

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.IND/4/Add.1

30 August 1968

Limited Distribution

Committee on Industrial Products

Original: English

## INVENTORY OF NON-TARIFF BARRIERS

### Addendum

The following notification, submitted by the Portuguese delegation, supplements the notifications contained in COM.IND/4.

Add to Part I - General Section, in its alphabetical order, for Portugal:

#### Quantitative restrictions

Maintenance of quantitative import restrictions. In order to protect marginal or relatively unimportant sectors of their economy, some countries have been maintaining indefinitely a certain number of import restrictions, thereby affecting the traditional flow of trade.

Widening of quantitative import restrictions. In addition to the restrictions allowed under the General Agreement of Tariffs and Trade as related to deficitary payment balances, certain countries have set up restrictions of a temporary and in some cases undefined character, introduced unilaterally with the object of protecting domestic production affected by foreign competition.

Discriminatory practices in the assignment of import quotas. In a number of countries the importation of certain goods is being limited by bilateral or global quotas which have remained unchanged for many years.

In some instances the method followed by the authorities in assigning those quotas has had the effect of restricting trade. Quite often selective or priority criteria are applied which confine the quotas to certain goods, thereby in effect impairing or making impossible the importation of other goods despite the fact that the latter may be comprised in the same generic denomination, tariff heading, or statistical designation.

In some cases the quotas are not being allocated according to an appropriate system (value instead of quantity, and vice-versa), thereby counteracting or hindering the normal evolution of trade.

Under the circumstances, and even in cases where those quotas are of a bilateral nature, appropriate action for the widening of their scope would be called for as a first step towards gradual liberalization.

Quantitative restrictions on goods currently subject to tariff negotiations. The maintenance of quantitative restrictions by certain countries in respect of goods comprised in the last Kennedy Round negotiations constitutes in itself a contradiction. As an example, the restrictions applied to the importation of canned fish in France, and to liquorous wines and certain types of cork in Italy, may be mentioned in this connexion.

#### Other taxes

Internal revenue taxation levied at the time of importation. In respect of foreign-made goods, the collecting of taxes of internal revenue is effected at the time of importation, whereas in respect of goods of domestic manufacture the said internal revenue taxes are collected at the time the goods are sold for consumption. The importers are thus implicitly forced to bear the burden of long-term or short-term financial immobilization, thereby further obstructing imports.

Furthermore, some of those taxes are of a discriminatory nature. In Belgium for example, cork agglomerates manufactured with pitch (local production) are exempt from a tax collected on the importation of kindred agglomerates manufactured with natural resins, such as normally supplied by Portugal.

#### Valuation for customs purposes

Assessment of the value of the goods to the effect of duty rates. The existence of numerous and variable criteria for the assessment of the basic value of the goods in respect of duty rates constitutes, owing to its inherent uncertainty, an additional obstacle to trade.

#### Technical and administrative matters

The structure of customs tariffs. The lack of clearness and the exaggerated specification or painstaking detailing as practiced in certain tariffs represents an important obstacle to trade by reason of the element of incertitude thereby introduced into the respective customs duties, and not least because of the complexity of the required documents and forms.

Wherever quantitative import restrictions subsist, exaggerated specification in the item headings of the customs tariffs must necessarily constitute another limiting factor.

A characteristic example of this situation is represented by the tariff of the United States in respect of cotton textiles. The existence of an extraordinarily large number of specifications enormously hinders the adjustment of the quotas established under the Long-Term Agreement on the Trade of Cotton Textiles to the oscillations of the market, thereby considerably obstructing the interests of importers and exporters alike.

Disparities in tariff rates. Not infrequently, considerable disparities are to be found in the tariff rates of identical goods, or of replacement goods, such rates actually referring merely to the state of preparation of those goods and/or to the kind or method used in packaging them.

A characteristic example of this is represented by the case of bottled wines, on which in some cases the rate of duty is much higher than the rate on the same wines shipped in barrels.

Apart from the inconvenience which such disparities of treatment represent for the trade, they encourage forgery and adulteration of the wines.

Complexity of required documentation and forms. Despite all endeavours at simplification, in many cases the requirements of complex documentation and lengthy forms still inconvenience trade in a number of countries, not only owing to the delays they invariably cause, but also by reason of the charges (taxes, stamps, fees, etc.) levied on the import trade.

Certificates of analysis required. The requirement - at times apparently unjustified - of certificates of analysis, quality, etc. represents a serious obstacle to the trade of certain goods.

In addition to the certificates issued by the competent authorities of the exporting countries quite often certificates from the authorities of the importing country are required, thereby occasioning delays and risks to trade.

Recently the Italian authorities have begun to require, in what seems to be a discriminatory manner, phytosanitary certificates for the importation of pineapples from certain countries.

Another characteristic instance is represented by the analysis of wines which in certain cases is compulsory, even when the respective specifications have already been certified by the authorities of the country of origin.

Internal regulations. In certain countries there are complex and imprecise internal regulations, which in actual practice render the importation of certain goods impossible.

In a number of European countries, notably in France, the formalities and requirements in respect of the sale of foreign-made pharmaceutical specialities practically prevent their importation.

#### Government aids

Policies of subsidized exportation. The policy of direct subsidies to exportation for the defense or assistance of lesser competitive goods indirectly affects the exports of other countries.

Thus, a case which is of special interest to Portuguese exporters consists in the practice of subsidizing the exportation of tomato preserves such as adopted by Italy within the scope of the agrarian policy of the European Economic Community.

Subsidized shipbuilding. The subsidies granted by certain countries to their shipbuilding industry, generalized in respect of vessels intended for their domestic merchant marines or for export, impairs the expansion of this industry in other countries.

Thus in a number of instances Portuguese shipyards have lost orders from foreign shipowners and shipping companies as a result of the subsidies granted by the governments of foreign countries to competing shipyards abroad.

#### State trading

Limitations to trade. The existence of State-operated organizations for foreign trade - a characteristic of socialist countries, and/or of countries with a centrally directed economy - represents in itself a limitation of trade.

With a similar restrictive effect there are to be found in other countries monopoly régimes for the trade in certain goods, or trade exclusivities assigned to, or maintained by, exclusive business associations or groups which are easily influenced by the administration of their countries, and therefore inclined to grant preference to local industries even in cases where imported goods are admittedly of better quality and more favourably priced.

Add to Part II - Country sections:

| <u>Restriction</u>                                                                              | <u>Product</u>                              | <u>Notified by</u> | <u>Comment</u>                                                                |
|-------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------|-------------------------------------------------------------------------------|
| <u>BENELUX</u>                                                                                  |                                             |                    |                                                                               |
| <u>Other taxes</u>                                                                              |                                             |                    |                                                                               |
| Tax on cork agglomerates made with natural resins; tax-free status for agglomerates with pitch. | Cork agglomerates made with natural resins. | Portugal           | Tax discrimination against import.                                            |
| <u>FRANCE</u>                                                                                   |                                             |                    |                                                                               |
| <u>Quantitative restrictions</u>                                                                |                                             |                    |                                                                               |
| Quota on goods included in Kennedy Round negotiations.                                          | Canned fish.                                | Portugal           | Quantitative restrictions on such goods constitute in itself a contradiction. |
| <u>ITALY</u>                                                                                    |                                             |                    |                                                                               |
| <u>Quantitative restrictions</u>                                                                |                                             |                    |                                                                               |
| Quota on goods included in Kennedy Round negotiations.                                          | Liquorous wines, certain types of cork.     | Portugal           | Quantitative restrictions on such goods constitute in itself a contradiction. |
| <u>Technical and administrative matters</u>                                                     |                                             |                    |                                                                               |
| Phytosanitary certificates.                                                                     | Pineapples from certain countries.          | Portugal           | Seems to be discriminatory. Causes delays and risks to trade.                 |
| Government aids                                                                                 | Tomato preserves.                           | Portugal           | Directly affect exports of other countries.                                   |
| Export subsidies.                                                                               |                                             |                    |                                                                               |
| <u>UNITED STATES</u>                                                                            |                                             |                    |                                                                               |
| <u>Technical and administrative matters</u>                                                     |                                             |                    |                                                                               |
| Excessive complexity in tariff classification.                                                  | Cotton textiles.                            | Portugal           | A trade limiting factor especially where IFA quotas already obstruct trade.   |