

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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BACKGROUND NOTE FOR REVIEW OF IMPLEMENTATION OF PART IV

Prepared by the Secretariat

1. According to the terms of reference given to the Committee on Trade and Development, one of its main tasks is to keep under continuous review progress made in the implementation of Part IV of the General Agreement. In the light of this requirement, the Committee agreed to undertake, at least once a year, a major review on the basis of notifications submitted by contracting parties (COM.TD/24, paragraph 10). The last full review of commercial policy measures adopted by governments in relation to the provisions of Part IV was undertaken by the Committee at its thirtieth session in November 1975, (L/4252). At its thirty-first session in April 1976, the Committee carried out a mid-term review on the basis of background information provided in secretariat document COM.TD/W/241. Further information provided by delegations in the course of that meeting is set out in paragraph 5 of the Committee's proceedings (COM.TD/98).
2. To provide a background for the review of recent commercial policy measures by the Committee at its forthcoming meeting, governments were invited in GATT/AIR/1305, to report action they had taken in relation to Part IV. The notifications received from contracting parties, which supplement the earlier measures examined at the April 1976 meeting of the Committee, have been reproduced in COM.TD/W/246. In addition, certain actions taken by governments in the context of Part IV, including developments in other international organizations, are summarized in the following paragraphs on the basis of information available to the secretariat. Information provided below, in particular under the heading "Other developments of interest in relation to Part IV", may not be exhaustive. In this connexion, a summary of the discussions in the GATT Council on various restrictive measures, etc. may be referred to in the relevant documentation, since some of the measures discussed may also have a hearing on a review of the implementation of Part IV.
3. The information contained in this paper is supplementary to that set out in COM.TD/W/246 - "Action by governments relevant to the provisions of Part IV". Therefore, in order to gain an overall appreciation of the situation in relation to the implementation of Part IV, the two papers should be read in conjunction with each other.

COMMERCIAL POLICY MEASURES

Tariffs

4. The European Economic Communities' Common Customs Tariff duties applicable to potatoes and seed potatoes, (sub-headings 07.01 A III b; 07.01 A I) have been totally suspended until 31 December 1976. The autonomous duties on preserved beans in pod falling within sub-heading ex 20.02 G of the Common Customs Tariff have been suspended at the level of 16 per cent until 31 December 1976. Autonomous Common Customs Tariff duties on white and red cabbages, peas, beans, carrots, onions and ribbed celery have also been suspended at specified levels up to 31 October 1976.

5. Imports of unroasted coffee into Finland were temporarily exempted from import duty until 31 July 1976.

Generalized System of Preferences (GSP)

6. The European Economic Community has extended until the end of 1976 the partial suspension of customs duties for jute manufactures originating in India, Thailand and Bangladesh and for coir manufactures originating in India and Sri Lanka, applicable during the first half of 1976. In addition, from 1 August 1976, the tariff quota of 38,000 metric tons opened in the Community for imports of raw or unmanufactured flue-cured Virginia type tobacco falling within tariff sub-heading ex 24.01 has been extended to include raw or unmanufactured tobacco of the same type falling within sub-heading ex 24.01 A1 of the Common Customs Tariff (L/4282/Add.2).

Import restrictions

7. Australia has, from 25 May 1976, removed temporary quantitative restrictions on imports of ophthalmic spectacle frames, sunglass frames and sunglasses. The rate of duty of 35 per cent ad valorem on these items will be reduced to 30 per cent after eighteen months and to 25 per cent ad valorem after a further eighteen-month period. Preferential arrangements for developing countries will continue (L/4169/Add.6). Quantitative restrictions on the importation of light commercial vehicles have also been eliminated with effect from 30 March 1976. The Australian Government has announced that the existing quantitative restrictions on completely assembled passenger motor vehicles would be eliminated after 31 December 1976 (L/4149/Add.6).

8. Canada has, taking into account suggestions made by the GATT Working Party on the Canadian import quota on eggs, increased the quota for eggs and egg products for the calendar year 1976 (L/4319).

9. With effect from 1 June 1976, Norway discontinued the licensing system for all imports of sugar for domestic consumption as well as for industrial use. From the same date, the Norwegian system of centralized imports of sugar was also terminated (L/4088/Add.1).
10. The United Kingdom issued licences, valid until 30 September 1976, for supplementary quotas of 5,000 and 7,000 tons of fresh bananas from the Dollar Area.
11. The United States has directed expedited trade adjustment assistance to domestic producers of metal slide fasteners and footwear (L/4312/Add.1; L/4314/Add.1).

Import deposit schemes

12. The Italian scheme of deposit requirements for payments abroad, which was introduced on 6 May 1976 and extended in August up to 3 November 1976, is to be gradually eliminated. A phasing-out of the scheme will start from 15 October and will be completed on 15 April 1977 (L/4353/Add.2).
13. As of 30 July 1976 New Zealand has exempted from its import deposit scheme a number of items such as spirits, internal combustion piston engines and building machinery.

Other developments of interest in relation to Part IV

14. Australia has introduced a number of temporary import measures. As of 1 July 1976, increased import duties have been applied to imports above specified levels of a number of items of clothing for adults. In the case of some imports of certain dresses containing wool, silk or man-made fibres, these arrangements involve the temporary suspension in part of bound tariff rates (L/4364). Temporary quantitative restrictions have been applied under Article XIX on the importation, other than under existing special trading arrangements provided for in the New Zealand-Australia Free Trade Agreement, of domestic electrical chest freezers of up to 350 litres capacity (tariff item 84.15.9) commencing 10 August 1976 (L/4387). Importation of certain types of files and rasps have been made subject to quantitative restrictions, with the intention of limiting imports of specified categories to 75,000 dozen in 1976 under an Article XIX action (L/4351). The scope of the temporary restrictions imposed under Article XIX applying to the importation of certain footwear has been extended to include sand boots and sand shoes and parts of footwear (64.02, 64.05), excepting parts for thongs and specialized sporting footwear (L/4099/Add.3). From 1 July 1976, a tariff quota system has been implemented for the importation, other than from New Zealand, of thick plywood exceeding 5.5 mm. but not exceeding 23 mm. in thickness. Imports of the item, at the current rate of duty, will be restricted to 13,000 cubic metres.

Imports in excess of this quantity will be subject to a temporary additional duty of 50 cents per square metre for each 1 mm. thickness in excess of 5.5 mm. For the period from 1 July 1976 to 30 June 1977, imports other than from New Zealand of orange juice, at the current rate of duty, have been restricted to the equivalent of 28.3 million litres of single strength orange juice. Imports in excess of this quantity will be subject to a temporary additional duty of 12 cents per litre.

15. Canada has, from 1 July 1976, implemented under an Article XIX action a three-year global quota for imports of work gloves composed wholly or in part of textile fabric or leather whether or not impregnated or coated with plastic, having an export price of \$7 or less per dozen. In the first year the quota level will be 1,350,000 dozen pairs, with the level for subsequent years subject to review before 30 June 1977. A sub-quota for 100 per cent cotton work gloves is also being implemented, based on actual imports of such gloves in 1975 (L/4382). From 7 July 1976, under Article XIX, Canada has introduced a surtax on textured polyester filament yarn of denier count 199 and less exported to Canada at less than a specified value per lb. The surtax is applicable on an m.f.n. basis and may remain in effect for 180 days unless revoked sooner (L/4374). The global quota on mens' and boys' shirts which was initiated by Canada under Article XIX on 30 November 1971, has been extended for an additional period of three years to 28 November 1978. For 1976, the reserves assigned to individual countries within the quota have been increased by 6 per cent or 57,055 dozen shirts. The quota level will be reviewed in late 1976 in order to determine if a further increase should be applied in 1977. The quotas apply to woven shirts with an export price below \$43.00 per dozen and knitted shirts with an export price below \$47.00 per dozen, increased from the previous levels of \$30.00 and \$33.00 per dozen respectively (L/4143/Add.1). A global quota has been introduced under an Article XIX action on imports of 100 per cent worsted spun acrylic yarns in hanks and skeins for machine knitting, having an export price of less than \$1.30 per lb. for a three-year period commencing 1 January 1976. For the first year, the quota level has been set at 2.5 million lb. with the level for subsequent years subject to review at the end of 1976 (L/4344).

16. Denmark has increased taxes, effective 21 August 1976, on a number of commodities. These commodities include with the amount of the increase in parentheses - tea (DKr 5.00 per kg.); coffee (DKr 3.70 per kg.); table wine (DKr 1.44 per bottle); dessert wine (DKr 2.16 per bottle); fruit wine (DKr 0.97 per bottle); tobacco (DKr 40.00 per kg.); cigarettes (DKr 0.10 each); and beer (DKr 0.15-0.21 per bottle). In addition, with effect from 1 October 1976, a tax of DKr 3.00 per kg. on "across the counter" sales of sugar has been introduced.

17. Italy has extended the validity of its surveillance system on imports of paper and paper products and slide fasteners until 31 December 1976 and 30 June 1977 respectively.
18. Due to lack of improvement in the supply-demand situation of raw silk, the Government of Japan has extended beyond May 1976, the present system of import for raw silk under which the Japan Raw Silk Corporation is authorized as the sole importer (L/4296/Add.7).
19. In the context of the 1976 budget, New Zealand has increased import duties on tobacco and tobacco products by an average of 27 per cent, excise and customs duties on spirits by 15 per cent and customs duties on imported beer by one-third.
20. Norway has extended from 1 October 1976 temporary automatic licensing arrangements to certain types of knitted underwear (ex 60.04), of suits (ex 61.01), and of sports jackets, knitted jackets, anoraks, and the like (ex 61.01, ex 61.02) (L/4219/Add.1). The Norwegian authorities have notified that the arrangement was introduced as a matter of surveillance only and was not intended to establish any new restraints on the imports of these products.
21. The quota restriction, introduced by the United Kingdom on 1 January 1976 with respect to imports of cotton yarn (CCT, 55.05) originating in Spain has been extended until 31 December 1976. A quota restriction on imports of cotton yarn from Portugal has been replaced by an export restraint agreement between the Communities and Portugal (L/4384). From 29 April 1976, the United Kingdom has applied a countervailing duty of 8 per cent to imports of men's leather fashion shoes and boots and moccasins originating in Brazil.
22. The United States has, effective 14 June 1976, applied a three-year restraint on imports of stainless and alloy tool steel. The levels of import quota for the periods 14 June 1976 to 13 June 1977, 1977-78 and 1978-79 have been fixed at 147,000, 151,500 and 155,900 short tons respectively. Specific allocations are provided for Japan, EEC, Sweden, Canada and "all other" suppliers which will be increased by an additional 3 per cent in 1978-79 (L/4368). The President of the United States acting upon a recommendation of the Secretary of Agriculture issued an emergency proclamation, effective 31 March 1976, imposing an embargo on dried milk, (described in items 115.45, 115.50, 115.55 and 118.05) which contains not over 5.5 per cent by weight of butter fat and which is mixed with other ingredients, including but not limited to sugar, if such mixtures are capable of being further processed or mixed with similar or other ingredients and are not prepared for marketing to retail consumers in the identical form and package in which imported (L/4339). As from 21 September 1976, the United States has trebled the import duty on raw sugar from 0.625 cents per lb. to 1.875 cents per lb. Exports from countries, beneficiaries of the United States GSP scheme and not excluded under the competitive need criterion, continue to receive duty-free treatment.

Lomé Convention

23. Almost 72 million units of account have been allocated among seventeen of the developing countries covered by the Lomé Convention in the first round of disbursements to be made under the Export Earnings Stabilization Scheme (STABEX). The payments are intended to meet shortfalls in earnings from exports of selected commodities during the year 1975. More than half the funds have been given to countries among the least developed ACP States identified in the Convention, the remainder being lent interest free.

ACTIONS IN OTHER INTERNATIONAL ORGANIZATIONS RELEVANT TO PART IV

UNCTAD

24. In response to UNCTAD Resolution 93(IV) on an integrated programme for commodities adopted at Nairobi, a time-table of preparatory meetings for international negotiations on certain commodities has been announced. A preparatory meeting on copper which was held from 27 September to 1 October 1976 established, inter alia, terms of reference for an intergovernmental group of experts to make recommendations not later than March 1977 on the implementation of Resolution 93(IV) in the field of copper. A meeting on jute and jute products is scheduled for the end of October and additional commodities will be taken up in the ensuing period. In November, the Secretary-General of UNCTAD is convening a preparatory meeting for a negotiating conference on a Common Fund for the financing of buffer stocks within the integrated programme.

International Coffee Agreement

25. The new International Coffee Agreement, which was approved by the International Coffee Council in December 1975, entered provisionally into force on 1 October 1976, following the deposit of instruments of ratification, acceptance or approval of the Agreement or notification of intention to apply it provisionally pending the deposit of such instruments of ratification, acceptance or approval of the Agreement by forty exporting and twenty importing countries.

International Tin Agreement

26. The fifth International Tin Agreement, negotiated in May-June 1975, entered into force provisionally on 1 July 1976.

FAO

27. At its meeting 27-30 April, the FAO Group on Tea discussed alternative proposals regarding the economic provisions of a possible international agreement as well as a proposal to establish an international promotion association. It also reviewed the current market situation and long-term prospects for tea and examined possible ways of improving international tea statistics, having regard to the work carried out by the International Tea Committee. The Group recommended the creation of a Sub-Group on Statistics and decided to revert to the other items of its agenda at its next session.

28. The Working Party on Elements of an International Banana Agreement established by the Intergovernmental Group on Bananas had its first session 5-9 July 1976. It agreed that the following elements might, inter alia, be embodied in an international agreement on bananas: establishment of production and export goals compatible with world banana requirements; provision for the examination of appropriate economic measures designed to secure prices remunerative to producers and reasonable to consumers; improvement of the quality of bananas; plans to increase consumption; diversification schemes. The second session of the Working Party is scheduled to take place early in 1977.

International Trade Centre - UNCTAD/GATT

29. An Intergovernmental Conference of Tea Producing Countries on the Establishment of an International Tea Promotion Association, convened by the GATT/UNCTAD International Trade Centre, met in Geneva 7-17 September 1976. The text of an agreement, having as its primary objective the establishment of an International Tea Promotion Association, was adopted. It was decided that interested governments should indicate by 31 March 1977 whether or not they accept the text of the agreement as adopted by the Conference.

30. An Intergovernmental Consultative Meeting of Governments of countries producing Tropical Timber was held in Geneva from 27 September to 1 October 1976. The meeting agreed in principle to the text of an agreement for an International Tropical Timber Bureau which would undertake on behalf of producing countries agreed functions in the areas of exchange of technical information and market intelligence.

Conference on Economic Cooperation Among Developing Countries

31. The Conference, which was held in Mexico City 13-21 September 1976, decided, among other things, that a global system of trade preferences exclusively among developing countries should be established. To this end, the UNCTAD secretariat in co-operation with GATT and the UN regional commissions was asked to undertake a

detailed study, for submission to the appropriate machinery of the Group of 77, of various aspects of such a system, taking full account of existing experiences and of the need for co-operation with other related schemes in developing countries. The Conference also established a programme of work in other fields, relating to economic integration, trade, monetary, fiscal and production measures etc.

Conference on International Economic Cooperation

32. The four Commissions (on energy, raw materials, development and financial affairs) established by the Conference in December 1975 have held six sessions in Paris so far. The initial analytical phase of the work being considered completed, the Commissions have entered into the second phase of their work on the basis of a work programme established prior to the September session.

OECD

33. In June 1976, the OECD member countries (with the exception of Portugal) renewed for a further period of one year, their "trade pledge" adopted on 30 May 1974. Australia and New Zealand stressed that this commitment was also valid for agricultural products.