

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/14
16 March 1966

Limited Distribution

Committee on Trade and Development

ACTION BY GOVERNMENTS PURSUANT TO THE PROVISIONS OF PART IV

Report by the Secretariat

Introduction

1. Under the reporting procedures adopted by the CONTRACTING PARTIES on 25 March 1965 for the implementation of the provisions of Part IV (BISD, Thirteenth Supplement, pages 79-80), contracting parties are required to notify action taken by them in pursuance of various provisions of Article XXXVII, and the secretariat is required to submit a periodic report. Since the adoption of these procedures, the Committee on Trade and Development has on three occasions invited governments to submit notifications on action taken by them. In response to these invitations fourteen contracting parties, namely, Austria, Canada, Ceylon, Czechoslovakia, Denmark, Finland, the Federal Republic of Germany, Japan, New Zealand, Norway, Sweden, Switzerland, the United Kingdom and the United States, have sent one or more notifications. The texts of these notifications are reproduced in Annex II to this paper. The notifications received up to July and December 1965 have, respectively, been placed before the third and fourth meetings of the Committee, and some comments on the information contained in them are noted in COM.TD/10 and 12.
2. The present report summarizes developments in developed countries in the fields of tariffs and quantitative restrictions affecting products of export interest to less-developed countries during the twelve-month period ending mid-February 1966. It is based on the notifications from governments and information obtained from other sources. (A separate note will cover developments in international commodity trade, work in GATT and in other organizations etc.¹)
3. The products covered in this report include all products notified by less-developed countries as being of export interest to them, as listed in the Annex to COM.TD/B/W/2.

Quantitative restrictions

4. During the period under review, action was taken by a number of contracting parties to remove quantitative restrictions. A list of the items on which restrictions have been removed is given in Annex I. A list of remaining restrictions affecting products notified to Committee III or the Committee on Trade and Development is given in document COM.TD/B/W/2.

¹COM.TD/17

5. During the period under review no developed country notified the introduction of new quantitative restrictions or the intensification of existing restrictions relevant to the provisions of paragraph 1(b) of Article XXXVII.

Tariffs

6. The following duty reductions put into effect during the period under review by certain contracting parties have been noted¹:

<u>Country</u>	<u>Product</u>	<u>Remarks</u>
Austria ²	cocoa, certain timber, coffee, bananas, tea;	Temporary unilateral
Denmark	sacks and bags for packing;	
Norway	oilseeds and oleaginous fruits, certain apricots, peaches, pineapple and citrus fruits in containers of 3 kgs. or more;	
Spain	groundnuts, raw coffee, linseed, fishmeal, lead ore, metal and products;	duty suspension
Switzerland	slivers of flax or hemp, chestnut wood extracts;	
United States	ferro-nickel, unwrought nickel	duty suspension

7. Nine developed contracting parties have reiterated in their notifications that they intend to use the Kennedy Round for the reduction of tariff barriers to the trade of developing countries and referred in a number of instances to the offers which they have made in that context.

¹In addition, it may be noted that the duty suspension introduced on 1 January 1964 by the EEC countries on products considered to be of export interest to less-developed countries has been prolonged for another year beginning 1 January 1966.

²Extension of duty reduction on these products for further half-yearly periods.

8. The four Scandinavian countries have put forward a joint proposal designed to achieve a more rapid reduction and elimination of customs duties on tropical products within the framework of the Kennedy Round. The Swedish Government has also submitted to Parliament a proposal for the elimination or reduction of customs duties as from 1 July 1966 on a number of tropical products, including the removal of duties on dates, bananas, tropical fruits, spices and cocoa beans, and reduction of duties on coffee, cocoa butter and cocoa powder.

9. The Government of Switzerland has, in accordance with the provisions of paragraph 2(a) of Article XXXVII, notified an increase in the customs duties and charges on unmanufactured tobacco and cigarettes (COM.TD/15). Information available to the secretariat also indicates that certain developed contracting parties may have raised their import duties on some products such as tobacco, beer, wine, spirits, certain animal and vegetable oils, certain textile goods, woven fabrics, certain man-made fibres and cotton. In the absence of detailed information it is not, however, clear how these duty increases are significant for the trade of less-developed countries.

Fiscal barriers

10. Sweden eliminated as from 1 July 1965 the special sales tax on sugar and certain types of syrup. No other notification on the reduction or removal of fiscal barriers affecting products of export interest to less-developed countries has been received. Available information indicates, however, that there was a reduction in fiscal charges on beer in Belgium and Sweden.

Other measures

11. With reference to the provisions in paragraph 3(a) of Article XXXVII relating to State-trading pricing policy, etc., the Government of Czechoslovakia has mentioned in its notification various measures which it has taken with a view to enlarging the access to its market for products of less-developed countries.

12. As relevant for reporting on measures taken under paragraph 3(b) of Article XXXVII, a number of governments have referred to such matters as assistance provided by them to the GATT International Trade Centre and in the field of trade promotion generally, the adoption of adjustment assistance measures, their participation in international commodity agreements as well as certain other measures taken by them to facilitate an increase in the export earnings of less-developed countries.

ANNEX I

Products Removed From Import Restrictions in the
Twelve-Month Period Ending Mid-February 1966

<u>Country</u>	<u>Products</u>
Australia	copper and brass sheets, strip and foil;
Austria ¹	oilseeds and oleaginous fruits, animal oils, fixed vegetable oils, clay, pumice stone, emery and other abrasives, cement, bitumen and asphalt, natural cork, glazed goods;
Denmark ²	certain meats, various prepared and preserved vegetables, certain feeding stuffs, liquorice confectionery, rubber belts, rubber tyres, certain fish, shrimps, marmalades, dextrin and dextrin glues;

¹Cf. the notification of 29 June 1965 in Annex II which states that these items are now liberalized on a world-wide basis.

²Industrial products in BTN chapters 25-99 which remain under restrictions as well as some restricted items in BTN chapters 17-21, are scheduled for liberalization by 31 December 1966.

<u>Country</u>	<u>Products</u>
Finland ¹	linseed oil, fatty acids, glycerol, sanitary articles, locks, mountings etc., primary batteries, fresh and dried figs, olives, groundnuts, zinc oxide, certain travel goods, gloves, certain leather articles, certain woven fabrics of coarse animal hair, embroidery, carpets, carpetry and rugs, knotted, various textile items falling under BTN headings 61.07-08-10 and 62.03-05, certain chinaware, electric wire, parts of pumps and fans, prepared or preserved fish, household soap, twine, cordage, rope etc.;
France	green coffee;
Iceland	malt, candy sugar, glucose, fruits preserved by freezing, matches, certain types of wood, carpets, certain textile items, footwear, wire rods;

¹Finland applies quantitative restrictions for balance-of-payments reasons.

<u>Country</u>	<u>Products</u>
Israel	coffee, cocoa powder, cigars, certain skins, caustic soda, certain electric motors, certain plastics, knitted gloves, electric wire;
Japan	certain diesel engines; passenger automobiles;
New Zealand	bananas, dried fruits, processed cheese, green coffee, cocoa beans, certain pharmaceuticals, jute fibres, cotton yarn, unmanufactured lead, wire netting, mineral waxes;
Norway	beet and cane sugar;
Spain	certain chemicals, bitumen and asphalt, soap, glues, wood tar and tar oils, hardened casein, certain natural textile fibres, certain woven fabrics, certain textiles and clothing items, certain porcelain and glassware;
United States	ores and concentrates of lead and zinc, unwrought lead and unwrought zinc.

ANNEX II

Notifications by Governments

AUSTRIA

(Excerpt from a report transmitted on 29 June 1965, circulated earlier in COM.TD/8)

Ad paragraph 1(a) of Article XXXVII

Even before the elaboration of the new Part IV, Austria has always endeavoured to follow, as far as possible, the objectives of the General Agreement with respect to the developing countries. This attitude has, in particular, been responsible for the accelerated realization of the Austrian liberalization programme, the last step of which had been advanced in order to become effective on 1 October 1964.

By these measures existing quantitative restrictions have been removed from many products of particular export interest to developing countries. As a result, the access of developing countries to the Austrian market has been considerably increased. The reduction and elimination of import duties for coffee and tea, which has been notified to the secretariat on earlier occasions, has also been in order to take into account the export interest of developing countries. As to further measures which should be considered after the Declaration on the de facto implementation of the provisions of Part IV has become effective the Austrian authorities hold the view that the Kennedy negotiations constitute the framework for such measures. The Austrian authorities are, therefore, ready to take the interests of developing countries into account to the fullest extent possible by means of tariff reductions in the course of the Kennedy negotiations.

Ad paragraphs 1(b) and (c)(i) of Article XXXVII

Austria has complied with the standstill provisions of these paragraphs.

Ad paragraph 3(a) of Article XXXVII

No measures referred to under this paragraph have been taken. In principle, the Government has no authority under the Austrian legislation to influence trade margins.

Ad paragraph 3(b) of Article XXXVII

The Austrian authorities endeavour to improve the export possibilities of developing countries in collaborating with the International Trade Centre.

(Excerpt from a report transmitted on 7 December 1965
circulated earlier in COM.TD/11)

Since this notification of new measures falling under the relevant reporting procedures have been adopted by Austria.

(Excerpt from a report transmitted on 22 February 1966)

Ad Article XXXVII, paragraph 1(a)

With the aim in mind to enlarge the access to the Austrian market at the benefit of developing countries, Austria has abolished quantitative import restrictions on a world-wide basis for a number of items the import of which was until now liberalized only with regard to Member countries of GATT.

These measures apply inter alia to the following products of export interest to developing countries:

- oilseeds and oleaginous fruits
- animal oils
- fixed vegetable oils
- clay
- pumice stone
- emery and other abrasives
- cement
- bitumen and asphalt, natural
- natural cork
- plaited goods.

The Austrian authorities paid special attention to measures aiming at promoting the import of tropical products into Austria. These measures, which were made effective in connexion with the implementation of the Austrian liberalization programme on the one hand and by means of unilateral temporary tariff reductions on the other hand, have led indeed to a considerable increase of imports of tropical products from less-developed countries, especially with regard to coffee, cocoa and bananas.

When elaborating substantial offers on agricultural products in the context of the Kennedy Round, Austria was anxious to meet as far as possible export interests of less-developed countries. This applies in particular to spices.

Ad Article XXXVII, paragraph 1(b) and (c)(i)

Austria continued to comply with the standstill provisions since its last notification on this subject.

Austria did not adopt measures of the kind mentioned in paragraph 3(a) of Article XXXVII. Under the existing legislation in Austria the Government has no authority to influence price margins.

Ad Article XXXVII, paragraph 3(b)

As Austria has already mentioned in its last notification on the implementation of Part IV, dated 29 June 1965, its co-operation in the Trade Information and Advisory Service and its contributions to the publication "International Trade FORUM" aim at enlarging the export possibilities of developing countries.

Bearing in mind the importance of stable commodity prices for developing countries, Austria endeavours to co-operate in international commodity agreements. Austria has adopted the International Coffee Agreement and has also signed the third Tin Agreement subject to subsequent ratification.

CANADA

(Excerpt from a report transmitted on 7 July 1965)

No changes have been made in Canadian policy relevant to Part IV of the General Agreement.

(Excerpt from a report transmitted on 16 February 1966)

The Canadian Government has no new information to submit at this time in accordance with the procedures agreed upon by the Committee on Trade and Development.

CEYLON

(Excerpt from a report transmitted on 22 February 1966)

No new measures have been adopted by Ceylon in terms of paragraph 4 of Article XXXVII of the GATT [as regards the Kennedy Round of trade negotiations] the Government of Ceylon is willing to negotiate with other less-developed countries with a view to expanding trade between themselves.

CZECHOSLOVAKIA

(Excerpt from the statement by the representative of Czechoslovakia at the meeting of the Committee on Trade and Development on 9 July 1965, the full text of which was circulated in COM.TD/9)

Since the adoption of Part IV, ... [Czechoslovakia] has of course not created any new obstacles to the exports of the less-developed countries; nor has it reduced tariffs on the products of interest to these countries. ... the last reduction was effected together with appropriate measures in the planning field last year when speaking at the second special session of the CONTRACTING PARTIES in February last, the head of the Czechoslovak delegation expressed the idea that adoption of positive measures for increasing the access of the products of less-developed countries into our markets was one of the main avenues through which the planned economy of Czechoslovakia may contribute to the common efforts of increasing the export earnings of the less-developed countries I am sure it would be understood that concrete results of such an endeavour can hardly be expected and moreover expressed by way of enumeration only five months after the new Chapter was adopted. As far as semi-processed and processed products are concerned, in some cases the necessity of structural changes and adjustments is involved, which obviously cannot be carried out overnight

... The process of specialization of our economy, now under way, makes it indeed possible to absorb some rational trends and also justified demands of the less-developed countries into the framework of a broader concept of our long-term economic development. Believing that the avenue of structural adjustments is appropriate not only for my own country, but for the other countries as well, I dare to submit some comments of a general nature on its limitations, which might be taken care of in the studies of the Expert Group on Adjustment Assistance Measures:

- (i) it would seem that those less-developed countries which have reached a certain minimum level of economic development and industrialization are more ready for such positive policies;
- (ii) an indispensable degree of security and certainty in international economic relations seems to be required in such an exercise;
- (iii) structural changes must meet some long-term criteria of economic rationality;
- (iv) the necessity to respect some national and local interests and in particular the necessity to create substitute opportunities of employment calls for special attention.

Some positive experience, however, has been accumulated in Czechoslovakia. With some assistance from my country, the processing of hides was introduced in India and since then hides constitute a new item of Indian export to Czechoslovakia,

as well as to other countries. Similarly, the results of our decision to import jute products instead of processing raw jute in our country can be clearly seen. The Czechoslovak economy counts on an increasing volume of imports of engineering products from less-developed countries. This process is, in our view, not necessarily bound to be bilateral, but indeed may emerge as a result of common and concerted efforts. I am, for my part, sure that this approach, if adopted and implemented, will bring fruitful results.

(Excerpt from a report transmitted on 6 December 1965
circulated earlier in COM.TD/11)

Czechoslovakia belongs to those contracting parties of the GATT which have signed the Protocol embodying in the General Agreement on Tariffs and Trade a new part, Part IV on Trade and Development, and which thereby apply the provisions of this new part de jure. Czechoslovakia, which does not apply quantitative restrictions on imports and which has abolished duties for the importation of a number of primary commodities and semi-finished and some finished products from developing countries, adopted some positive measures benefiting the economic development of developing countries during 1965, in accordance with Part IV of the General Agreement. Total Czechoslovak imports from developing countries rose by 26 per cent in the first ten months of 1965 compared to the same period last year, while Czechoslovak exports to developing countries dropped by 5 per cent. The structure of the Czechoslovak imports from developing countries continued to expand and an ever-larger share belongs to semi-finished and finished products such as textiles, electrical appliances, products of the food industry, etc. In accordance with its policy to participate in active stabilization of international primary commodity markets, the Czechoslovak Socialist Republic acceded in 1965 to the International Coffee Agreement and took an active part in the negotiations for the conclusion of the International Tin and Sugar Agreements. The current changes in the management of the Czechoslovak economy, whose aim, inter alia, is also to assist to a more intensive participation of the Czechoslovak Socialist Republic in the international division of labour, take into account, in accordance with the potentialities of the Czechoslovak economy, the interests and requirements of developing countries.

More detailed data on the development of trade relations of the Czechoslovak Socialist Republic with developing countries throughout 1965 will be available in early 1966.

(Excerpt from the last report, transmitted by
letter dated 15 February 1966)

... The statement of our representative at the meeting of the Committee on Trade and Development on 9 July 1965 is still in all respects valid. In addition I consider it important to inform you that as far as concrete results of our trade with the developing countries are concerned, the total imports from those countries in 1965 exceeded the imports in 1964 by 25.5 per cent, particularly due to higher imports of fruits, cocoa beans and consumer goods; total Czechoslovak exports however decreased by 3.3 per cent.

DENMARK

(Excerpt from a report transmitted on 16 November 1965
circulated earlier in COM.TD/11)

... Denmark has complied with the standstill provision set out in paragraph 1(b) and (c)(i) of Article XXXVII.

In relation to paragraph 1(a) of Article XXXVII, I wish to draw the attention to the Danish notification contained in document L/2336/Add.2 on the detailed plan for the abolishment of the remaining quantitative import restrictions on goods listed in Chapters 25-99 of the Brussels Nomenclature and on some goods listed in Chapters 17-21, which involve that the quantitative import restrictions on a large range of products of export interest to developing countries will be abolished not later than 31 December 1966.

Furthermore, I wish to emphasize that it is the firm intention of the Danish Government in connexion with the current Kennedy Round to seek ways together with other industrialized contracting parties to achieve the greatest possible reduction of tariffs on products of export interest to developing countries. Thus, the Danish Government offered a 50 per cent cut of all tariffs on industrial items without any exceptions and in connexion with her agricultural offers submitted substantial offers of tariff reductions and bindings for products of special interest to developing countries, including tropical products.

FINLAND

(Excerpt from a report transmitted on 2 July 1965,
circulated earlier in COM.TD/8)

(i) Finland has nothing to notify under Article XXXVII paragraph 2(a).

(ii) Paragraph 1 of Article XXXVII

When gradually planning future liberalization measures relating to import restrictions (removal of quantitative restrictions and global quota expansions), the interests of the developing contracting parties will be constantly borne in mind. The concrete results of these liberalization measures will be notified at a later stage.

Paragraph 3(b) of Article XXXVII

As to the adoption of measures designed to provide greater scope for the development of imports from developing contracting parties, Finland has jointly with the other Northern countries, issued a proposal for negotiations aiming at liberalization of barriers to trade in tropical products (see document TN.64/W/4).

(Excerpt from a report transmitted on 8 December 1965
circulated earlier in COM.TD/11)

... Apart from what was set out in Finland's previous notification, ... Finland has, as from 1 August 1965 liberalized a certain number of import quotas which include some products of export interest to developing countries. A full list of the liberalized products is included in document L/2468 and Corr.1.

(Excerpt from a report transmitted on 14 February 1966)

... [in the previous] reports the attention of the Committee was drawn to the import liberalization measures, regularly undertaken by the Finnish authorities. It has further been stated that the interests of the developing countries would constantly be borne in mind when planning these measures.

Since the introduction of the reporting procedure relating to the implementation of Part IV, Finland has liberalized the imports of the following items of export interest to less-developed countries (based on Annex 2 to document COM.TD/W/1):

On 1 August 1965

<u>Item</u>	<u>Description</u>
20.02.191	Olives
291	Olives
20.06.901	Roasted groundnuts
42.03.100/201	Working gloves etc.
901	Belts
42.05.909	Other articles of leather, etc.
58.01	Carpets, etc., knotted
58.10	Embroidery, in the piece, etc.
61.10	Gloves, mittens, stockings, etc.
62.03/05	Various made-up textile articles
85.01.110	Step-down motors
910	Parts

On 1 January 1966

16.04.810/852	Prepared or preserved fish
859	
ex 855	
951/959	
34.01.000	Household soap
59.04	Twine, cordage, rope, etc.

FEDERAL REPUBLIC OF GERMANY

(Excerpt from a report transmitted on 18 August 1965,
circulated earlier in COM.TD/8/Add.2)

With respect to the standstill provision, as set out in Article XXXVII:1, the Federal Republic of Germany has stated that since the de facto application of the new Part IV of the General Agreement the Federal Republic "has not introduced any measures impairing trade with less-developed countries".

As regards quantitative restrictions, the following items of interest to less-developed countries were liberalized in the past months: bovine leather, jute bags, sewing machines, woven fabrics of cotton for padding cotton gauze. It is stated further that: "In the case of the remaining two products in the industrial sector (with the exception of cotton textiles) which are still subject to quantitative import restrictions, quotas have been appreciably increased recently".

The quota increases were as follows:

- (i) the quota for woven carpets of coir was increased from DML.2 million in 1961 to DM3.4 million in 1965;
- (ii) the importation of jute fabrics, unless they are destined for consumption in the Federal Republic of Germany, was de facto freed from quantitative restrictions. The statement submitted by the Federal Republic further explains that, together with the liberalization of jute bags, this measure has had the result "that 90 per cent of imports of jute products have free access to the German market".

In relation to quantitative restrictions applying to products in the agricultural sector, global quotas were established for the importation of vegetable oils which are still subject to quantitative restrictions. The Federal Republic has also stated that "only for 1 per cent of these products quantitative restrictions still apply", and that the global quotas which have been established for these products have not been fully utilized.

The statement submitted by the delegation of the Federal Republic also reports briefly on other measures which have been taken to facilitate increased imports from less-developed countries, namely:

(a) Structural adjustment measures

The Federal Government is granting credits to industrial enterprises for the implementation of adjustment and reorganization measures required on account of international competition. To this end, the Federal Government earmarked an amount of DM25 million for 1965. Compared to earlier years the amount for 1965 is greater

than for the previous years (amounting to a total of DM64 million for the period 1958 to 1964 inclusive) ... The credits for this purpose are supplemented by the provision of credits for retraining of labour in connexion with such structural adjustments. In addition, the Federal Government is assuming guarantees under sectoral structural policies.

(b) Assistance in export promotion

Following contacts established with the GATT International Trade Centre, the German Federal Office for Foreign Trade Information, Cologne, has expanded the scope of its operations in favour of the less-developed countries, and will in future - through appropriate information media - advise interested trade circles, particularly those in less-developed countries, about import opportunities in the Federal Republic of Germany. The Federal Office for Foreign Trade Information will also be in a position to reply to individual enquiries about import possibilities in the Federal Republic of Germany.

JAPAN

(Excerpt from a report transmitted on 9 December 1965,
circulated earlier in COM.TD/11)

No action in contravention of the standstill provisions of Part IV has been taken by the Japanese Government since the Declaration on the de facto implementation of the provisions of Part IV has become effective.

With a view to achieving the objectives of Part IV, the Japanese Government is keeping its trade policy under constant review taking into full consideration the export interest of developing countries in products concerned. In particular, the Japanese Government, in formulating its offers in the context of the Kennedy Round, has given high priority to the elimination and reduction of trade barriers over products of interest to developing countries provided for in 1(a) of Article XXXVII of the GATT. Indeed, my Government has tabled offers both in the fields of industrial products and agriculture covering a number of commodities in which developing countries have an export interest.

NEW ZEALAND

(Excerpt from a report transmitted on 7 December 1965,
circulated earlier in COM.TD/11)

Article XXXVII

Paragraph 1(a)

A wide range of raw materials as well as some manufactured goods was released from import control in the import licensing schedule which came into force on 1 July 1965. Ninety items which were formerly subject to import licensing have

been added to the list of exempt items which now accounts for approximately one third of total expenditure on imports. Newly exempted items of interest to less-developed countries include bananas, dried fruit, raw coffee, raw cocoa beans, jute fibres, cotton yarn, a wide range of textile piece-goods, wire netting, mineral waxes, processed cheese, unwrought lead, unrefined copper and copper powder.

The New Zealand offer on both industrial and agricultural products in the Kennedy Round has been formulated with the needs of the less-developed countries in mind.

Paragraph 1(b)

New Zealand has not introduced or increased the incidence of customs duties or non-tariff import barriers on products currently or potentially of particular export interest to less-developed countries since the adoption of Article XXXVII.

Paragraph 1(c)(i)

New Zealand has complied with the provisions of this paragraph.

Paragraph 1(c)(ii)

New Zealand Government policy takes full account of the provisions of this paragraph. Very few primary products imported into New Zealand are subject to fiscal measures.

Paragraph 3(b)

New Zealand is participating in the work of the International Trade Centre and among other things is making training facilities in export promotion techniques available in New Zealand to trade officials from less-developed countries.

NORWAY

(Excerpt from a report transmitted on 15 February 1966)

A joint Nordic proposal has been put forward with a view to achieve a more rapid reduction and elimination of custom duties for tropical products within the context of the Kennedy Round. The Norwegian authorities would furthermore like to draw attention to the considerable reduction of barriers to products of export interest to less-developed countries envisaged in the offers tabled by Norway in the trade negotiations. When evaluating these offers it should be kept in mind that many products of interest to less-developed countries already enjoy duty-free entry in Norway and that the remaining barriers are relatively modest.

As from 1 January 1966 Norway has unilaterally eliminated duties on the following items of particular interest to less-developed countries:

BTN 1201 Oilseeds and oleaginous fruit, whole or broken
 BTN 20.06.C2:a. Apricots, peaches, pineapples and citrus fruit not containing
 added sugar, in containers weighing, with contents 3 kgs. or
 more

..... the import of sugar into Norway was liberalized as from 1 November 1965.

SWEDEN

(Excerpt from a report transmitted on 20 July 1965,
 see COM.TD/8/Add.1 and Add.2)

In paragraph 1(a) of Article XXXVII it is stated that the developed contracting parties shall accord high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties. Sweden has, together with the other Nordic countries, put forward a proposal to seek a more rapid reduction and elimination of customs duties for tropical products within the framework of the Kennedy Round. As regards other products, the following quotation from the Swedish statement, accompanying this proposal, may be given: "The type of action proposed here for tropical products does not exclude that at a later stage other products having a similar production structure, i.e. the production of which is heavily concentrated to the less-developed countries, could be taken up for discussion."

Paragraph 1(b) gives provisions about standstill for customs duties and other non-tariff import barriers. Such increase in duties or other barriers against the provisions of the new Chapter has not taken place in Sweden.

Paragraph 1(c) stipulates that when changing the fiscal policy developed contracting parties shall refrain from imposing new fiscal measures and accord high priority to the reduction and elimination of such measures, which hamper or would hamper the consumption of products from less-developed countries and which are applied specifically to those products. Sweden intends as from 1 July 1965 to eliminate the special sales tax on sugar and certain types of syrup.

(Excerpt from a report transmitted on 1 March 1966)

In addition to the notification given in document COM.TD/8/Add.1 and Add.2, Sweden wishes to submit the following report relating to the implementation of Part IV.

As regards the provisions of paragraph 1(a) of Article XXXVII in Part IV, the Swedish delegation indicated in the above-mentioned notification that, together with the other Nordic countries, Sweden had put forward a proposal to seek a more rapid reduction and elimination of customs duties on tropical products within the framework of the Kennedy Round. In order to fulfil this intention the Swedish Government has now put before the Parliament a proposal comprising the elimination or reduction of customs duties as from 1 July 1966 on a number of tropical products. The customs duties will be removed for e.g. dates, bananas, tropical fruits, spices and cocoa beans; furthermore the duties will be reduced for coffee, cocoa butter and cocoa powder.

As regards the standstill provisions in paragraph 1(b) and (c) of Article XXXVII, no action contrary to these paragraphs has been taken.

No other action calling for a report under Article XXXVII:2(a) has been taken during the period under review.

SWITZERLAND

(Excerpt from a report transmitted on 29 November 1965,
circulated earlier in COM.TD/11)

Article XXXVII

Paragraphs 1(a) to (c)

Switzerland has not presented an exceptions list for the Kennedy Round. It maintains its offer of a linear reduction of duties in the Swiss customs tariff in the industrial sector, provided it can expect an equivalent offer from the other industrial countries. It has also tabled an offer on agricultural products, many of which are of interest to developing countries.

Switzerland has not increased the incidence of customs duties or of any non-tariff barriers which may exist affecting products of interest to developing countries.

No fiscal measures have been introduced. The 5.4 per cent turnover tax, which is levied on Swiss products as well as on imported products, does not hamper the growth of consumption of products from developing countries. Moreover, this tax is not charged on foodstuffs or on products such as coffee, tea, spices, unmanufactured tobacco, etc.

Paragraphs 3(a) and (b)

Since Switzerland is a country with a market economy, paragraph 3(a) is not applicable.

The Swiss customs tariff is in general modest and there are no quantitative restrictions, except on a few agricultural products; the Swiss market therefore offers broad access to products from developing countries.

Switzerland is nevertheless fully prepared to participate in joint action designed to create favourable conditions for expanding imports from developing countries.

UNITED KINGDOM

(A note in COM.TD/8/Add.1 summarizing the information
transmitted by the United Kingdom delegation on 8 July 1965)

The United Kingdom informed the secretariat that no action has been taken calling for reports in accordance with the provisions of Article XXXVII, paragraph 2(a).

With regard to paragraph 1(a) of Article XXXVII, relating to the reduction and elimination of barriers to products of particular export interest to less-developed countries, the United Kingdom has stated, however, that it "accords high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties, within the context of the Kennedy Round of trade negotiations".

UNITED STATES

(Excerpt from a report transmitted on 1 July 1965,
circulated earlier in COM.TD/8)

This is the first such report prepared since the signature of Part IV. It will review the twelve-month period since the submission by the United States of a similar report in accordance with the former Action Programme for the Expansion of Trade of the Less-Developed Countries.

Part I. General comments

The past twelve-month period, June 1964-June 1965, has been marked by negotiations to establish a legal and institutional framework designed to help meet the needs and deal with the special problems of the less-developed countries, culminating in the acceptance by a large number of contracting parties of the new Part IV, Trade and Development. The acceptance of Part IV was followed by the establishment of the Committee on Trade and Development and its several sub-groups.

The United States took an active part in the drafting of Part IV and was among the first contracting parties to accept the obligations contained therein. It has also participated fully in the work of the Committee on Trade and Development and of each of its sub-groups.

The interest of the United States in the economic development of the less-developed countries is underscored by the large and long-standing aid programme financed by the United States Government. It is obvious that neither trade nor aid policies can, of and by themselves, bring about economic development. It is, however, equally obvious that trade policies designed to assist the less-developed countries in expanding their export earnings can add an important impetus to well-conceived programmes of economic development. The United States intends, therefore, to continue to make every effort to seek ways to improve the export opportunities of the less-developed countries within the context of a healthy system of international trade.

In seeking to achieve this objective and to implement as fully as possible the provisions of the new Part IV of the General Agreement, the United States Government considers that there is great opportunity for progress in the current Kennedy Round of trade negotiations discussed below.

It should be noted that while the United States is also seeking to take actions outside the context of the Kennedy Round to improve the marketing opportunities of the less-developed countries, it has already gone far in lowering tariffs and liberalizing other restrictions on products of special interest to these countries.

Of the 196 BTN items dealt with in the secretariat survey of commercial policy measures applied by industrialized countries on products of special export interest to less-developed countries (COM.TD/7), the United States maintains quantitative restrictions on only two items (sugar and cotton waste). Almost one half of the items listed are duty free in whole or in part. Finally, the United States maintains no internal taxes on any of the tropical products dealt with in the survey.

The United States helped to develop the International Coffee Agreement in recognition of the damage which a weak and disorderly coffee market can do to the hopes and plans of many less-developed countries for social and economic progress. Legislation has been passed by the Congress and signed by the President which gives the United States the authority to play its full rôle in making the International Coffee Agreement an effective instrument for stabilizing the world coffee market. The United States intends to use the authority of this legislation to help assure that the Agreement achieves its purpose.

The Tin Agreement was renegotiated at a conference held at the request of the Tin Council. The United States, although not a party to the Agreement participated in these negotiations.

It has been recognized that, for many products, study groups or other consultative procedures might be the best form of commodity arrangement. The United States has joined other interested countries in preliminary steps to improve co-operative arrangements for rubber, jute, cotton, bananas, and fats and oils.

The United States is actively participating in the current discussions aimed at achieving solutions for the international marketing problems of cocoa, including the meeting of the Committee on Prices and Quotas scheduled for 21-24 June.

(Excerpt from a report transmitted on
15 February 1960)

... the following is a report on actions taken by the United States during the past six months pursuant to Part IV of the Agreement.

During the six months since submitting its last report on actions taken pursuant to Part IV, the United States has continued to adhere to the obligations embodied in the new Chapter and has played an energetic rôle in integrating its principles into the over-all GATT framework. The United States has participated actively in the meetings of the Committee on Trade and Development and in each of its sub-groups.

Our interest in the Kennedy Round as a means of reducing trade barriers between all countries, both developed and developing, remains unabated. In the exceptions list submitted by the United States covering our industrial sector very few items imported in significant quantities from developing contracting parties were included. Moreover, an analysis of the United States ability to make reductions under the Trade Expansion Act of items of export interest to less-developed countries indicates that of the 3,244 Tariff Schedules of the United States items of less-developed country export interest, a large majority are covered by existing offers in the Kennedy Round and additional ones will be forthcoming when the United States tables its agricultural offer of products of primary interest to the European Economic Community.

In addition, the aid programme described in the last Part IV submission continues to underscore the United States interest in the advancement of less-developed countries. As President Johnson declared in his recent State of the Union message:

"... We have helped new nations toward independence, we have extended a helping hand through the Peace Corps and carried forward the largest program of economic assistance in the world.... This year I propose major new directions in our program of foreign assistance to help those countries who will help themselves.... We will work to strengthen economic cooperation, to reduce barriers to trade and to improve international finance."

This policy is being reinforced by a number of concrete steps which serve to enhance the export earnings of developing countries. The removal of lead-zinc import restrictions in October was particularly beneficial to those less-developed countries which have indicated to the GATT a special interest in these products. In addition, the United States continues its active support of the coffee agreement; it has participated in the preliminary negotiations directed towards a new sugar agreement and a possible cocoa agreement; it is sharing in the establishment of the International Cotton Institute to promote cotton consumption; and it co-sponsored in the United Nations a move for further studies of possibilities for using food aid as a supplementary outlet for the exportable food production of developing countries.

United States trade with less-developed countries continued to increase in 1965. While final data are not yet available, preliminary calculations indicate an increase of well over \$300 million in global imports from developing countries. Thus the significant year-to-year rise in such imports dating from 1961 continues as these countries share in the expansion of the United States market.

