they are backed or sponsored by the governments of the countries concerned.

- Brazil: The Brazilian government announced in June that it will cut by more than half its steel exports to the United States. The limit is in effect, retroactive to 1 May 1984, through 30 April 1985. Brazil will voluntarily restrict the shipments to 430,000 tons this year, down from 900,000 tons last year.

- European Economic Community/Austria, Bulgaria, Czechoslovakia, Hungary, Iceland, Poland, Uruguay, Yugoslavia: Austria, Bulgaria, Czechoslovakia, Hungary, Iceland, Poland, Uruguay and Yugoslavia agreed to maintain for another year their restraints on exports of mutton, lamb and goatmeat to certain Community markets considered to be sensitive areas. These voluntary restraint agreements refer in particular to exports to France and Ireland.

- Japan/Canada: Japan announced an extension through March 1985 (i.e., to the end of its current fiscal year) of its forecast for exports of automobiles to Canada. Shipments are forecast at about 166,000 cars, which is 8.5 per cent more than were shipped a year earlier. However, if the recovery trend in the Canadian market is confirmed, the forecast is of exports of about 170,000 units.

- South Africa: The South African Government has unilaterally restricted shipments of seven categories of steel products - plate, hot-rolled coils, cold-rolled coils/sheets, galvanized sheets/coils, reinforcing bars, structural sections and pipes and tubes - to the United States to 372,000 tons this year (from 457,000 tons last year). The cutbacks will apply to shipments from 1 April 1984, and will continue for three years. Furthermore, as from 1 April 1984, exports to the United States of semi-finished products, wire rod, rails and track

accessories, drawn wire, other wire products and bright bars have also been restricted to a total of 37,000 tonnes per annum. Following announcement of the above voluntary export restraint, the United States Steel Corporation has withdrawn its countervailing duty and anti-dumping petitions against South Africa.

- United States/Japan: Japan agreed to restrict exports of four additional textile items to the United States. The ceiling for men's cotton coats was set at 50,000 dozen for 1984 and 1985; cotton play suits, 170,000 dozen; women's suits made of chemical fibres, 45,000 dozen; and rayon fabrics, 1,900 yards for 1984 and 1,950 yards for 1985. Under the bilateral fibre and textile trade agreement, the United States can call on Japan to restrict exports when it judges that Japanese textile imports have disturbed the United States' market.

- United States/Mexico: Mexico has limited steel exports to the United States to 395,000 tons annually for three years. The Mexican Government's decision was made after the United States Department of Commerce determined preliminarily that seven products - carbon-steel plate, plate in coil, hot- and cold-rolled sheet, galvanized plate, structural shapes and small diameter welded pipe - were benefiting from a 4.98 per cent subsidy.

II. Countertrade and compensation trade

105. The growth of countertrade/compensation trade first became apparent during the 1970s in East-West trade relations. Since 1980, an increasing number of countries have shown interest in this type of trade arrangement. Some have created legal instruments which determine which imports must be subject to compensatory agreements, while others have established specialized units within their administrations dealing with this type of trade as an official international trade policy.

106. The following cases of countertrade/compensation trade at the government and regional level came to the attention of the secretariat during the period April - September 1984:

- Argentina/Cuba: An Argentinian-Cuban agreement signed on 17 March 1984 in Havana provides for Argentinian deliveries to Cuba on a compensation basis for the next few years to the extent of about \$300 million compared with about \$120 million before. This agreement makes Cuba the most important recipient of Argentinian industrial products.

- Colombia has set up private sector barter regulations. The regulations, enacted in February, allow barter or compensation arrangements to be used to import certain products, which because of trade restrictions might not be importable otherwise. About thirty very diverse items - including cinnamon, wine, electric typewriters, computers, tractors and photocopiers - have been designated as eligible for import by barter. To import these items, the private Colombian importer must arrange to make payment, at least in part, in Colombian goods. The regulations are part of a variety of import control measures adopted by Colombia, intended to help conserve foreign currency reserves and reduce the trade deficit.

- Greece/Islamic Republic of Iran: Greece has agreed to buy 1.5 million tons of Iranian crude oil in exchange for Greek products, including the construction and repair of Iranian ships. Under the barter agreement, Iran can select \$200 million of goods from lists of Greek agricultural and industrial products. The agreement can be extended to cover an additional 500,000 tons of crude oil.
- India/Libya: Under a barter arrangement agreed at an India/Libya Joint Economic Commission meeting at the end of May 1984, India has agreed to take oil in settlement of payments totalling up to \$200 million owed to Indian national companies. Oil delivered under the barter arrangement to creditors is not to be sold on the spot market, but only to end-users or refineries in third countries.
- India and the Soviet Union are to enter into a barter trade agreement under which the former will import up to five million tons of coking coal and supply bauxite in return.
- Turkey/Yugoslavia: A protocol concerning countertrade between Turkey and Yugoslavia has been signed in Ankara. The value of this arrangement will exceed \$130 million. Yugoslavia will deliver two commercial ships to Turkey. Two further vessels are to be assembled in Turkey. In return, Turkey will supply Yugoslavia with minerals and other materials for an equivalent value.
- Latin American Integration Association: Leading officials of eleven Latin American countries met in Montevideo in April 1984 under the auspices of the Latin American Integration Association (ALADI). The foreign ministers reached agreement in principle, among others, on a commitment for broad support for the promotion of bilateral countertrade agreements in the region.

It should be borne in mind that the majority of specific countertrade/-compensation trade arrangements are on an inter-company basis. Some specific countertrade transactions of unusual importance were concluded or were in the process of being concluded during the period. These include:

- France is reported to be negotiating with the government of Abu Dhabi to trade Mirage-2000 jet fighters (produced by state-owned Avions Marcel Dassault - Breguet Aviation) for crude oil. The French Government has already approved the barter accord and is waiting for Abu Dhabi's response. Such barter deals have been made previously, notably with Iraq, which paid with oil.
- The Banco Arab Espanol (Aresbank) of Spain and the Islamic Republic of Iran arranged a \$350 million barter deal involving Iranian crude oil and Spanish products including steel. Spain's annual trade with Iran totals about \$2,200 million, of which a significant portion is understood to be barter trade.
- In August 1984, the Boeing Commercial Airplane Co. of the United States announced the sale to Saudia, the Saudi Arabian national airline, of ten Boeing 747 airliners. The aircraft will be paid for by a quantity of oil equal in value, at the official government price, to their purchase price. The purchase agreement was based on a proposal submitted and negotiated with the Saudi government, and the oil barter arrangement was concluded with Petromin, the Saudi national oil company.

- On 9 August 1984, the Caterpillar Tractor Company of the United States announced formation of a subsidiary to handle barter transactions as an alternative means to finance purchases of construction machinery. According to a report, the firm will accept commodities as payment for Caterpillar equipment and will attempt to resell them to third parties for currency.

APPENDIX I

NOTIFICATIONS RELATED TO PARAGRAPH 2 OF THE UNDERSTANDING

In paragraph 2 of the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance¹, contracting parties "reaffirm their commitment to existing obligations under the General Agreement regarding publication and notification". A comprehensive summary of notification procedures in force, and applicable to contracting parties generally, is provided in document C/111, Annex I.

The present Appendix reviews the status of notifications under paragraph 2. It provides details of notifications received during the period April-September 1984 with respect to Articles II, VI, IX, X, XI, XVI, XVII, XVIII:A, XVIII:C, XVIII:D, XXII, XXIV, XXVIII:1, XXVIII:4, XXVIII:5 and XXXVII:2(a) as well as those relating to the review of implementation of Part IV, border tax adjustments, liquidation of strategic stocks and export of domestically prohibited goods.

Measures covered by notifications under paragraph 3 of the Understanding, which supplements paragraph 2 through an undertaking concerning notification of the adoption of trade measures affecting the operation of the General Agreement, have been included in the main body of the present document, in Section B.

Article II:6(a) - Adjustment of specific duties

To the knowledge of the secretariat, no action has been taken in the period covered by this review.

No notifications have been received.

Article VI - Anti-dumping and countervailing duties

No notifications have been received.

Certain notifications are required under the provisions of the Agreement on the Implementation of Article VI and of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII. These notifications have been made to the Committees concerned as required. Signatories to the Agreements on Anti-Dumping Practices and Subsidies and Countervailing Measures were invited, in August 1984, to submit their semi-annual reports on any anti-dumping and countervailing actions taken during the period January-June, by 30 September 1984 (ADP/22, SCM/50). The semi-annual reports submitted by Australia, Chile and the United States have been circulated in ADP/22/Add.2 and 3 and SCM/50/Add.2, 3, and 4. Notices on anti-dumping actions have been submitted since April 1984, by Australia, Canada, the EEC and the United States; countervailing duty actions have been reported by Canada, the EEC, Japan and the United States. Lists of these reports appear in documents ADP/W/78, 79, 80, 81, 85 and 86 and SCM/W/69, 70, 72, 73 and 77.

¹BISD 26S/210.

Article IX - Marks of origin

No notifications have been received since 1961.

Article X - Publication of trade regulations

The Committees set up under most of the MTN Arrangements and Agreements have received information on measures such as laws, regulations and administrative procedures, and on changes in such measures, that have been adopted by the parties concerned in order to comply with the Agreements in question.

Article XI - Quantitative restrictions

(a) Residual restrictions

No notifications have been received, as no request was made for them by the Joint Working Group on Import Restrictions (JWG) in view of the current work of the Group on Quantitative Restrictions and Other Non-Tariff Measures.

(b) Group on Quantitative Restrictions and Other Non-Tariff Measures

The inventory of quantitative restrictions has been further updated by the secretariat by an addendum (NTM/W/6/Rev.1/Add.2) and a revised version (NTM/W/6/Rev.2). This documentation contains information on quantitative restrictions of eighty-two contracting parties and identifies the products of particular export interest to developing countries. Two addenda to the Inventory of Non-Tariff Measures (NTM/INV/I-V/Add.7 and 8) have also been brought out.

(c) Licensing

GATT/AIR/2003 (19 April 1984) invited contracting parties to notify by 30 September 1984, any changes in their licensing systems. Documents L/5640 (April 1984) and L/5640/Corr.1 (May 1984) include the status of notifications with the date of the latest information received on licensing procedures. Since April 1984, notifications have been submitted by Austria, the EEC, the Republic of Korea, Malawi, Norway, Singapore, the United Kingdom on behalf of Hong Kong, and the United States.

Article XVI - Subsidies

New and full responses to the questionnaire on subsidies were requested in January 1984; as of the end of September, notifications have been received from Australia, Austria, Cameroon, Chile, Czechoslovakia, the EEC, Finland, Hong Kong, Hungary, India, the Republic of Korea, Norway, Romania, South Africa, Switzerland, the United Kingdom, the United States, Uruguay and Yugoslavia.

Annex I contains a table showing notifications received since 1978.

Article XVII - State trading

A request for new and full notifications to be submitted in 1984 was circulated as document L/5601 of 10 January 1984; as of the end of September

1984, notifications have been received from Austria, Hungary, Norway, Poland, Sweden, South Africa, the United States and Yugoslavia.

Annex II contains a table showing notifications received since 1978.

Article XVIII:A - Modification of concessions

No notifications.

Article XVIII:C

Malaysia has notified in July 1984 a temporary suspension of the issuing of licences for the import of batik sarong items (CCCN 61.02-283, 383, 483 and 983).

Article XVIII:D

No notifications.

Article XXII - Consultations¹

In August 1984, Canada requested consultations with South Africa concerning the domestic sales tax of 10 per cent (increased from 7 per cent as of 1 July 1984) affecting the sale of imported gold coins. The Canadian authorities believe that South African-produced gold coins are exempted from this domestic sales tax (L/5670).

At its meeting in May, the Council considered a request made by the EEC for the establishment of a working party, under Article XXII:2, to examine the distortive effects in the world market for copper ores and concentrates that can result from the pricing policy in the Japanese market for refined copper and the purchasing practices of Japan with regard to copper concentrates (L/5627) and agreed that the Chairman, with the help of the secretariat, would organize informal consultations among interested delegations in order to help find an appropriate solution to the problem. The Chairman informed the Council in July that the consultations had begun, and proposed to report on them at a future Council meeting when they had been concluded or had made further progress.

Article XXIV - Customs unions and free-trade areas; regional agreements

(a) Notifications

No notifications during the period under review.

(b) Working Party

On 20 April 1983, the Council established a Working Party to examine the Australia/New Zealand Closer Economic Relations Trade Agreement. The Working Party met on 4 and 19 June, and on 9 July 1984. The Council adopted the report of the Working Party on 2 October 1984.

¹ See also matters listed under Dispute Settlement (Appendix III).

(c) Progress reports

Progress reports have been submitted, as follows¹:

- EEC-Cyprus Association Agreement (L/5668).
- EEC-Malta Association Agreement (L/5667)
- EEC-Algeria, EEC-Morocco, EEC-Tunisia, EEC-Egypt, EEC-Jordan, EEC-Lebanon, EEC-Syria Co-operation Agreements (L/5674).
- Caribbean Common Market (L/5671).
- Latin American Integration Association (L/5689)

Article XXVIII - Modification of schedules

(a) Article XXVIII:1

A contracting party wishing to have recourse to the provisions of Article XXVIII:1 for the renegotiation or withdrawal of certain concessions in its schedule is required to notify the CONTRACTING PARTIES. Such notification is to take place not earlier than six months, nor later than three months before the termination date of the three-year period referred to in Article XXVIII:1 (1 July - 1 October 1984). The current three-year period will terminate on 31 December 1984.

There have been no such notifications during the period April-September 1984.

(b) Article XXVIII:4

A contracting party intending to seek authorization of the CONTRACTING PARTIES to enter into negotiations for the modification or withdrawal of a concession under the provisions of Article XXVIII:4 should submit its request for consideration by the Council.

There have been no such requests during the period April-September 1984.

(c) Article XXVIII:5

Any contracting party wishing to reserve the right, for the duration of a three-year period envisaged in paragraph 1, to modify its schedule is required to notify the CONTRACTING PARTIES before the termination of the current three-year period. The current three-year period will terminate on 31 December 1984.

During the period covered by this review, notifications of intention to renegotiate have been received from Australia (one notification) and the European Economic Community (two notifications).

¹For the Second ACP-EEC Convention of Lomé, a report by the parties to the Convention is expected in due course.

Article XXXVII:2(a) - Non-fulfilment of Article XXXVII:1

No notifications have been received. Consultations with respect to implementation of Part IV obligations have, however, taken place in the Committee on Trade and Development.

Border tax adjustments

No notifications have been received.

Liquidation of strategic stocks

No notifications have been received.

Export of domestically prohibited goods

Pursuant to the Ministerial Decision on Export of Domestically Prohibited Goods and the notification procedure initiated in February 1983, notifications have been received from twenty-three contracting parties (eighteen in 1983 and five in 1984 from Austria, Cameroon, Canada, Chile, Colombia, Cuba, Hungary, India, Ireland, Malawi, Nigeria, Norway, Pakistan, Peru, Poland, Romania, Singapore, Sri Lanka, Spain, South Africa, Thailand, Turkey and Yugoslavia); none of the countries notified exports of any goods which are banned for sale on the domestic market on grounds of human health and safety.

ANNEX I TO APPENDIX INOTIFICATIONS UNDER ARTICLE XVI:1¹ - SUBSIDIES

	1978 (full)	1979	1980	1981 (full)	1982 ²	1983 ²	1984 (full)
Australia	X	X	X	X	X	X	X
Austria	X	X	X	X	X	X	X
Belgium	X		X	X			
Brazil				X			
Cameroon							X
Canada			X	X		X	
Chile				X	X	X	X
Czechoslovakia	X	X	X				X
Denmark	X			X			
EEC	X	X		X		X	X
Finland	X	X		X		X	X
France				X			
Germany, F.R.	X		X	X			
Hungary							X
India				X		X	X
Ireland				X			
Italy				X			
Japan				X		X	
Korea				X		X	X
Luxembourg	X			X			
Malawi			X	X		X	
Netherlands				X			
New Zealand				X			
Norway				X	X		X
Pakistan				X		X	
Romania				X		X	X
South Africa	X	X	X	X		X	X
Spain				X			
Sweden			X	X		X	
Switzerland	X	X	X	X	X	X	X
Tunisia	X						
United Kingdom	X	X	X	X		X	X
United Kingdom for Hong Kong				X			X
United States				X		X	X
Uruguay						X	X
Yugoslavia			X				X

¹No notifications have been received from other contracting parties since 1978.

²This column does not necessarily reflect the real status of notifications of changes to the full notification, as some of the full notifications due in 1981 and which appear in the 1981 column have been made in 1982 or even in 1983.

ANNEX II TO APPENDIX I
NOTIFICATIONS UNDER ARTICLE XVII:4(a)¹ - STATE TRADING

	1978 (full)	1979	1980	1981 (full)	1982	1983	1984 (full)
Australia	X	X	X	X		X	
Austria	X	X	X	X	X	X	X
Belgium				X			
Canada	X	X	X		X	X	
Czechoslovakia	X	X	X		X		
Denmark	X				X		
Finland	X			X	X	X	
France				X			
Germany, F.R.	X			X			
Hungary							X
Ireland				X			
Israel				X			
Japan			X				
Luxembourg	X			X			
Malawi	X						
New Zealand	X		X	X			
Norway				X			X
Peru			X	X			
Poland							X
Romania			X	X		X	
South Africa	X	X	X	X		X	X
Spain						X	
Sweden	X		X		X		X
Switzerland	X	X	X	X	X	X	
Tunisia	X						
United Kingdom	X	X	X	X	X	X	
United States	X						X
Yugoslavia			X	X		X	X

¹No notifications have been received since 1978 from other contracting parties.

APPENDIX IIINFORMATION REQUIRED FROM CERTAIN CONTRACTING PARTIES

This Appendix reviews notifications under requirements applying only to certain contracting parties during the period 1 April - 30 September 1984. It supplements the notes on certain major actions under special arrangements given in the main body of the present document.

(a) Accession protocols

- Hungary, paragraphs 4(c) and 6(b): Report of the Working Party on Trade with Hungary (L/5635) covering the fifth consultation was adopted by the Council in May 1984 (C/M/178).

As of 13 July 1984, following the entry into force of a bilateral textiles agreement, based on the Arrangement Regarding International Trade in Textiles as extended by the Geneva Protocol (MFA III), Norway has abolished all quantitative restrictions on imports from Hungary referred to in paragraph 4 of the Protocol for the Accession of Hungary to the GATT (L/5675).

- Poland, paragraphs 3(b) and 5: No notifications.
- Romania, paragraphs 3(b) and 5: No notifications.
- Switzerland, paragraph 4: The eighteenth annual report was circulated in August 1984. A working party was set up in October to examine the three annual reports covering 1981, 1982 and 1983 (L/5423, L/5596 and L/5673).

(b) Waivers

- United States: Caribbean Basin Economic Recovery Act: The Working Party established in November 1983 is currently examining the request of the United States for a waiver under Article XXV:5 to grant trade preferences to countries in the Caribbean Basin region with effect from January 1984 (L/5573).
- United States: Imports of automotive products, paragraph 6: In accordance with the provisions of the Decision of the CONTRACTING PARTIES of 20 December 1965, authorizing a waiver of Article I of the General Agreement, to permit the United States to accord duty-free treatment to certain automotive products imported from Canada under the United States-Canada Automotive Products Agreement, the thirteenth annual report covering 1982 was submitted in July 1984 and was circulated in L/5666.

- United States: Import restrictions on agricultural products: The twenty-sixth annual report submitted by the United States (L/5595) under the Decision of 5 March 1955, on import restrictions in effect under Section 22 of the Agricultural Adjustment Act as amended, and the steps taken with a view to a solution of the problem of agricultural surpluses, is being examined by the Working Party.
- Uruguay: Import surcharges: A request for a further extension of the CONTRACTING PARTIES' Decision of 24 October 1972 (L/5655) which waived the provisions of Article II of the General Agreement to allow Uruguay to maintain certain import surcharges in excess of bound duties, was considered by the Council in June 1984. By Decision of 16 July 1984, the CONTRACTING PARTIES extended the time limit of the waiver for another year, until 30 June 1985 (L/5663).

- (c) Protocol relating to Trade Negotiations among Developing Countries: The eleventh annual report of the Committee of Participating Countries (L/5686 and Addenda) was considered at the September 1984 session of the Committee on Trade and Development.
- (d) Agreement on ASEAN Preferential Trade Arrangements: The report by the member States of ASEAN is expected in 1985.
- (e) Second ACP/EEC Convention of Lomé: A report by the parties to the Convention is expected in due course.
- (f) Committee on Trade and Development - Sub-Committee on Protective Measures: A notification has been received from Canada (COM.TD/SCPM/W/24) concerning the extension of the Article XIX action on leather and non-leather footwear as notified in L/5351/Add.17 and L/5263/Add.16 respectively.

Reverse notifications have been received from Peru (COM.TD/SCPM/W/25), Argentina (COM.TD/SCPM/W/26), Colombia (COM.TD/SCPM/W/27 and Sri Lanka (COM.TD/SCPM/W/28 and Addenda) on the investigation in the United States concerning certain countervailing duty petitions filed there.

These notifications were examined at the meeting of the Sub-Committee on 21 September 1984.

- (g) Arrangement Regarding International Trade in Textiles (Multi-Fibre Arrangement)

Notification requirements, and notifications received, under the Multi-Fibre Arrangement are dealt with in the report of the Textiles Surveillance Body to the Textiles Committee (COM.TEX/SB/984).

- (h) MTN Agreements and Arrangements

The following major developments related to the MTN Agreements and Arrangements have taken place during the period 1 April 1984 - 30 September 1984:

(1) Agreement on Technical Barriers to Trade:

At the request of the European Economic Community the Committee on Technical Barriers to Trade held an investigation under Article 14.4 of the Agreement on procedures for type approval of heating radiators and electromedical apparatus in Spain (see also Appendix III).

The Committee adopted recommendations regarding improvements in the examined type approval procedures at its meeting of 11 September 1984.

The European Economic Community reserved its right to revert to the matter under Article 14.22 of the Agreement.

(2) Agreement on Government Procurement:

In April 1984, the Committee on Government Procurement agreed that initial pilot studies are to be carried out on architectural and consulting engineering services, and on insurance services. This decision is to be seen in the context of Article IX:6(b) of the Agreement on Government Procurement, stipulating that the Committee shall explore the possibilities of expanding the coverage of the Agreement to include service contracts.

In May 1984, the Committee on Government Procurement adopted the report of the Panel established at the request of the United States to examine the EEC's practice of excluding value-added tax (VAT) from the threshold value of contracts awarded by public entities. The Panel found that the "contract value" fixed by the Agreement should include VAT unless the entity concerned was exempt from paying it. (See also Appendix III.)

(3) Code on Subsidies and Countervailing Duties (Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade):

No major developments falling within the scope of this report took place during the period considered.

(4) Arrangement Regarding Bovine Meat

On 4 June 1984 Colombia accepted the Arrangement [L/5517/Add.17], bringing the number of signatories to twenty-six and of participating countries to thirty-five. For 1982, Colombia's exports of bovine meat are estimated to be about 0.25 per cent of such exports by countries participating in the Arrangement.

On 18 June 1984 the International Meat Council, for the first time in its existence, established a working party to make proposals for steps that might be taken to overcome the serious imbalance or threat thereof in the international bovine meat market. The working party is to submit its report for consideration at the Council's next meeting, in December.

(5) International Dairy Arrangement

No major developments falling within the scope of this note took place during the period considered.

(6) Customs Valuation Code (Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade):

At its April 1984 meeting the Committee on Customs Valuation adopted a decision excluding from the customs value of imported goods any interest charges relating to their purchase, and payable under a financing arrangement entered into by the buyer. The Committee decision contains detailed implementation conditions. The practical implications of the decision will be substantial.

At its September 1984 meeting the Committee adopted a decision on the valuation of carrier media bearing software for data processing equipment.

On 28 May 1984 Czechoslovakia ratified its previous conditional acceptance (2 April 1984) of the Customs Valuation Code (L/5517/Add.6 and 7). On 13 August 1984 the Government of Botswana accepted the Customs Valuation Code. The Code entered into force for Botswana on 12 September 1984 (GLI/277). The two acceptances bring the number of signatories to twenty-four and of participating countries to thirty-three.

(7) Agreement on Import Licensing Procedures:

On 20 June 1984 Singapore accepted the Agreement on Import Licensing Procedures (L/5517/Add.8), bringing the number of signatories to twenty-four.

On 4 October 1984 the Committee on Import Licensing agreed that informal consultations should be pursued with non-signatories with a view to making progress in implementing the 1982 Ministerial Decision on MTN Agreements and Arrangements (L/5696).

The Committee agreed to a work programme designed exclusively to clarify certain provisions of the Agreement, taking into account the special provisions of the Agreement relating to developing countries.

(8) Agreement on Trade in Civil Aircraft

No major development falling within the scope of this report took place during the period considered.

(9) Anti-Dumping Code (Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade):

At its May meeting the Committee on Anti-Dumping Practices adopted a Recommendation concerning "Best information available in terms of Article 6:8". The Recommendation constitutes an understanding on the manner in which parties will implement provisions of the Code when an interested party does not provide necessary information to the investigation authority.

A United States legislative proposal entitled the Trade Remedies Reform Bill was a matter of substantial concern to the Committee on Anti-Dumping Practices at its May 1984 meeting.

On 20 June 1984 Singapore accepted the Code (L/5517/Add.8), bringing the number of signatories to twenty-two and of participating countries to thirty-one.

APPENDIX III

DISPUTE SETTLEMENT

The following disputes have been before the Council¹ or other GATT bodies during the period 1 April 1984 - 30 September 1984:

Matters taken up under Article XXIII²

European Communities: imports of newsprint: recourse by Canada. (L/5628) At the request of Canada, the Council at its March 1984 meeting agreed to establish a Panel to examine the reduction by the European Communities of its duty-free newsprint quota. Canada submitted that the reduction, from 1.5 million to 0.5 million tons for 1984 was in breach of the General Agreement and detrimental to Canadian interests. The Panel has already held several meetings, and it is expected that it will submit its report to the Council in the near future.

European Communities: subsidies on canned peaches, canned pears and raisins: recourse by the United States (L/5306). The Panel established in March 1982 to examine the dispute sent its report to the parties in July 1984. As of September 1984 the two parties were consulting bilaterally in an attempt to reach a mutually satisfactory settlement.

European Communities: imports of citrus fruits and products: recourse by the United States (L/5337). The Council agreed in November 1982 to establish a Panel: it was set up in July 1983. Since that date a series of meetings have been held.

European Communities: quantitative restrictions on imports of certain products from Hong Kong: recourse by the United Kingdom on behalf of Hong Kong. The report of the Panel (L/5511) was adopted by the Council in July 1983. The item was further discussed by the Council in October and November 1983 and February and May 1984. At the May Council meeting the United Kingdom on behalf of Hong Kong continued to press for termination of the remaining restrictions, the most important in terms of trade coverage. Informal consultations are under way.

Japan: measures affecting the world market for copper ores and concentrates: request by the European Communities for a working party. (L/5627) At its March and May meetings the Council considered a request by the European Economic Community for a working party on this matter. Several countries, however, took the view that the question did not fall within the GATT because the pricing and purchasing practices questioned were those of private industry and that there was no government intervention. The Community agreed to a proposal for informal consultations among interested delegations organized by the Chairman, on which the secretariat would report to the Council. These consultations are under way.

¹For minutes of Council consideration of these disputes see C/M/178 (Council of 15-16 May), C/M/179 (14 June), C/M/180 (26 July).

²See also the matters listed under Article XXII - Consultations (Appendix I).

Japan: measures on imports of leather: recourse by the United States. In May 1984, the Council adopted a report by a dispute Panel (L/5623) which had considered a complaint on measures applied by Japan on imports of leather. In accepting adoption of the report, Japan agreed to make efforts progressively to liberalize import restrictions on leather in the direction of eventual conformity with GATT rules. The Japanese representative declared that, as a first stage, his Government would liberalize trade in certain of the products involved. Several representatives of other countries said that they were willing to allow reasonable time for the elimination of the measures in question but did not see that time period as open-ended.

New Zealand: imports of electrical transformers: recourse by Finland. On 24 February 1984, New Zealand initiated anti-dumping proceedings against imports of Finnish electrical transformers. Article XXIII:1 consultations requested by Finland were terminated in June 1984, but did not lead to a satisfactory solution. In the view of the Finnish Government, the benefits accruing to Finland under the General Agreement, especially Article VI, have been impaired. On 21 September 1984 the Government of Finland requested that the CONTRACTING PARTIES establish a panel, pursuant to the provisions of Article XXIII:2, to investigate the matter and to make appropriate recommendations or give a ruling on it.

United States: imports of sugar from Nicaragua: recourse by Nicaragua. Meeting on 13 March 1984, the Council adopted the Panel's report on the complaint by Nicaragua referring to United States imports of sugar. In accordance with its terms of reference, the Panel considered only the trade aspects of the matter. It concluded that reduction of the sugar quota allocated to Nicaragua by the United States for fiscal year 1983/84 was inconsistent with obligations of non-discrimination laid down in Article XIII:2 of the General Agreement. At the May and July Council meetings, Nicaragua requested information about how and when the United States intended to implement the Panel's recommendation. The representative of the United States reiterated that his Government could envisage withdrawing the measure in the context of a solution of its broader dispute with Nicaragua.

United States: Manufacturing Clause: recourse by the European Communities. The Council adopted in May a report by a dispute Panel (L/5609) which reviewed a complaint on the Manufacturing Clause of United States copyright legislation. The United States accepted adoption of the report. The United States representative declared that his Government intended to make every effort to render its practice in conformity with GATT rules. He noted, however, that his Government might need a certain time to implement the recommendation made by the Panel.

United States: United States tax legislation (DISC): follow-up on the report of the Panel. On 11 July 1984 the United States representative informed the Council that Congress had passed the Foreign Sales Corporation Act (FSCA) to replace the DISC system. He believed the new system to be consistent with the General Agreement and with the Council's rulings on this matter. While appreciating the efforts made by the United States to abide more closely by the GATT provisions, several delegations continued to have reservations over certain aspects of the new Act in terms of compatibility with GATT. They reserved the right to revert to the matter in due course. The President of the United States signed the Foreign Sales Corporation Act of 1984 into law on 18 July. The new law will be effective for the tax year beginning after 31 December 1984.

Other matters

Although not falling within the responsibility of the Council, the following dispute settlement cases raised in Committees established under MTN Agreements are of interest in the context of the Council's consideration of dispute settlement procedures:

Canada - Anti-dumping investigation: recourse by the European Economic Community. The matter of an anti-dumping investigation by Canada against certain electric generators from Italy has been discussed by the Committee on Anti-Dumping Practices on several occasions. At the May 1984 meeting the representative of the EEC informed the Committee that the conciliation process had failed. The Committee agreed that the matter under review was of general interest and considered that the Committee's Ad-Hoc Group should examine the question of "definition of sale". The work of the Ad-Hoc Group continues.

European Economic Community - Subsidies on exports of wheat flour: recourse by the United States. A Panel established by the Committee on Subsidies and Countervailing Measures submitted its report (SCM/42) in March 1983. The report is still before the Committee. Informal consultations continue.

European Economic Community - Subsidies on export of pasta products: recourse by the United States. A Panel established by the Committee on Subsidies and Countervailing Measures submitted its report (SCM/43) in May 1983. The report is still before the Committee. Informal consultations are under way.

United States - Subsidies on the export of wheat flour to Egypt: recourse by the European Economic Community. In May 1983, a decision was taken by the Committee on Subsidies and Countervailing Measures to establish a panel.

European Economic Community - Value-added tax and threshold: recourse by the United States. The Committee on Government Procurement established in 1983 a Panel to examine the EEC's practice of excluding value-added tax (VAT) from the threshold value of contracts awarded by public entities. The report of the Panel was adopted by the Committee on Government Procurement in May 1984. The Panel concluded that the present EEC practice was not in conformity with the Agreement on Government Procurement.

Spain - Standards for type approval of radiators and electromedical apparatus in Spain: recourse by the European Economic Community. At the request of the European Economic Community, the Committee on Technical Barriers to Trade held an investigation under Article 14.4 of the Agreement. The Committee concluded the investigation at its meeting of 11 September 1984 and adopted recommendations regarding improvements in type approval procedures in Spain.

APPENDIX IV

BILATERAL TRADE AGREEMENTS

Bilateral trade agreements between the following countries (given in alphabetical order) have come to the attention of the secretariat in the period under review:

Algeria - Tunisia^{a, d}
Algeria - Pakistan^b
Algeria - Senegal^a
Algeria - Yugoslavia^a
Argentina - Cuba^a
Argentina - Poland^a
Austria - Iran, Islamic Republic of^c
Bahrain - Korea, Republic of^b
Bahrain - Tunisia^b
Bulgaria - Pakistan^c
China, People's Republic of -
Pakistan^c
Colombia - Soviet Union^c
Cuba - Libya^b
Cuba - Switzerland^c
Cyprus - Czechoslovakia^c
Czechoslovakia - Italy^c
Czechoslovakia - Libya^{a, b, c}
Egypt - Ghana^c
Egypt - German Democratic Republic^b
Egypt - Mexico^c
Egypt - Somalia^{b, c}
European Economic Community - China,
People's Republic of^b
Gabon - Morocco^b
German Democratic Republic - India^c
German Democratic Republic -
Spain^{b, c}
Ghana - Burkina Faso^{a, c}
Ghana - Yugoslavia^b
Greece - Czechoslovakia^c
Greece - German Democratic Republic^c
Guyana - Bulgaria, China, People's
Republic of, Korea, Democratic
Peoples Republic of^{b, c}
India - Iran, Islamic Republic of^c
India - Libya^{a, c}
Indonesia - Soviet Union^{b, c}
Iran, Islamic Republic of - Malta^b
Iran, Islamic Republic of -
Nicaragua^c
Iran, Islamic Republic of -
Romania^{b, c}
Iran, Islamic Republic of -
Singapore^{b, c}
Iran, Islamic Republic of - Spain^c
Iraq - New Zealand, Romania^b
Israel - United States^c
Jordan - Malta^c
Jordan - Tunisia^d
Kenya - Tanzania, Ethiopia,
Yugoslavia^c
Mali - Burkina Faso^{b, c}
Malta - Soviet Union^c
Mexico - Poland^c
Morocco - Turkey^c
Mozambique - Tanzania^{c, d}
Pakistan - Qatar^{b, c}
Pakistan - Soviet Union^c
Peru - Soviet Union^c
Poland - Soviet Union^{b, c}
Romania - Zimbabwe^a
Senegal - Tunisia^a
Tunisia - Turkey^c

^aAgreement to exchange groups of products.

^bEconomic cooperation and/or agreement to remove impediments to trade.

^cTrade and payments agreement.

^dGranting of preferential treatment.

APPENDIX V

Voluntary Export Restraints and Orderly Marketing Arrangements

Still in Force^a

	<u>Countries involved</u>	<u>Product</u>	<u>Duration</u>	<u>Reference</u>
			<u>1978</u>	
<u>1.</u> ^b	EEC (United Kingdom)/ Korea	Footwear	Jan. 1978–now	Newsreview, 31.10.1981 Information from country concerned
2.	EEC (Ireland)/Poland	Footwear (CCCN 64.02)	1978–1981	European Report, 3.8.1978 (Survey No. 3, page 35)
<u>3.</u> ^b	EEC (United Kingdom)/ Korea	Flatware (cutlery)	Jan. 1978–now	Information from country concerned
<u>4.</u> ^c	EEC (Germany)/Korea	"	July 1978–now	"
<u>5.</u> ^c	EEC (Benelux)/Korea	"	July 1978–now	"
6.	Japan/Korea	Woven fabrics of silk	April 1976–now	Information from country concerned
<u>7.</u>	Norway/Korea	Leather garments	Jan. 1978–now	"
8.	EEC/(United Kingdom)/ Poland	Footwear (CCCN 64.02)	1979–1983	Information from country concerned
9.	EEC/Argentina	Apples	1979 season	L/5047
10.	EEC/Australia	"	"	"
11.	EEC/New Zealand	"	"	"
12.	EEC/South Africa	"	"	"
13.	United States/Korea	Colour TV receivers	Jan. 1979– June 1982	Information from countries concerned
14.	United States/Korea	Mushrooms, preserved or prepared	July 1979– June 1980	"
<u>15.</u>	Norway/Korea	Ski boots	Jan. 1979–now	"
			<u>1980</u>	
<u>16.</u>	EEC (Ireland)/Korea	Footwear	Jan. 1980–now	"

	<u>Countries involved</u>	<u>Product</u>	<u>Duration</u>	<u>Reference</u>
			<u>1980</u>	
<u>17.</u> ^b	EEC (United Kingdom)/ Korea	Black and white TV	Jan. 1980- Dec. 1984	Information from countries concerned, Newsreview, 12.11.83.
18.	EEC/India	Jute products	Jan. 1980- Dec. 1983	L/5000/Rev.1
19.	EEC/Bangladesh	"	"	"
<u>20.</u>	EEC/Argentina	Sheep meat and goat meat	Oct. 1980- March 1984	L/5154
21.	EEC/Australia	"	"	"
<u>22.</u>	EEC/New Zealand	"	"	"
<u>23.</u>	EEC/Uruguay	"	"	"
			<u>1981</u>	
<u>24.</u>	Spain/Austria	Cheese	Jan. 1981-now	L/4978/Add.2
<u>25.</u>	Spain/EEC	"	"	"
<u>26.</u>	Spain/Finland	"	"	"
27.	EEC/Thailand	Jute yarn	Jan. 1981- Dec. 1983	COM.TD/SCPM/3
<u>28.</u>	EEC/Austria	Sheep meat and goat meat	April 1981- March 1984	L/5154
<u>29.</u>	EEC/Iceland	"	"	"
<u>30.</u>	EEC/Poland	"	"	"
<u>31.</u>	EEC/Romania	"	"	"
<u>32.</u>	EEC/Yugoslavia	"	"	"
<u>33.</u>	EEC/Hungary	"	"	L/5154/Add.1
<u>34.</u>	United States/Japan	Automobiles	April 1981- March 1985	Press reports, information from country concerned

	<u>Countries involved</u>	<u>Product</u>	<u>Duration</u>	<u>Reference</u>
			<u>1982</u>	
<u>35.</u>	EEC/Thailand	Manioc/Tapioca	Jan. 1982- Dec. 1986	EC Official Journal L219/52, 28.7.82
<u>36.</u>	EEC/Austria	Cheese	Jan. 1982- Dec. 1984	L/5353, L/5370
<u>37.</u>	EEC/Finland	"	"	L/5352, L/5353
<u>38.</u>	United States/EEC	Certain steel products	Nov. 1982- Dec. 1985	L/5413, L/5448
			<u>1983</u>	
39.	United States/ Australia	Beef	Jan. 1983- Dec. 1983	The World Market for Bovine Meat, 27.1.84 (page 15)
40.	United States/New Zealand	Beef	Jan. 1983- Dec. 1983	"
<u>41.</u>	EEC (France, United Kingdom)/Republic of Korea	Tableware and other Articles of a kind commonly used for domestic or toilet purposes, of stoneware	April 1983- Dec. 1985	EC Official Journal L 96/8, 15.4.83

^aIn some cases, these arrangements are also called "Voluntary restraint agreements".

^bThe importing country concerned considers that this entry is premature in the absence of agreement on the notification of actions other than those of governments.

^cThe importing countries concerned have no knowledge of this measure nor of a domestic industry participating in a private agreement.