

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.IND/ 6/ Add.4/ Corr.3  
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Limited Distribution

Committee on Trade in Industrial Products

## INVENTORY OF NON-TARIFF BARRIERS

### Specific Limitations on Imports and Exports

#### Corrigendum

The following changes should be made on the pages indicated.

Page 5

Following the general notification by India, insert:

#### POLAND

At the meeting of the Committee on 7 February, the representative of Poland stated that he did not wish the Committee to misinterpret the absence of a written notification by Poland concerning the existence of non-tariff barriers which impede the expansion of Poland's trade. If there had been no notification up to now, it was inter alia because the main obstacle was of a very general nature: that the terms of GATT were not being applied to Poland, notwithstanding that Poland had now been a contracting party for nearly two years.

To cite an example of a restrictive measure confronting Poland's trade, he referred to a situation which was clearly in part an instance of a barrier caused by "governmental participation in trade" although it could also be regarded as resulting from the use of discriminatory quantitative restrictions. Specifically, one country which was taking advantage of the possibility of retaining some import restrictions against Polish goods for a transitional period, was operating a licensing system which went beyond what was intended in that it created a windfall monopoly profit for the importers who receive the few licences accorded for imports from Poland. Their exceptional profit margins are, in short, made possible by the State's practice of limiting licences. In the trade in vodka, for instance, this limitation enables an importer in one country of the Common Market to retail one bottle at the same price paid for twelve, a profit margin not to be explained by duties or other costs but exclusively by the strict limitation on licences, which the Common Market seemed to be in the process of institutionalizing.

To take another example, Poland had not mentioned its interest in "Buy American" measures, yet these restrictions have a definite psychological effect upon potential Polish exporters, with the practical result that exports from Poland will not grow at a satisfactory rate.

Poland never pretended to have another economic system than it has. Modifications in the economic management are in progress which will make for more decentralization of control and an increased importance to price as an incentive to sales in particular markets. But this transition will be hampered if other countries do not provide profitable opportunities for expansion of Polish exports. If Poland cannot sell more in GATT countries, obviously there will be no increase in foreign-exchange earnings and no possibility of buying more from GATT countries. It was especially discouraging, in the circumstances, to see measures which made possible profit margins which could hardly be expected to increase consumption of Polish goods.

It was particularly discouraging in this regard to see that there have been a number of notifications which have been classed as instances of restrictions by Poland of special interest to developing countries, for Poland had been at some pains to try to develop trade with these countries. Through Polish initiative, their goods have been shown at a number of Polish fairs, and their goods had been purchased by Poland.

Poland had also a great interest in obtaining non-discriminatory treatment for its shipping, and the representative of Poland made some observations on this subject which have been included in the secretariat note on the examination of Addendum 1.

All of these examples and more which could be cited, were however, facets of the single central problem that many contracting parties simply are not applying the provisions of the General Agreement to Poland.

(The Committee expressed sympathy for the problem raised by the representative of Poland but considered that the time for examination of the principal issues involved would be when the Committee reached Addendum 4.)

Page 23

Following the first notification concerning licensing by Israel, insert the following countercomment by Israel:

On 1 January 1969 the process of abolishing most remaining administrative restrictions was begun. Restrictions which will remain in force will have to be covered by specific justification.

As regards bilateral trade agreements Israel retains a small number with partners who, on their part, prefer this system. The number of these agreements continues to decline and their part in Israel's imports is now about 3 per cent.

Page 24

Following the first notification on this page concerning licensing by Israel, insert the following countercomment by Israel:

All restrictions on the importation of whitewood lumber have been removed, as published in the Official Gazette No. K.T. 2310 of 17 November 1968.

Page 33

Following the first notification concerning import licensing by Peru, insert the following countercomment by Peru:

"The information ... concerning the requirement of an import licence for textile machinery in general is correct. The rules governing the importation of such goods were laid down by Supreme Decree of 12 February 1952 (Article 7), Supreme Decree No. 137H of 5 June 1967 (Article 4, paragraph C) and Act No. 16,900 of 6 March 1968 (Article 8)."

Page 50

Following the first notification concerning Peru, substitute the following for the balance of the notifications concerning that country:

<u>Country maintaining the restriction and description</u>	<u>Products affected</u>	<u>Country notifying and comment</u>
Temporary embargo: importation prohibited for three months beginning 1 March 1968.	Various products	UNITED STATES: -- SWITZERLAND: --

The temporary embargo on the importation of various items for a period of three months, which is mentioned in the text, was introduced by Supreme Decree No. 20268 of 24 June 1968, which will remain in force until 31 March 1969. These restrictions are subject to the procedure laid down in Article XVIII of the General Agreement.

(The rest of the notification which was shown here is transferred, with an addition, to 4-H, see below.)

Page 64

Following the notification concerning Norway, insert:

PERU

Country maintaining the  
restriction and description

Products  
affected

Country notifying  
and comment

Importation conditional upon price: products must be registered; importation denied if priced higher than similar domestically-produced items.

Pharmaceuticals,  
pharmaceutical specialities,  
biological products;  
chemical-medicinal galenic  
preparations, veterinary  
pharmaceuticals, cosmetics,  
toilet preparations.

UNITED STATES: --

The information concerning restrictions on pharmaceuticals is not correct. In Peru, all pharmaceutical specialities, whether domestic or foreign, are authorized and registered by the Pharmaceutical Department of the Ministry of Public Health. They are also subject to control over the prices at which they are sold to the public. These prices are approved by the said Pharmaceutical Department on the advice of an Advisory Committee which fixes the prices in such a way that they do not exceed the prices of cheaper domestic products. This system applies both to essential specialities - subject to a special system of duties and paying only 7 per cent ad valorem c.i.f., item 30.03.1.01 - and to other specialities listed under items 30.03.9.01, which pay 30 per cent standard kilogramme plus 30 per cent ad valorem c.i.f. The Pharmaceutical Department intervenes in the customs procedure by issuing quality certificates for all imports of pharmaceutical specialities.