

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## ACTION BY GOVERNMENTS RELEVANT TO THE PROVISIONS OF PART IV

### Note by the Secretariat

1. The Committee on Trade and Development, established by the CONTRACTING PARTIES in pursuance of the provisions of Article XXXVIII:2(f), is required by its terms of reference "to keep under continuous review the application of the provisions of Part IV of the General Agreement". To this end it has adopted specific procedures for reporting and for reviewing the operation of those provisions (BISD, Thirteenth Supplement, pages 78-79; cf. also COM.TD/24, paragraph 10). The first major review took place in March 1966 and covered the first year of the operation of Part IV. In October 1966 the Committee agreed that the second major review should be conducted at the Eighth Session of the Committee in January 1967. In accordance with the provisions of paragraph (iii) of the procedures referred to above<sup>1</sup>, the secretariat has collated relevant information and prepared the present document for the review, covering the period of the past year.<sup>2</sup>

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<sup>1</sup>This paragraph reads: "On the basis of the reports so received, and taking into account notable developments in the work of other bodies of the CONTRACTING PARTIES, as well as any other relevant information available, the secretariat should submit a periodic report summarizing the latest position concerning tariffs or restrictions affecting items of interest to less-developed countries as well as any action taken in pursuance of the provisions mentioned in (ii) above [i.e. paragraphs 1, 3(a), 3(b) and 4 of Article XXXVII]."

<sup>2</sup>At the Seventh Session of the Committee on Trade and Development in October 1966, certain members requested that in so far as possible, information be included in the secretariat documentation for the second major review of the operation of Part IV on governmental measures which had the effect of increasing domestic production and consequently reducing imports, or of increasing exports of products of export interest to developing countries. Information on production and export subsidies has been circulated separately, along with information on State trading, etc., in a document for the Committee, namely COM.TD/W/34.

2. In connexion with the second major review, contracting parties were asked to make every effort to furnish the secretariat with information on all developments in their trade policies that might be of interest to developing countries in the context of Part IV (COM.TD/30, paragraph 9). Certain recent notifications and reports transmitted by governments in response to this request are reproduced in Annex I to this document.

3. The Protocol Amending the General Agreement on Tariffs and Trade to Introduce a Part IV on Trade and Development entered into force on 27 June 1966, when it had been accepted by two thirds of the contracting parties. To date fifty-one contracting parties have accepted the Protocol and three countries which have acceded provisionally to the GATT have also indicated their acceptance of the Protocol. Certain other contracting parties which have not yet accepted the Protocol have, however, subscribed to the Declaration providing for the de facto application of Part IV. A list showing the status of the individual contracting parties in relation to Part IV is contained in Annex II.

4. The succeeding paragraphs are based on information furnished by governments on changes in tariff and non-tariff barriers of interest to developing contracting parties, either through periodic reports for the Committee on Trade and Development or in the context of discussions in the Group on Residual Restrictions or in other notifications to the secretariat. A brief reference is also made in the latter part of this paper to information furnished by governments in respect of other measures falling for example, under paragraph 3 of Article XXXVII or relevant to the matters dealt with under paragraph 2(a) and (e) of Article XXXVIII.

5. Under the provisions of paragraph 2(a) of Article XXXVII contracting parties are required to report to the CONTRACTING PARTIES any deviation from the provisions of paragraph 1 of that Article, including those in subparagraphs 1(b) and 1(c)(i) relating to the avoidance of new or additional trade barriers on products of export interest to developing countries. In February 1966 the Government of Switzerland notified the CONTRACTING PARTIES that import duties on cigarettes and import charges on tobacco destined for the manufacture of cigarettes (and cigarette tobacco) had been increased by 40 per cent. Details of the measure were circulated in COM.TD/15. In a recent communication the Swiss Government stated that, as a result of recent changes in the support measures for butter, it had been found necessary to increase the "price supplement" levied on oilseeds and vegetable oils. This notification is reproduced in Annex I.

6. No other notification by a contracting party has referred to a measure which it has taken and which is relevant for the provisions of sub-paragraphs 1(b) or 1(c)(i) of Article XXXVII.<sup>1</sup>

Removal of barriers to the trade of developing countries

7. With reference to the provisions of paragraphs 1(a), 1(c)(ii) and 4 of Article XXXVII, this section intends to give an account of measures of liberalization of imports of products of export interest to developing countries.

(a) Quantitative restrictions<sup>2</sup>

Austria

8. In July 1966 Austria announced that import restrictions on the following products would be removed on 1 January 1967: jute yarn; woven fabrics of jute; "other" carpets, carpeting, rugs, mats and matting; sacks and bags of jute; matches; worked monumental or building stone; "other" brooms and brushes; certain furniture and parts thereof. Subsequently, Austria notified that travelling rugs and blankets of wool or fine animal hair, and electric accumulators will also be liberalized as of that date, thus essentially completing import liberalization of industrial products notified by developing countries as being of export interest to them.

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There have, however, been references in the discussions at meetings of the Committee and the Group on Residual Restrictions by representatives of developing countries to certain import control measures affecting trade in cotton textiles put into effect in the period under review by developed countries. Measures affecting trade in this product are the subject of review within the framework of the Cotton Textiles Committee and are generally covered by the Long-Term Arrangement Regarding International Trade in Cotton Textiles, and it has been the practice not to duplicate discussion in the Committee on Trade and Development even though the measures are relevant for the provisions of Part IV of the Agreement.

<sup>2</sup>A list of residual restrictions which continue to be applied by developed contracting parties on products of export interest to developing countries is contained in document COM.TD/B/W/7. (For a listing of such restrictions maintained by France see COM.TD/W/19.) Of the countries mentioned in this section, Brazil, Finland, Iceland, India, Israel, Pakistan, Spain and Yugoslavia apply restrictions for balance-of-payments reasons.

Brazil

9. In continuation of the measures taken at various dates in 1965, Brazil liberalized some 200 products in April 1966. These included certain industrial apparatus and machinery and the following products of export interest to developing countries: spices; medicinal herbs; certain pharmaceutical products; certain toilet preparations; insecticides; rosin; hides and leather; varnish and paints; and certain sports goods. In July a further number of products were liberalized, including: certain fresh and preserved fruits; oilseeds and kernels; various animal and vegetable fats and oils; wood and specified articles of wood; furniture, and various iron and steel manufactures.

Denmark

10. In 1965 Denmark had continued import liberalization for products of export interest to developing countries and early in 1966 a further number of products of export interest to these countries was liberalized including: fish and fish fillets; lobster and shrimp; certain marmalades; liquorice and sugar confectionery; dextrin and dextrin glues and certain starches. On 1 July 1966 the following items were freed from import control: biscuits; marmalades and jam; fruit purée and fruit pastes; basket and wickerwork and specified rubber footwear. Import liberalization of certain chocolate, specified fruit preparations and worked or monumental building stone, has been scheduled for 31 December 1966. As a result, all industrial products notified by developing countries as being of export interest to them will be free from import restrictions as of next year.

Finland

11. In the second half of 1965 a wide range of products, including many of export interest to developing countries, had been liberalized. The scope of the Finnish free importation system was further extended in January 1966. The following items of interest to developing countries were among those liberalized at that time: fats and oils of fish and marine mammals; certain fish products and prepared or preserved fish; perfumery; soap; certain cosmetics and toilet preparations; polishes and creams; tanned and dressed furskins; twine, cordage and rope.

Federal Republic of Germany

12. Imports of fishing nets of synthetic materials were liberalized on 1 January 1966. Subsequently it was announced that 31 December 1967 had been set as the target date for the removal of remaining import controls on coir carpets.

Iceland

13. Following import liberalization in 1965 of a wide range of products, including many of export interest to developing countries, Iceland removed restrictions on a further number of items at the beginning of 1966, including: malt; potato starch; certain vegetable items; hop cones; candy sugar; glucose; frozen fruits; gypsum; matches; carpets, carpeting and rugs; various textile items; rubber footwear; wood and composition wood panels; certain asbestos cement articles; specified glassware; electric accumulators, and a variety of metal manufactures.

India

14. The import policy for the current fiscal year, ending March 1967, makes provision for considerably enlarged import opportunities for a wide range of products including many items of export interest to developing countries. Under the import policy for the current year, larger imports are provided for various industries as well as for registered importers. Imports of raw hides and skins, tanning substances and cashew nuts have been placed on open general licence.

Israel

15. Import restrictions had been considerably relaxed at various dates in 1965. The process of import liberalization was continued in 1966. Included among the items liberalized on a de facto basis towards the end of 1965 and on different dates in 1966 are: tea; citrus fruit; certain preserved citrus fruit; castor oil; various items of leather and products thereof; shoes; certain articles made of plastic materials; yarns of hemp and certain other vegetable fibres; various textile items; veneer sheets and plywood; articles of expanded, foamed or sponged rubber; certain cosmetic preparations; soap and powder; bicycles; electric motors; refrigerators, coolers, etc.; certain musical instruments; gramophone records; caustic soda; gypsum and lime; lead bars, sections and wire.

Japan

16. On 1 April 1966, Japan removed import controls on cocoa powder, certain yarns of man-made fibres and on streptomycin. On 1 October imports of penicillin were liberalized. As regards the remaining restrictions Japan has offered in many instances to increase quotas in the context of the Kennedy Round (cf. COM.TD/B/4, pages 11 and 12).

Netherlands

17. Meat and edible offals of horses were liberalized on 1 July 1966. Certain varieties of shrimps which remain under restriction, with the exception of the "Penacidae" variety, will be freed from restriction on 1 January 1967.

Pakistan

18. Following a temporary tightening of import controls during the 1965/66 licensing period, the import schedule announced in July 1966 for the current licensing year provides for a considerable relaxation of import controls. The number of items on the Free List was increased to sixty-five, as compared with thirty-one on the revised, and fifty-six on the original 1965/66 licensing schedule. Among the items newly added to the Free List are; coir rope; glue; gum and resins; shellac; waxes of all sorts; agar wood; leather; dome nuts and certain categories of industrial and scientific apparatus. The number of industries which are entitled to obtain licences up to their full import requirements was approximately doubled to a total of 257. Import facilities under the Export Bonus Scheme for pharmaceuticals were also enlarged. Finally, the list of items for which import licences may be granted was somewhat extended.

Spain

19. Early in 1966, the number of countries to which the Spanish import liberalization list applies was extended to a total of sixty-five. Among the countries newly added to the list were Burundi, Gambia and the Democratic Republic of Congo. The Eleventh Liberalization List, published in February 1966, provides for import liberalization for some seventy-five tariff items, including various coated textile fabrics and garments; various household goods and appliances; certain cutlery items; nails, bolts and nuts; certain dyes; tanning extracts; and paper products.

Sweden

20. Herring (other than Baltic herring) has been transferred to the general licensing list and thus liberalized on a de facto basis.

Yugoslavia

21. Under the authority of the new Law on Foreign Exchange Transactions which will enter into force on 1 January 1967, import liberalization will be put into effect in the course of 1967 for approximately 50 per cent of all imports. Particular emphasis will first be placed on liberalizing imports of raw materials and semi-manufactured goods. Full liberalization is planned to be achieved by 1970.

(b) Tariff and fiscal charges

22. Many developed contracting parties have indicated that they intend to take appropriate action in the context of the Kennedy Round to reduce or remove tariff and other barriers on, or otherwise enlarge access to their markets for, the products of developing countries. With reference to paragraph 4 of Article XXXVII,

it may be noted that parallel negotiations are in progress among developing countries themselves, with a view to expanding their mutual trade. The following country sections describe the tariff actions which have been taken by contracting parties during the past year, mostly independently of the current trade negotiations.

#### Australia

23. Early in 1966 the Government of Australia, which had not fully accepted the tariff commitments in paragraph 1 of Article XXXVII and had entered a specific reservation on Part IV, notified that duties had been varied in respect of certain woven cotton fabrics and woven man-made fibre fabrics. In general, protective incidence was reduced for a range of lower-price fabrics, which accounted for the major part of the imports, although there was some increase in protection for higher price fabrics. Details of the measure were given in COM.TD/14/Add.3.

24. At the twenty-third session, the CONTRACTING PARTIES granted a waiver to permit Australia to introduce tariff preferences for imports of specified manufactured and semi-manufactured goods produced in developing countries. Australia has, accordingly, introduced tariff preferences in the form of annual tariff quotas for the products covered by the waiver, including: bovine leather; specified carpets; coir mats; certain sports goods; various furniture; various musical instruments; Portland cement; certain paper and cardboard; nets for fishing and hunting; specified glassware, as well as certain tools and machinery. Duties were removed on a wide range of handicraft products of export interest to developing countries, including: articles of horn, bone and ivory, leather metals, carvings in wood, pottery, and certain cotton and silk fabrics; (for details of the measures taken by Australia, see L/2627 and L/2652).

#### Austria

25. The temporary unilateral tariff reductions for cocoa, certain timber, coffee, bananas and tea, put into effect in 1964, were extended on several occasions in 1965 and 1966 and continue to be in effect. Further, late in 1965, Austria suspended or reduced duties on a wide range of products including citrus fruits, certain preserved fruits and vegetables, specified fruit juices, canned fish, roasted coffee, packaged tea and unsweetened cocoa powder.

#### Denmark

26. The Danish authorities notified in October 1966 that they expect to be able to submit a bill to Parliament proposing advance implementation, with effect from 1 January 1967, of Denmark's offer to eliminate or reduce tariffs or bind the existing zero duty, for the approximately sixty tariff items enumerated in Denmark's offer on tropical products, as well as on instant tea and possibly also on bananas.

European Economic Community

27. By a Decision of the Council of the European Economic Community of December 1965, the duty suspension introduced temporarily in December 1963 for tea (in bulk), maté and tropical hardwood as well as for certain sports goods, and for cardamom, coriander, curry, ginger preparations and mango chutney, was extended until 31 December 1966. The partial suspension of duties on cashew nuts, pimento-capsicum, shellac, tobacco seed oil, certain castor seed oil as well as tea in packings of 3 kgs. or less, was also extended until the end of 1966. Other products for which duty suspensions were accorded by the EEC for 1966, in most cases continuing the import treatment accorded to such products in the previous year, include vegetable hair (crin), rosin, spirits of turpentine, natural cork, Japan paper and certain sacks and bags for packing.

India

28. In June 1966, the basic import duties for a large number of items were reduced and the 10 per cent regulatory duty was suspended. This action was taken in conjunction with the devaluation of the rupee. Food grains, fertilizers, sulphur, rock phosphate, newsprint and certain other products are now free of duty.

Indonesia

29. In conjunction with the economic and financial reform, import duties on most categories of goods were significantly reduced in December 1965, the reduction amounting in some cases to more than 90 per cent of the old duty rates. Among the items benefiting from a duty reduction by more than two thirds, as compared to the previous rates, are: fresh or frozen beef or veal; preserved or prepared meat; various dairy products; citrus fruit; certain fruits and nuts; prepared or preserved fruits and vegetables; jams, marmalades and jellies, fruit purées and pastes; fruit and vegetable juices; soyabean oil; stearic acid; tobacco; mineral waxes and greases; disinfectants and insecticides; leather and various leather manufactures; travel goods; cotton yarn; rubber and leather footwear; various rubber manufactures; rubber tyres and tubes; iron bars, plates and sheets; nuts, bolts, and rivets; copper pipes and tubes; insulated wires and cables; grinding stones; agricultural implements; various industrial equipment; electric cells and batteries and sewing machines. Details of this measure were circulated in document L/2707.

Japan

30. On 1 October 1966, in advance implementation of its offers in the Kennedy Round, Japan temporarily reduced to zero the tariff duties on coffee beans and cocoa beans, previously 10 per cent and 5 per cent respectively. From the same date, excise taxes on coffee and cocoa powder were lowered from 10 per cent to 5 per cent.

Norway

31. On 1 January 1966 Norway reduced or eliminated the duties on a number of items including oilseeds and oleaginous fruit, whole or broken; certain canned peaches, apricots, pineapple and citrus fruit; liquorice extracts; and cuttings and waste of tanned furskins.

Peru

32. In December 1965, Peru reduced the duty on carpets and moquettes of cocoa, sisal and similar vegetable fibres. The duty incidence on broken or ground rice for industrial use was also reduced.

Spain

33. As a result of various measures taken late in 1965, the duty incidence was significantly reduced on a number of products notified by developing countries as being of export interest to them. Among items benefiting from these measures were manioc roots, green coffee, groundnuts, tanning extracts of vegetable origin, tropical woods, henequen and sisal. Other products of interest to developing countries benefiting from various measures in the tariff field, such as temporary tariff exemption, included sugar, long staple cotton, wool, leather, tropical fruit, lead ores, and articles of lead.

Sweden

34. On 1 July 1966 import duties on the following tropical products were eliminated: dates, bananas, coconuts, Brazil nuts, cashew nuts, pineapples, avocados, guavas, mangoes, and mangosteens (dried, fresh, shelled or not), pepper, pimento, vanilla, cinnamon and cinnamon tree flowers, cloves, nutmeg, mace, cardamoms, thyme, saffron, bay leaves, ginger, curry and other spices, cocoa beans (whole or broken, raw or roasted), extracts, essences or concentrates of coffee, tea and maté and preparation on the basis of those extracts, essences or concentrates. On the same date, duty reductions by more than 50 per cent were put into effect for the following products: coffee (raw or roasted); coffee substitutes; cocoa paste, cocoa butter and cocoa powder.

Switzerland

35. Switzerland has put into effect certain amendments to the tariff schedules which have the effect of reducing the tariff incidence on a number of items including wet, pre-tanned leather, certain grape juice, baskets of strips of wood; specified children's footwear, as well as on certain fabrics of man-made fibres. A temporary duty reduction until 30 June 1968 has been put into effect on slivers of flax and true hemp.

Turkey

36. In July 1966 the customs duty for yarn of artificial textile fibres was reduced.

United Kingdom

37. The duty suspension on tea (partial suspension for tea in small containers), maté and tropical hardwoods was extended at the end of 1965 for another twelve-month period until the end of 1966.

United States

38. As a result of recent legislation, duties have been suspended, or existing duty suspensions extended, in respect of the following products: bauxite, copper, nickel, graphite, certain hardwoods, (including tropical hardwoods), istle, corkboard insulation, silk yarn, tanning extracts, copra, palm nuts and kernels and palm oil. The previously suspended processing tax on oil, palm oil, and palm-kernel oil has been formally abolished.

39. As a result of tariff negotiations with several developed contracting parties, duties have been reduced, on different occasions, on a considerable number of products, including articles of bamboo, rattan, willow or chips; certain ivory articles; hardboard and building boards of vegetable fibres and certain toys.

(c) Other measures contributing to the expansion of exports of developing countries

40. Czechoslovakia has reported that, as a result of the abolition of import duties in 1964, on a number of primary commodities, semi-finished and finished products; and of measures taken in the context of paragraph 3(a) of Article XXXVII, imports into Czechoslovakia from developing countries increased in January-September 1966 by 12.6 per cent over the level in the corresponding period of 1965, a year in which imports from developing countries had registered an increase of more than one fourth over the preceding year. The increase had been particularly marked in respect of certain tropical fruits, cocoa beans and certain manufactures and semi-manufactures (see the notification reproduced in Annex I).

41. Many contracting parties have referred, in their notifications or reports, to the assistance which they have given in connexion with the work of the GATT Trade Information Centre or other technical assistance activities in GATT relating to the expansion of exports of developing countries. The texts of these notifications or reports are reproduced in Annex I to this document, and in COM.TD/14 and Addenda. An outline of the Centre's activities is given in COM.TD/33.

ANNEX I

Notifications by Governments on  
the Implementation of Part IV

In GATT/AIR/581 contracting parties were requested to submit, in accordance with the agreed reporting procedures, a report on the implementation of Part IV for the second major review of the operation of Part IV, scheduled to be held in January 1967. To date such reports have been received from Australia, Austria, Czechoslovakia, Denmark, New Zealand, Spain, Switzerland and the United States. These are reproduced in the following pages. Additional reports will be circulated as soon as they are received.

AUSTRALIA

Paragraphs 1(a) and (b)

Australia has indicated that it is prepared to reduce duties on a number of products on a most-favoured-nation basis in the Kennedy Round, including some products of interest to less-developed countries. The scope for such reductions is to a considerable extent dependent on developments in the Kennedy Round.

Following the granting of a waiver by the GATT twenty-third session, the Australian Government has implemented its scheme of tariff preferences on products of export interest to less-developed countries and has removed tariffs on a wide range of handicraft products imported from such countries. Full details of Australia's action in this regard are contained in the Decision of 28 March 1966 (L/2627) and in the notification of implementation (L/2652). Australia's first annual report on the operation of its preference scheme will be submitted to the CONTRACTING PARTIES in due course.

The Australian Government has not been able to accept unreservedly the tariff commitments in paragraph 1 and has entered a specific reservation on Part IV.

Australia has not introduced or increased non-tariff barriers on products of export interest to less-developed countries. As reported previously, Australia maintains residual import restrictions on only one product identified as being of export interest to less-developed countries.

Paragraph 1(c)

The Australian Government has not taken any fiscal measures relevant to this sub-paragraph.

Paragraph 3(a)

The Australian Government does not exercise control over trade margins.

Paragraph 3(b)

Reference is made under paragraphs 1(a) and (b) above to the introduction of preferences for less-developed countries.

Paragraph 3(c)

The Australian Government is bearing the interests of less-developed countries in mind before taking other measures permitted by the Agreement.

AUSTRIA

After having obtained parliamentary approval for the acceptance of the Protocol Relating to Part IV, the Austrian Government has deposited the relevant instrument of ratification on 21 October 1966 so that Part IV, previously applied by Austria on a de facto basis, has become fully effective with respect to Austria.

Ad Article XXXVII, paragraph 1(a)

In order to speed up reductions of trade barriers Austria will abolish import restrictions for the following items with effect from 1 January 1967: matches, jute yarn, woven fabrics of jute, certain carpets not so far liberalized, carpeting, rugs, mats and matting, sacks and bags of jute, worked monumental or building stones, mirrors, electric accumulators and parts thereof, certain furniture including parts, and certain brooms and brushes not so far liberalized. These measures will essentially complete the liberalization of imports of industrial goods in Austria (only lignite, penicillin and other antibiotics and cinematographic films, exposed and developed, will remain under import control).

Global import quotas applied for industrial items at present still subject to restrictions have been generally increased by 20 per cent for the second half of 1966. Many of the agricultural items remaining under restrictions benefit also from a 20 per cent increase of quotas. Restrictions for agricultural items are in most cases required by mandatory provisions of the Austrian Marketing Law which is covered by a reservation contained in the Torquay Protocol on Austria's accession, thus being applied in conformity with the provisions of GATT. Therefore only very few items in the agricultural sector remain subject to "residual restrictions". I might add that none of the tropical products remains subject to restrictions.

Within the framework of the Kennedy Round of negotiations Austria has conducted consultations with a number of less-developed countries. Austria is willing to take up such consultations with all less-developed countries wishing to do so in order to become acquainted with their particular interests.

In the Kennedy Round Austria has offered a full 50 per cent cut in the industrial sector at the beginning of the negotiations, in order to contribute to a maximum result. In view of the exceptions to the linear cut which have been tabled by Austria's major industrialized trading partners an imbalance to the disadvantage of Austria has arisen. If the amount of these exceptions should not be reduced in the forthcoming negotiations a modification of the original Austrian offer would become necessary for reasons of reciprocity vis-à-vis industrialized countries. A list of items for which such modifications might prove necessary has been tabled by Austria on 30 November 1966 in accordance with the procedure proposed by the Chairman of the Trade Negotiations Committee.

In case Austria should have to modify indeed its offer, items of which less-developed countries are predominant suppliers to Austria would be taken care of as far as possible in order to ensure that tariff reductions will in fact be to the benefit of less-developed countries.

As far as the agricultural sector is concerned Austria likewise was anxious to meet export interests of less-developed countries by offering, primarily with respect to tropical products, tariff reductions in part substantially exceeding 50 per cent.

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

Austria continued to comply with the standstill provisions since the creation of Part IV.

Ad Article XXXVII, paragraph 3(a)

Measures of the kind mentioned under this paragraph were not adopted since under existing legislation the Austrian Government has no authority to influence price margins.

Ad Article XXXVII, paragraph 3(b)

In order to increase imports from less-developed countries Austria is demonstrating concrete opportunities for sales, on the Austrian market, of goods produced in less-developed countries through active co-operation in the work of the International Trade Centre which includes the regular publication of articles in the International Trade FORUM.

Austria being a land-locked country with a relatively small market at present often buys products of less-developed countries through certain commercial centres in third countries. Direct contacts with the Austrian market could be established through visits of export enterprises of less-developed countries to the Austrian trade fairs. This aim is also pursued by the Foreign Trade Organization of the Austrian Federal Economic Chamber which, inter alia, is charged to give information, through its trade commissioners abroad, on export opportunities into Austria and to establish business relations between Austrian importers and suppliers in less-developed countries.

Although there exists at present no general scheme of adjustment assistance in Austria, the Austrian authorities are fully aware of the problems involved in any adjustment and they follow the evolution of this problem with great attention.

Bearing in mind the importance which remunerative prices play with regard to the balance of payments and to the implementation of development plans of less-developed countries Austria is willing to co-operate in the negotiation of international commodity agreements.

CZECHOSLOVAKIA

During 1966 Czechoslovakia has continued to develop its trade and economic relations with developing countries. This, inter alia, contributed substantially to the implementation by Czechoslovakia of the provisions of Part IV of GATT, particularly Articles XXXVII and XXXVIII.

Pursuing its positive economic policy vis-à-vis developing countries Czechoslovakia stepped up its imports from developing countries during the January-September period 1966 by 12.6 per cent as compared with the corresponding

period of 1965. The rate of growth of Czechoslovak trade with developing countries was higher than the overall rate of growth of Czechoslovak foreign trade. The increase of Czechoslovak imports from developing countries was accompanied by changes in their commodity composition. The share of manufactures and semi-manufactures in Czechoslovak imports from developing countries increased from less than 1 per cent in 1963 to 5.2 per cent in 1964, and to 12.6 per cent in 1965. The volume of imports in this commodity group increased by more than one third during the January-September 1966 period as compared with the corresponding period of 1965. It may be, therefore, concluded that the rate of growth of imports of these commodities exceeds that of total Czechoslovak imports from developing countries by more than 2.5 times. In the case of some countries, e.g. Yugoslavia, India and the United Arab Republic, the share of manufactures and semi-manufactures imported is far bigger. It is apparent from the data available for the nine months of 1966 that in this year substantial growth of imports will take place in cocoa beans, coffee and tropical fruits; in some cases an almost twofold increase in comparison with 1965 is expected. Complete and detailed data on trading results of Czechoslovakia with developing countries as well as with other countries for 1966 will be available at the beginning of 1967.

Czechoslovakia has continued in 1966 to develop all forms of economic, scientific and technical co-operation with developing countries including, in particular, granting of credits, technical assistance, training of technicians and specialists, etc. Closer economic co-operation facilitating intensification of mutual relations has been established e.g. with India and the United Arab Republic whose trade and economic relations with Czechoslovakia are governed by long-term trade and economic agreements. A new agreement on scientific and technical co-operation has been concluded with the United Arab Republic; with India, an agreement was signed on scientific co-operation and peaceful utilization of nuclear energy. India and Czechoslovakia have also signed an agreement on establishing an Intergovernmental Committee which is to consider economic problems of mutual interest. A similar Intergovernmental Committee is already functioning between the United Arab Republic and Czechoslovakia. Their relatively brief period of activity makes it already possible to assume that the Committees will become effective instruments for the solution of development of mutually advantageous economic co-operation including the problems of expanding exports of manufactures and semi-manufactures of these countries to Czechoslovakia and the introduction of higher-level forms of economic co-operation in the sphere of manufacturing industries. Agreements on economic and technical co-operation have also been concluded with a number of other developing countries, e.g. with Iran and Pakistan. In those countries, Czechoslovak machinery, equipment and know-how will share in the industrialization process.

During 1966, Czechoslovakia has actively carried out fruitful and useful bilateral negotiations with developing countries within the framework of Kennedy Round negotiations. Czechoslovakia has also shown initiative in the efforts to stabilize the world markets of raw materials and foodstuffs - especially in regard to sugar.

Czechoslovakia has paid great attention also to the trade promotion in developing countries. In this connexion, Czechoslovakia has participated, inter alia, in the work of the International Trade Centre of GATT, provided long-term specialized training of personnel from developing countries in the fields of commerce, banking and publicity, and enabled developing countries to participate in various expositions in Czechoslovakia on very advantageous terms.

During 1966, Czechoslovakia adopted no measures in the sphere of import regulations or internal financial and taxation policies that might have an unfavourable effect upon the agreements with developing countries. On the contrary; it is known that in Czechoslovakia there is at present under way the process of introducing the improved system of planned management of national economy. The new system is to combine the advantages of centralized management in the sphere of microstructure, primarily in the investment portion of the national economy plan with the advantages of strengthening independence of production units in microstructure by means of a more effective application of market relations. Greater emphasis will be put on utilization of such economic instruments as financing and credits, interest rates, price policy etc. It is expected that the process of decentralization of economic decision-making and the application of value criteria and economic instruments will speed up the process of a more intensive participation of Czechoslovak economy in international division of labour. It is also expected to bring about further significant prospects for imports into Czechoslovakia by creating new effective market opportunities.

Expansion of trade and economic relations of Czechoslovakia with developing countries should not be understood in terms of merely unilateral actions by Czechoslovakia. It is affected, to a great extent, by preconditions that developing countries themselves create for these relations. The atmosphere of peaceful coexistence, observance of basic principles of international trade, and trading based on commercial considerations contribute to trade expansion while discrimination manifesting itself in the sphere of import and export regulations, issuance of entry visas as still practised by some developing countries against Czechoslovakia, the insistence on export prices the level of which is, on the average, substantially higher than world price level, as well as some other circumstances naturally exercise negative influence on the establishing and broadening of Czechoslovak trade relations with some developing countries.

DENMARK

The following are the relevant developments in Danish policy since the notification of 16 November 1965, reproduced in COM.TD/11.

Denmark has continued to comply with the standstill provisions set out in paragraph 1(b) and (c)(i) of Article XXXVII. As of 1 January 1967 Denmark will have abolished quantitative import restrictions on all products falling within BTN Chapters 25-99.

Apart from certain temperate zone agricultural products, Denmark maintains quantitative import restrictions for only a few of those products falling within BTN Chapters 1-24 which have been notified as being of export interest to developing countries.

As regards the Kennedy Round negotiations, Denmark submitted by the end of June 1966 complete offers for all products falling within BTN Chapters 1-24, including offers of substantial interest to developing countries. As far as tropical products are concerned, only a few are subject to customs duties in Denmark. Nevertheless the Danish Government has recently proposed to Parliament that some of the offers on such products take effect as from 1 January 1967. Thus, according to the proposal the prevailing duties on bananas, pineapples, cocoa paste and powder, and tea extracts are to be abolished.

NEW ZEALAND

The report made by New Zealand in December 1965, and set out on page 11 of COM.TD/11, remains substantially unchanged for 1966. Additional comments concern import licensing and export promotion training facilities.

Reference was made in the 1965 report to the inclusion of items of interest to the less-developed countries among those which had been freed from import control for 1965/66. Despite continuing balance-of-payments difficulties the products remain free from import licensing for 1966/67.

In the year under review New Zealand also participated in the training activities of the International Trade Centre. A course of instruction was provided on export promotion techniques for officials from less-developed countries and training facilities were also extended to a team of trade officials from Latin America which visited New Zealand.

SPAIN

Having regard to decisions by the contracting parties to GATT for the promotion of trade between developing countries, Spain has recently adopted a series of commercial policy measures which have undoubtedly been beneficial to less-developed countries, by facilitating access to the Spanish market for their export products.

Before referring specifically to these measures, we must also point out that where Spain has not removed obstacles to imports of the products exported by developing countries, it has observed a standstill in regard to them, i.e. it has not established new restrictions or intensified tariff protection, and this policy has been maintained despite successive and increasing deficits in the trade balance - including the trade balance with less-developed countries - which have been covered out of earnings from other components of the balance of payments; the deficit of \$150 million reached in 1965 was settled by drawing on foreign exchange reserves accumulated in earlier years.

The specific measures adopted by my country for the benefit of the trade of developing countries have been taken unilaterally, without negotiating any counterpart from those countries, in order to promote imports of certain products which are typical export items for less-developed countries.

These measures may be grouped as follows:

A. Establishment of tariff quotas

In the past three years, some duty-free tariff quotas have been established for imports of certain primary products exported by less-developed countries.

These tariff quotas follow the general line of Spain's commercial policy of not discriminating between the beneficiary countries since they are open to all the less-developed countries producing the items included therein with which Spain maintains trade relations.

In the past three years, tariff quotas of this type have been opened for the following primary products:

(1) Manioc root

A duty-free tariff quota has been established for the importation of 7,500 tons. In addition this measure has been supplemented in a general way with respect to all imports of this product outside the tariff quota, by a 33 per cent reduction in the customs duty.

(ii) Linseed

In 1965 a duty-free tariff quota of 22,000 tons was established, and for this year it has been raised to 44,000 tons. These imports, in conjunction with existing domestic production, cover all the requirements of the domestic market.

(iii) Cotton

Despite domestic production of cotton, which is the principal crop in some areas of Spain, a duty-free tariff quota of 50,000 bales has been established.

(iv) Coal

Although Spain produces more than 10,000,000 tons of coal, a tariff quota of 1,650,000 tons has been opened.

B. Suspension of customs duties

With respect to other primary products, the import duties have been temporarily suspended, so that imports are in fact duty-free. The products at present covered by this system are: fishmeal, groundnuts, soyabeans, chick peas and lentils.

C. Special reductions of customs duties

With respect to some other primary products the import duties have been readjusted in such a way that, by successive reductions, either the tariff protection has been eliminated or the level of duties has been brought down to a level so low that in practice it does not constitute an obstacle to imports of these products. The products covered include the following:

(i) Coffee

A series of progressive tariff reductions have been granted on imports of unroasted coffee, bringing down the level of customs duties from the 25 per cent ad valorem rate provided for in the tariff to the transitional level of 1 per cent applied since 1965.

(ii) Henequen and sisal

A reduction procedure similar to that for coffee has been applied, so that the former customs duty of 15 per cent has been reduced to a transitional duty of 1 per cent at present applied.

(iii) Tanning extracts of vegetable origin

Import duties on extracts of mimosa, cold-water soluble quebracho, vallonina, myrobalan and other tanning extracts have been progressively reduced over the past three years so that the former 25 per cent duty was reduced to 15 per cent in 1965. Furthermore, with respect to quebracho a transitional 5 per cent duty has been established, representing a substantial improvement in customs treatment of this product.

(iv) Tropical wood

The initial customs duty of 22 per cent has been reduced to the present transitional level of 10.5 per cent on tropical wood in the rough as well as on such wood, roughly squared or half-squared, but not further manufactured.

C. Reduction of internal charges and fiscal levies

In addition to the tariff adjustments mentioned above, the internal charges that were applied in exceptional cases on some primary products for fiscal reasons have been reduced or eliminated. Among these measures the most important was the elimination of the charge known as the "tea and coffee surcharge" which amounted to Ptas 2 per kg. on coffee and Ptas 5 per kg. on tea.

D. Other measures for the benefit of exports by less-developed countries

The changes made in Spanish legislation in the past three years in order to regulate existing systems in regard to processing traffic have made those systems much more flexible, with the immediate result of a marked increase in transactions of this kind and a consequent rise in imports of primary products, most of which come from less-developed countries.

The new provisions regulating temporary admission and the duty-free import replacement system have resulted in a great increase in imports under these arrangements of primary products from less-developed countries: transactions under these régimes have, on the average, risen ten-fold in three years.

It is not possible to list all the products covered by the new system, but one may make a selection among them and mention sugar, long staple cotton, wool, tropical fruit and leather as being the products in which the largest percentage increases have been recorded.

SWITZERLAND

1. Article XXXVII, paragraph 1(a)-(c)

The information furnished on 29 November 1965 and reproduced in documents COM.TD/11, page 12 and COM.TD/14, page 18 are valid also for the period under reference. Since the Kennedy negotiations are still proceeding, it would be premature at this juncture to predict the results. In the event that the Swiss Government is obliged to amend its initial offer, in order to restore a balance between that offer and those of its principal partners in the negotiations, it will take due account of the interests of less-developed countries. In this connexion a new fact should be reported, namely that Switzerland had tabled an offer on tropical products which contains substantial reductions in the duty on several products.

In order to approximate prices of substitute products with the price of domestic butter, the Swiss Government has found itself obliged to increase the price supplements on oilseeds and vegetable oils. It is not, however, considered that this measure could "hampar significantly the growth of consumption" of these products in that the price relation is maintained.

2. Article XXXVII, paragraph 3(b)

The Swiss market continues to offer broad access to primary and other products from developing countries. It is hoped that conditions for access will be still more favourable after the conclusion of the current negotiations.

In addition, the Swiss Government is encouraging and supporting other efforts designed to expand imports from less-developed countries. For example, there is close liaison and co-operation between the International Trade Centre and the Trade Division of the Federal Department of Public Economy. The Government has given financial and material support for a study on the conditions offered by the Swiss Market to a selected number of products supplied by developing countries, and this is in course of completion. It will be made available to less-developed countries through the International Trade Centre. It is to be hoped that it will encourage one or more producers in those countries to try to penetrate our market or to intensify existing trade flows. Assistance is given to the Centre in its market studies on specified products, for example, citrus juice, rice, etc. A plan for training nationals of developing countries in export promotion is at present under study, and we hope to be able to give details of it in the near future. Last spring a group of Latin American officials spent two weeks in Switzerland at the expense of

the Confederation, in order to study our trade expansion organizations and also export and import services in private undertakings. In addition, the Swiss Government will pay the salary of an expert specialized in export promotion, who will be working with the International Trade Centre in 1967. Lastly, the Administration always gives assistance if a diplomatic representative approaches it with a view to establishing business relations between a foreign exporter and a Swiss importer.

One of the Swiss national trade fairs held every year is always host to a foreign country - often a developing country. In 1966, for example, Pakistan had a pavilion that was the subject of much attention.

In the teaching sphere, the Saint Gall Institute for post-graduate economic and social studies admits representatives of less-developed countries, with scholarship grants from the Confederation and from St. Gall Canton.

Private undertakings are also making efforts which are no less important, though often unknown to the Government. Firms with world-wide trading interests train personnel in the countries where they have subsidiary establishments, and nationals of those countries often hold senior posts in the undertakings concerned. In Switzerland, other firms sometimes employ nationals of developing countries so that they can learn about commercial practices, the conditions for concluding business transactions, etc. In addition, department stores in Switzerland sometimes organize trade weeks devoted to a particular country, thus presenting that country's products to a broad sector of the public.

Measures are thus being taken on several fronts in order to expand exports by developing countries. Needless to say, the success of these efforts depends largely on complementary and parallel action by exporters in developing countries.

#### UNITED STATES

##### Part I: Report on the Implementation of Article XXXVII

The following actions have been taken by the United States with respect to the provisions of Article XXXVII of the General Agreement:

##### Paragraph 1(a)

Measures relating to the reduction and elimination of barriers to products of export interest to less-developed contracting parties.

A number of important actions have been taken by this country during the past year which should contribute to improving the trade position of certain products of interest to developing countries. In the Congressional session just completed, the Congress enacted legislation to suspend or to continue previously existing suspensions of duties on the following products of interest to the developing countries: copper, bauxite, nickel, graphite, certain hardwoods (including tropical hardwoods), istle, corkboard insulation, silk yarn, tanning extracts, copra, palm nuts and kernels and palm oil. In addition, the United States has deposited its adherence to the Florence and Beirut agreements, which provide for the duty-free importation of materials of an educational, scientific and cultural nature.

The United States is seeking maximum reductions of barriers to international trade in the Kennedy Round of tariff negotiations. United States offers of tariff reductions, including reductions on products of interest to the developing nations, have been tabled and are now under discussion in Geneva with the interested contracting parties. Of the products notified to the GATT secretariat as being of interest to the developing countries, 7.9 per cent of the items, accounting for approximately 50 per cent of the trade in such items, are already admitted duty free. Almost 85 per cent of the dutiable items of interest to the developing countries are included in the Kennedy Round offers. 72.7 per cent of such items are covered by proposed 50 per cent cuts, while 10.7 per cent are dutiable at rates of less than 5 per cent, which are subject to possible elimination in the Kennedy Round. Duties on some tropical products not already admitted duty free are offered for elimination if the European Economic Community does the same. Although the United States does not expect full reciprocity for its offers to the less-developed countries, it does expect them to participate in the negotiations and to make contributions consistent with their individual development financial, and trade needs.

Paragraph 1(b)

Compliance with the commitment to refrain from introducing or increasing the incidence of customs duties or non-tariff barriers on products of export interest to the less-developed contracting parties.

No new tariffs have been introduced on products of interest to developing countries, nor have there been any increases in duties on such products, in the period under review. At the request of the developing producer countries which participate in the International Coffee Agreement, and the International Coffee Council, the United States has proceeded to apply import restrictions on coffee in order to ensure the effective functioning of the Agreement. No other

new non-tariff barriers have been introduced, although bilateral agreements on cotton textile imports have been concluded with several additional exporters to permit the orderly development of imports without serious disruption to the domestic textile market. As will be noted in Part II, paragraph 2 below, these agreements, consistent with the terms of the Long-Term Textile Arrangement, have permitted a substantial growth in exports of cotton textiles from the less-developed countries to the United States since the Arrangement entered into force.

Paragraph 1(c)

Compliance with the commitment to refrain from imposing new fiscal measures and to reduce or eliminate existing fiscal measures.

The United States Government relies relatively less on indirect taxes than do the central governments of most industrial countries. Indirect taxes imposed by the Federal and State Governments are applied uniformly on broad classes of goods without regard to place of origin, and do not tend to fall more heavily on products of developing countries.

Paragraph 3(a)

Compliance with the provision to make every effort, in cases where a government directly or indirectly determines the resale price of products wholly or mainly produced in the territories of less-developed contracting parties, to maintain trade margins at equitable levels.

Since the United States Government does not control or determine trade margins, this paragraph is not applicable.

Paragraph 3(b)

Measures to provide greater scope for imports from less-developed contracting parties and collaboration in appropriate international action to this end.

The United States has contributed to the development of export industries in the developing countries in a number of ways; it has, for example, provided technical assistance and capital for export industries through its development assistance programme. It has, despite balance-of-payments difficulties, continued its rôle as the principal contributor to global development finance agencies; it has encouraged and contributed financially to the newly-established Asian Development Bank, and continued its support of the Inter-American Development Bank. It has also been an enthusiastic supporter of the United Nations Development Programme and the United Nations Industrial Development Organization.

The United States suggested the current work underway in the Organisation for Economic Co-operation and Development aimed at the formulation of constructive and concerted policies for encouraging increased export earnings by the developing countries. In addition, it has supported the work of the GATT International Trade Centre in its efforts to assist the developing countries in promoting their exports.

Part II: Other measures consistent with the principles of Part IV

1. Commodity arrangements

The United States is co-operating wholeheartedly in the wide range of international activities aimed at improving conditions in world markets for primary products important to developing contracting parties. It is participating in the efforts to negotiate workable agreements for cocoa and for sugar. It continues to work actively in the development of measures to strengthen the operation and administration of the International Coffee Agreement, including the efforts to organize an effective diversification programme to ensure long-range price stability. Although not a party to the Tin Agreement, it consults regularly with the Tin Council regarding its disposals of surplus tin stocks (in addition to consulting bilaterally). It has recently agreed in principle to moderate its tin sales programme if it should be inconsistent with the contingent operations authorized under the International Tin Agreement. The United States is also a participant in the work of the many commodity study groups (such as those on rubber, cotton, lead-zinc, tungsten, hard and soft fibres, fats and oils and rice).

2. The Long-Term Arrangement Regarding International Trade in Cotton Textiles

In the five years that the Long-Term Textile Arrangement has been in effect, United States imports of cotton textiles have more than doubled. Imports in the third Long-Term Arrangement year were up 19 per cent over the previous year, and rose by almost 40 per cent in the fourth Long-Term Arrangement year over the third year. The share of textile imports coming from developing countries has increased, these countries providing two thirds of the total in the fourth year. The United States has significantly liberalized the terms of its bilateral textile agreement with many exporting countries over the past year. A complete report of developments in the United States market under the Long-Term Arrangement was submitted to the Cotton Textile Committee on 27 September 1966 (COT/W/79).

### 3. The United States Sugar Act

The Sugar Act of 1948, as amended in 1965, despite temporary increases in domestic quotas, ensures that foreign suppliers of this product will share in future increases in consumption in the United States market. The sugar import programme permits developing countries to sell sugar on the United States market at stable prices. This policy provides substantial benefits to developing countries when world sugar prices are lower than United States prices, which is usually the case; the United States market price is currently about three times world market prices. The 1965 legislation also removed the import fee on sugar, thereby guaranteeing to the foreign supplier the full benefit of the United States market price.

ANNEX IIStatus of Governments with Respect to Part IV

Contracting parties which, to date, have accepted the Protocol introducing Part IV:

Australia	Ghana	Norway
Austria	Guyana	Pakistan
Brazil	India	Peru
Burundi	Indonesia	Rhodesia
Cameroon	Israel	Rwanda
Canada	Ivory Coast	Sierra Leone
Central African Republic	Jamaica	Spain
Ceylon	Japan	Sweden
Chad	Kenya	Switzerland
Congo (Brazzaville)	Kuwait	Tanzania
Cuba	Madagascar	Togo
Cyprus	Malawi	Trinidad and Tobago
Czechoslovakia	Malta	Turkey
Dahomey	Mauritania	Uganda
Denmark	New Zealand	United Kingdom
Finland	Niger	United States
Gambia	Nigeria	Yugoslavia

Countries which have acceded provisionally to the GATT and have accepted the Protocol introducing Part IV:

Iceland	Tunisia	United Arab Republic
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Contracting parties which have subscribed to the Declaration of 15 December 1965 prolonging the de facto implementation of the amendments provided for in the Protocol introducing Part IV:

Belgium	Greece	Netherlands
Chile	Italy	Portugal
Germany, Federal Republic	Luxembourg	Uruguay

Argentina, which has acceded provisionally to the GATT, has also subscribed to the Declaration of 15 December 1965.

Three other contracting parties, namely the Dominican Republic, Haiti and Upper Volta, which subscribed to the original Declaration (8 February 1965) on de facto implementation, have not so far subscribed to the prolongation.

