

GENERAL AGREEMENT ON

RESTRICTED

C/W/590/Add.1

21 June 1989

TARIFFS AND TRADE

Limited Distribution

COUNCIL

21 June 1989

DEVELOPMENTS IN THE TRADING SYSTEM

September 1988 - February 1989

Addendum/Corrigendum

Subsequent to the completion of the background document prepared for the special Session of the Council on Developments in the Trading System (C/W/590), the following additional information or corrections have been provided to the secretariat or came to its knowledge otherwise.

Page 6, paragraph 13

Second sub-paragraph, replace the last sentence by the following: "Others, however, relating to intellectual property and existing bilateral agreements on telecommunications, may involve short deadlines for the elimination of offending measures and, if this is not forthcoming, for retaliatory action."

Page 10, paragraph 28

Second line: replace "eight" by "five".

Second and third lines: delete ", including Sao Paulo, which provides the bulk of Brazil's beef exports to the EC," and "continued".

Eighth line: replace "Authorities" by "Ministry of Agriculture".

Ninth line: replace "combating foot-and-mouth disease" by "eradicating foot-and-mouth disease in Brazil within a period of two years, with resources to be partially financed by the World Bank".

Page 11

Add new paragraph after paragraph 33: "The Republic of Korea will lift restrictions on 46 agricultural and livestock imports in 1989, in line with its three-year market opening plan. The Agriculture, Forestry and Fisheries Ministry will import US\$2.1 billion of such restricted goods. The imports will include US\$1.6 billion of wheat, corn and soybeans; US\$150.6 million in such feeds as animal protein and substitute oil; US\$8.5 million in livestock; US\$17.3 million in livestock products, such as beef, whey powder and skim milk; and US\$172.6 million in other goods (see also Section V, Quantitative Restrictions and Other Non-Tariff Measures)."

Pages 16 and 17, paragraph 54

Third line: replace "7.39 million tonnes" by "6.4 million tons".

Add to end of paragraph: "(see also Section VII, Export Restraint Arrangements on Steel)".

Page 47, paragraph 185

Fifth line: replace "45 per cent" by "50 per cent".

Eighth line: replace "120,000 tonnes" by "200,000 tonnes".

Page 51, paragraph 201¹

Sub-heading (b), third line: replace "1.9.19 ringgit" by "149.19 ringgit".

Page 51, paragraph 205

Seventh line: replace "25 per cent" by "20 per cent".

Page 58

Add new paragraph after paragraph 233: "Finland: Finland adapted its Generalized System of Preferences to the Harmonized System as of 1 January 1989. The major change concerns the presentation of rules, i.e. the introduction of a single list instead of lists A and B. The list indicates all cases where the basic principle of the change of heading does not apply, or does so only under certain conditions, or where special requirements have been set out in respect of origin. The Decree (No. 974/71) on the preferential treatment of goods imported from developing countries was amended by Decree No. 1064/88 which entered into force on 1 January 1989. Macao was included in the scheme as from 1 January 1988 and the Netherlands Antilles were added as of 1 January 1989. At the same time, the status of Burma was changed to that of a least developed country. As concerns product coverage, 30 items having minor commercial value in trade were deleted from the list of products not eligible for GSP treatment, and two items were added to the list in favour of the least developed countries (L/3694/Add.19)."

Page 59

Add new paragraph after paragraph 239: "United States/Burma, Central African Republic, Poland: In April 1989, the President of the United States proposed to admit Poland to the US Generalized System of Preferences. Poland is eligible since it has a per capita income of US\$1,092 per year, according to World Bank estimates. Burma and the Central African Republic will have their GSP benefits indefinitely

¹In English only.

suspended as a result of the annual review of the programme. Other changes in the programme include the addition of nine products from 16 countries with a trade value of US\$10.8 million. One product, steel pipe fittings, worth US\$11.9 million in trade, will be removed from GSP as a result of petitions filed by the industry. These changes will go into effect on 1 July 1989."

Page 61, paragraph 245

Seventh line: add "18 - cocoa and preparations;" after "10 - cereals;".

Page 61

Add new paragraph after paragraph 245: "According to a notification received in April 1989 (L/6476), Brazil published on 2 September 1988 CACEX Communiqué No. 204 containing the new rules governing Brazilian imports. This Communiqué consolidates all the rules currently in force and replaces CACEX Communiqué No. 133 (L/5857) of 20 June 1985. The new measures are to facilitate imports into Brazil."

Page 61

Add new paragraph after paragraph 246: "According to a communication received on 6 April 1989 (L/6484), Canada will impose import controls on broiler hatching eggs and chicks hatched from broiler hatching eggs for chicken production. The new action is considered necessary to support the domestic supply management system for broiler hatching eggs and chicks."

Page 61

Add new paragraph after paragraph 248: "It was reported in March 1989 that China had decided to reduce timber imports by nearly 40 per cent in 1989. Timber imports amounted in 1988 to 10.5 million cubic metres."

Page 64, paragraph 262

Replace the paragraph by the following: "India: A simplified procedure for obtaining licences for import of capital goods, raw materials, components and consumables by State Electricity Boards/Projects and by public sector undertakings engaged in the production and distribution of electricity has been introduced with effect from 7 November 1988. In addition, on 25 October 1988, India permitted imports of nine items of textile machinery under Open General Licence (OGL). Furthermore, effective 2 December 1988, 27 items of machinery required for the manufacture of bicycles and components thereof were placed on OGL. Effective 24 February 1989, six more items of textile machinery (including two for the woollen industry) and 12 items of machinery required for the manufacture of ball and roller bearings have also been allowed for import under OGL."

Page 65

Add new paragraph after paragraph 267: "It was reported in April 1989 that Japan will liberalize imports of prepared tomato products in July. A tariff quota system will be set up for tomato purée and paste used as material in producing tomato ketchup and sauce. The primary tariff on the volume within the quota will be zero and the secondary tariff for amounts exceeding the quota limits will be 20 per cent. Japan introduced also a new tariff quota system for feed maize as of 1 April 1989."

Page 65, paragraph 270

Add to end of paragraph: "(see also Section I, Sectoral Developments on Agriculture)".

Page 67

Add new paragraph after paragraph 282: "Yugoslavia: Effective 1 January 1989, Yugoslavia introduced a great number of changes to its import régime. The changes represent a liberalization of the import régime. As a result of the measures, a great number of products were moved from the system of quotas fixed by quantity and value to liberalized imports; a substantial number of goods were moved from the system of conditionally liberalized imports to liberalized imports; a large number of goods were changed from the system of quotas fixed by quantity and value to conditionally liberalized imports; and some items were moved from liberalized imports to quotas fixed by quantity and from conditionally liberalized imports to quotas fixed by value. For a large number of goods, import accordance was cancelled, while for some others it was introduced (see L/6486)."

Page 69, paragraph 286

Add to end of paragraph: "However, according to the Brazilian Authorities, no such sales occurred during the review period."

Page 87, paragraph 363

First line: replace "Brazil" by "one of the Brazilian manufacturers".
Fifth line: replace "made" by "maintained this ruling in".
Seventh line: replace "also is being carried out" by "resulted in a final negative determination".

Add to end of paragraph: "In May 1989, the USITC ruled that the domestic industry was not being injured by Brazilian imports."

Page 89

Add new paragraph after paragraph 370: "EEC(France, Ireland)/ Argentina, Australia, Bulgaria, Hungary, New Zealand, Poland, Romania, Yugoslavia: The EC Commission has agreed sheepmeat import quotas for the designated "sensitive areas" of France and Ireland for 1989. Following a management committee decision, the maximum global quantity of sheepmeat from third countries allowed into France in 1989 has been set at 10,333 tonnes (New Zealand, 5,638 tonnes; Argentina, 1,210 tonnes; Poland, 1,150 tonnes; Hungary, 975 tonnes; Australia, 806 tonnes; Bulgaria, 360 tonnes; Romania, 144 tonnes; and Yugoslavia, 50 tonnes), while a zero limit has been fixed for Ireland. The delivery quotas are provisional for three of the third countries involved, namely New Zealand, Argentina and Uruguay, in view of their failure so far to agree binding voluntary restraint agreements for 1989. Restrictive import quotas for France and Ireland have been agreed every year since the EC sheepmeat régime was set up in 1980."

Page 92

Add new paragraph after paragraph 381: "Korea, Rep. of: Under an accord reached in bilateral talks in Brussels in March 1989, the Republic of Korea has agreed not to ship more than 180,000 tons of steel to the European Communities in 1989, about 74 per cent of this year's annual basic quota but an increase of 6 per cent over last year's actual exports. The 180,000 tons account for only 2.8 per cent of Korea's global steel export target of 6.4 million tons for this year. Of the global target, 38 per cent is earmarked for Japan, 25 per cent for Southeast Asia and 18.8 per cent for the United States."

Page 92, paragraph 384¹

Fifth and sixth lines: after "2.72" and "2.03", replace "metric" by "million".

Page 93, paragraph 388¹

Third line: replace "application" by "accession".

Page 96, paragraph 403

Replace the first sentence by the following: "Through agreed minutes during the first meeting of the Joint Commission, in October 1988, Brazil and Iran decided to make efforts to increase trade flows."

¹In English only.

Add to end of paragraph: "In January 1989, the countertrade agreement for the supply of Iranian oil against Brazilian commodities and manufactured goods was renewed."

Page 97, paragraph 405

Fourth and fifth lines: replace "machine tools" by "vodka".

Page 97, paragraph 406

Delete paragraph.

Page 100, paragraph 427

Replace all but the last sentence by the following: "In August 1988, Brazil and Bolivia signed bilateral cooperation and trade minutes, under which Bolivia will gain easier access to the Brazilian market for some 600 products."

Page 100, paragraph 428

Delete paragraph.

Page 111, paragraph 476

Replace the paragraph by the following: "The USTR's office has also prepared, as is required by Section 182 of the 1988 Omnibus Trade and Competitiveness Act, a report that identifies those countries that deny adequate protection, or market access, for intellectual property rights against which Section 301 procedures which may lead to retaliation will be initiated (see L/6435, page 73). However, as was announced by the USTR on 25 May 1989, because of significant progress made in negotiations, the Administration has identified no "priority countries" under the so-called "Special 301" intellectual property provisions of the Trade Act. Instead, it has singled out 25 countries whose practices deserve special attention; 17 of those countries have been placed on a "Watch List", while the remaining eight countries have been placed on a "Priority Watch List". Accelerated action plans for resolving outstanding issues have been developed for each of the eight countries on the Priority Watch List (Brazil, China, India, the Republic of Korea, Mexico, Saudi Arabia, Taiwan and Thailand). Their status under Special 301 will again be reviewed by 1 November 1989, taking into account the extent to which the objectives of the action plans have been achieved. Countries on the Watch List are: Argentina, Canada, Chile, Colombia, Egypt, Greece, Indonesia, Italy, Japan, Malaysia, Pakistan, Philippines, Portugal, Spain, Turkey, Venezuela and Yugoslavia."

Page 111, paragraph 477

Replace the paragraph by the following: "The Office of the United States Trade Representative has also drawn up a report on major foreign trade barriers that it considers to be targeted for investigation under the Super 301 provision of last year's Trade Act. Under the Super 301 provision, the Trade Representative must identify trade liberalization priorities, "including major barriers and trade-distorting practices, the elimination of which are likely to have the most significant potential to increase US exports, either directly or through the establishment of a beneficial precedent". In addition to the Uruguay Round as a priority, the USTR, on 25 May 1989, identified the following priority practices and countries that will be the subject of investigation and negotiation in this year's Super 301 process:

- Quantitative import restrictions - including import bans, quotas, and restrictive licensing régimes that inhibit imports of manufactured and agricultural products. Such practices in Brazil will be given priority attention.
- Exclusionary government procurement - where governments have adopted policies and practices that afford protection to domestic products and exclude foreign suppliers. Such practices affecting Japan's procurement of satellites and supercomputers will be given priority attention.
- Technical barriers to trade - where governments have adopted trade-restrictive technical standards and regulations that create unnecessary obstacles to international trade. Such standards affecting imports of forest products in Japan will be given priority attention.
- Trade-related investment measures - including requirements governments place on foreign investors to export a portion of what they produce, or to use locally-produced inputs, and other trade-distorting requirements. Such practices in India will be given priority attention.
- Barriers to trade in services - including government measures which prevent US services industries from competing effectively in foreign markets. India's market, completely closed to foreign insurance companies, will be given priority attention.

The USTR has determined that other trade barriers, including those listed in the Super 301 Report (such as trade-distorting subsidies and agricultural policies), will be better pursued at this time outside of Section 301, especially through multilateral negotiations in the Uruguay Round. Investigations against priority practices of priority countries identified in the report must be initiated by 15 June 1989. The USTR

intends to re-evaluate next year the status of certain practices not identified now, in light of progress made in bilateral and multilateral negotiations."

Page 115, paragraph 492

Fifth line: replace "U Sh 165" by "U Sh 200 to US\$1".

Pages 118-121, Appendix I to Section X¹

Eighth column: add footnote "(3)" to "Co-operative Arrangements".

Page 122, paragraph 502

Delete paragraph.

Page 129, Annex I to Appendix I

Footnotes D and G: replace "NTM/W/6/Rev.4" by "NTM/W/6/Rev.5 and Rev.5/Add.1".

Page 175, Appendix V¹

Sixth item in "Product" column: replace "of" by "or".

Page 177¹

Second item in "Major Element" column: delete "Unilateral".

Third item in "Major Element" column: replace "Import quota" by "Unilateral import quota".

Page 179¹

Footnote 1 should read: "The importing country concerned considers ..."

¹In English only.