

RESTRICTED

GENERAL AGREEMENT ON TARIFFS AND TRADE

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TARIFF PREFERENCES FOR LESS-DEVELOPED COUNTRIES

Request for a Waiver by Australia

The following communication, dated 26 May 1965, has been received from the representative of the Government of Australia.

I have been requested by the appropriate authorities in Australia to submit this formal application to the CONTRACTING PARTIES for a waiver under the terms of Article XXV:5 of the General Agreement to cover the introduction by the Australian Government of preferential rates of duty on imports of manufactured and semi-manufactured products produced in less-developed countries.

2. In his statement at the Second Special Session earlier this year, the Australian representative reaffirmed the intention of the Australian Government to contribute appropriately to the solution of the trade problems of the less-developed countries. He also stated the Australian Government's intention to explore diligently and sincerely all possible ways of doing this. In accordance with these undertakings the Government has been examining actively the avenues open to it to take positive and practical action to assist the trade of the less-developed countries, consistent with Australia's economic circumstances and its need to use the tariff to foster Australia's own development and the development of the Territory of Papua and New Guinea.

The need for tariff preferences

3. To achieve improved living standards, the less-developed countries have requested action to help them develop their potentialities for industrial production. They seek to establish secondary industries and to obtain adequate markets for the products of those industries. In many cases, adequate markets are not available within the countries in which the industries are established. Moreover, the establishment of manufacturing industries creates new demands for imports, both directly and through the increased purchasing power of the workers employed. It therefore generates increased requirements of foreign exchange. Even with optimistic assessments regarding prospective conditions of international trade in primary products, the exchange requirements of the less-developed countries are not likely to be satisfied from exports of primary products. A significant proportion needs to be derived from the export of the products of their manufacturing industries.

4. However the majority of the manufacturing industries of the less-developed countries are unable to compete in world markets when first established or, indeed, for some considerable time after their establishment. They suffer from disabilities arising from operating in countries with relatively undeveloped industrial infra-structures and small domestic markets: they often have to contend with shortage of experienced labour and capital. It is unrealistic to expect industries operating under such conditions to compete on equal terms with the established industries of the mature industrial countries or to expect that they will derive major benefits from tariff reduction on a most-favoured-nation basis.

5. The Australian Government has therefore concluded that the trade of less-developed countries would be afforded real and practical assistance by applying preferential tariff rates to imports from those countries which are uncompetitive when subject to duties at most-favoured-nation rates. It sees such preferential tariff rates as a useful means of helping to offset the disabilities referred to above, and of putting the industries concerned in a better position to compete on the Australian market. The Government considers that some relaxation of the most-favoured-nation rule is warranted for this purpose. It considers also, however, that this relaxation should be subject to the oversight of the CONTRACTING PARTIES.

The proposed preferential duties

6. As already indicated, Australia regards preferential duties in favour of less-developed countries as being justified in circumstances in which manufacturing industries in those countries are unable to compete with established suppliers in the markets of third countries on a basis of most-favoured-nation tariff treatment. Accordingly, it proposes to introduce such preferential duties only where there is a demonstrable need for them. They would not be introduced for products in which less-developed countries are already competitive in international markets or, in the case of individual products, for imports from particular less-developed countries which are already competitive exporters of those products to world markets. The preferential duties which it is proposed to introduce will however apply, without discrimination, to all less-developed countries which need such assistance in respect of the relevant products.

7. The preferential duties would be established at levels below existing most-favoured-nation rates: in other words, most-favoured-nation rates would not be increased to provide a preference for less-developed countries. However, it is not ruled out that on occasions when a most-favoured-nation rate is being increased for other reasons (i.e. in accordance with established Australian tariff policy and consistently with Australia's commitments under the General Agreement) a preference might be created by not applying the increase in duty to imports from less-developed countries.

8. The preferential duties established for imports from less-developed countries would be subject to review from time to time and to adjustment and elimination as the need for preferential tariff treatment disappeared, i.e. as it achieved its objective of helping industries in less-developed countries develop to the point where they become internationally competitive.

9. Australia would, of course, not seek reciprocity from the less-developed countries.

The interests of third countries

10. In formulating its proposals for the introduction by it of preferential duties on imports from less-developed countries the Australian Government considered that it should incorporate reasonable safeguards against serious detriment to Australian industries and against disruption to trade of existing suppliers to the Australian market. The features of its proposed system which are outlined in paragraph 8 above and the use of preferential tariff quotas are designed to provide such safeguards.

11. It is also proposed that the preferential duties would be subject to consultations with other interested supplying countries within the context of a GATT waiver. These consultations would provide an opportunity for such countries to advance their views both as regards the introduction of new preferential duties on particular products and as regards the continuation or otherwise of a preferential duty which had already been introduced under the authority of the proposed waiver.

The rôle of the CONTRACTING PARTIES

12. The Australian Government suggests the inclusion in the waiver of a provision that it should notify its intention to introduce a new preferential duty in favour of less-developed countries and should consult with contracting parties wishing to do so before the duty is actually introduced. Similarly, it envisages a provision requiring periodic reports to the CONTRACTING PARTIES. These reports might be submitted annually. They would provide opportunities for the CONTRACTING PARTIES to consider developments under the waiver.

Scope of the waiver

13. A list of preferential duties which the Australian Government wishes to introduce as soon as possible is attached. However, the Government also wishes to be able to add to this list from time to time as further possibilities are revealed for assisting the trade of less-developed countries by this means. It is therefore requested that the waiver cover all manufactured and semi-manufactured products. This would enable the Government to introduce additional preferential duties after notifying the CONTRACTING PARTIES and providing opportunities for consultation by interested contracting parties as proposed in paragraph 12 above.

The countries to receive preferences

14. In the absence of any international agreement on the question, the Australian Government would welcome the guidance of the CONTRACTING PARTIES on the question of what countries might appropriately be classified as less-developed for trade purposes. It submits the attached list for the consideration of the CONTRACTING PARTIES.

Subject to the qualification that countries which are already competitive exporters of particular products would not receive the benefit of the preferential duties on those products, and within the limits of the tariff quotas mentioned earlier, the Government is willing to apply the preferential duties introduced under the authority of the waiver to all countries which the CONTRACTING PARTIES consider to be less-developed.

General comments

15. As already indicated, the Australian Government sees the system of preferential duties outlined in the preceding paragraphs as a method by which it can give practical assistance to the trade of less-developed countries in ways appropriate to Australia's economic circumstances. The system reflects both these circumstances and also certain principles which the Government believes should be incorporated in any general system for giving preferential treatment to imports from less-developed countries. However, because it reflects Australian economic circumstances, the system contains certain features which may not be considered appropriate to the circumstances of countries with mature industrial economics or to any generalized system of preferences for less-developed countries.

16. For this reason, the Australian Government requests that its application for a waiver be dealt with promptly and without prejudice to the CONTRACTING PARTIES' consideration of the more general question.

ANNEX I/ANNEXE ILIST OF COUNTRIES/LISTE DES PAYS

Aden	Cook Islands/Iles Cook
Afghanistan	Costa Rica
Algeria/Algérie	Cyprus/Chypre
Antigua	Dahomey
Argentina/Argentine	Dominica/Dominique
Bahamas Islands/Bahamas	Dominican Republic/République dominicaine
Barbados/Barbade	Ecuador/Equateur
Basutoland/Basoutoland	El Salvador/Salvador
Bechuanaland/Betchouanalnd	Ethiopia/Ethiopie
Bermuda/Bermudes	Falkland Islands/Falkland
Bolivia/Bolivie	Fiji/Fidji
Brazil/Brésil	Gabon
British Guiana/Guyane britannique	Gambia/Gambie
British Honduras/ Honduras britannique	Ghana
British Solomon Islands/ Iles Salomon britanniques	Gibraltar
British Virgin Islands/ Iles Vierges britanniques	Gilbert and Ellice Islands/Iles Gilbert et Ellice
Brunei	Grenada/Ile Grenade
Burma/Birmanie	Guatemala
Burundi	Guinea/Guinée
Cambodia/Cambodge	Haiti/Haïti
Cameroon/Cameroun	Honduras
Cayman Islands/Iles Caïman	Hong Kong/Hong-kong
Central African Republic/ République centrafricaine	India/Inde
Ceylon/Ceylan	Indonesia/Indonésie
Chad/Tchad	Iran
Chile/Chili	Iraq/Irak
Colombia/Colombie	Jamaica/Jamaïque
Congo (Brazzaville)	Jordan/Jordanie
Congo (Leopoldville)/ Congo (Léopoldville)	Kenya
	Kuwait/Koweït
	Laos

Lebanon/Liban	St. Kitts - Nevis - Anquilla
Liberia/Libéria	St. Lucia/Ste-Lucie
Madagascar	St. Vincent
Malawi	Saudi Arabia/Arabie saoudite
Malaysia	Senegal/Sénégal
Mali	Seychelles
Malta/Malte	Sierra Leone
Mauritania/Mauritanie	Somalia/Somalie
Mauritius/Ile Maurice	Sudan/Soudan
Mexico/Mexique	Swaziland
Montserrat	Syria/Syrie
Morocco/Maroc	Tanzania/Tanzanie
Nepal/Népal	Thailand/Thaïlande
New Hebrides/Nouvelles-Hébrides	The Maldives/Maldives
Nicaragua	The Territory of Papua and New Guinea/ Papua-Nouvelle-Guinée
Niger	Togo
Nigeria/Nigéria	Tokelau Islands/Iles Tokelau
Niue Island/Niue	Trinidad and Tobago/Trinidad et Tobago
Pakistan	Tunisia/Tunisie
Panama	Turks and Caicos Islands/Iles Turques et Caïques
Paraguay	Uganda/Ouganda
Peru/Pérou	United Arab Republic/République arabe unie
Philippines	Upper Volta/Haute-Volta
Pitcairn Island/Pitcairn	Uruguay
Republic of Korea/ République de Corée	Venezuela
Republic of Viet-Nam/ République du Vietnam	Western Samoa/Samoa occidental
Rhodesia/Rhodésie	Yemen/Yémen
Rwanda	Yugoslavia/Yougoslavie
St. Helena and Ascension Islands/ Ste-Hélène et Ascension	Zambia/Zambie

ANNEX II/ANNEXE II

PROPOSED TARIFF PREFERENCES TO LESS-DEVELOPED COUNTRIES/PREFERENCS TARIFAIRES PROPOSEES AUX PAYS PEU DEVELOPPE

PROPOSED TARIFF PREFERENCES TO LESS-DEVELOPED COUNTRIES/PREFERENCES TARIFAIRES PROPOSEES AUX PAYS PEU DEVELOPPES (cont'd/suite)

Item/ Position tarifaire	Brief description/ Désignation des produits	1963/64 Imports (£A'000)/Importations de 1963/64 (en milliers de livres australiennes) (Approximate. Based on current tariff items)/ (Approximations. D'après les positions du tarif d'usage)				Tariff rates/Taux de droit				
		From less- developed coun- tries/En prove- nance de pays peu développés	From other British pref- erential coun- tries/En prove- nance d'autres territoires britanniques bénéficiant de préférences	From other countries/En provenance d'autres pays	Total	British preferential tariff/ Tarif préférentiel britannique	Most-favoured- nation tariff/ Droit de la nation la plus favorisée	Proposed prefer- ential rate for less-developed countries/Taux préférentiel proposé pour les pays peu développés	Proposed quota limit to pref- erence for less- developed coun- tries/Contingent préférentiel proposé pour les pays peu développés	
48.01.3	Newspaper/Papier journal	-	15,180	2,578	17,758	per ton/ par tonne	Free/ Exempt	£4	Free/ Exempt	£2,000,000
50.04.2) 50.05.2) 50.06.2) 50.07.2)	Silk yarns/Fils de soie	-	22	24	46		Free/ Exempt	7 1/2%	Free/ Exempt	£ 25,000
54.05.91) 55.09.26)	Cotton, linen or ramie fabrics of huckaback or honeycomb weave/Tissus grain d'orge et tissus gaufrés de coton, lin ou ramie	22	20	2	44		17 1/2%	55%	10% (excluding Hong Kong)/(non compris Hong-kong)	£ 10,000
57.10.921	Matt-woven fabrics of jute, weighing more than 12 ozs. per sq.yd./Tissus de jute, pesant plus de 12 onces par yd. carré	52	4	1	57		Free/ Exempt	7 1/2%	Free/ Exempt	£ 20,000
57.09.99 ! 57.10.999) 57.11.99)	"Other" woven fabrics of jute, hemp, or other vegetable fibres/"Autres" tissus de jute, chanvre ou autres fibres végétales	18	45	3	64	+ primage	5% 5%	22 1/2% 10%	Free/ Exempt	£ 45,000
58.01.1) 58.02.1)	Carpets, hand-made/Tapis confec- tionnés à la main	423	1	38	462		Free/ Exempt	12 1/2%	Free/ Exempt	£ 500,000
58.01.91) 58.02.7.)	Floor coverings of cotton/Tapis de sol en coton	2	60	413	475		Free/ Exempt	12 1/2%	Free/ Exempt	£ 50,000
58.02.911) 58.02.919)	Carpets and floor rugs of wool/ Tapis en laine	6	2,528	349	2,883		20%	35%	20%	£ 300,000
58.01.991) 58.01.999) 58.02.991) 58.02.999)	Other carpets/Autres tapis	7	482	314	803		12 1/2%	27 1/2%	10%	£ 100,000
58.02.4	Coir matting/Tapis en coco	184	1	3	188	per sq.yd./ par yd.carré or/ou whichever higher/ (droit le plus élevé)	17 1/2% 30% }	6d.) 5%	15%	£ 250,000
59.04.93	Ropes, twines of coir, sisal and New Zealand hemp/Cordages, ficelles en coco, sisal et chanvre de Nouvelle-Zélande	-	5	-	5	+ primage	17 1/2% 5%	42 1/2% } 5%	15%	£ 5,000

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		From less- developed coun- tries/En prove- nance de pays peu développés	From other British pref- erential coun- tries/En prove- nance d'autres territoires britanniques bénéficiant de préférences	From other countries/En provenance d'autres pays	Total	British preferential tariff/ Tarif préférentiel britannique	Most-favoured- nation tariff/ Droit de la nation la plus favorisée	Proposed prefer- ential rate for less-developed countries/Taux préférentiel proposé pour les pays peu développés	Proposed quota limit to pref- erence for less- developed coun- tries/Contingent préférentiel proposé pour les pays peu développés	
59.04.99) 59.05.99) 59.06.9)	Other ropes, twines, etc./Autres cordages, ficelles, etc.	15	125	156	296	+ primage	17 1/2% - 5%	45% 5%)	15%	\$ 50,000
59.05.1	Fishing and rabbit nets/Filets pour la pêche et pour la chasse au lapin	1	25	175	201		Free/ Exempt	7 1/2%	Free/ Exempt	\$ 100,000
62.04.1	Tents and sails/Tentes et voiles	-	5	16	21	+ primage	10% 5%	25% 10%)	10%	\$ 10,000
62.05.9	Other textile articles/Autres articles textiles	25	145	205	375	+ primage	20% 5%	42 1/2% 10%)	20%	\$ 50,000 (Excluding Hong Kong)/(Non compris Hong-kong)
62.05.61	Cotton shoe and corset laces/Lacets de chaussures et de corsets, en coton	-	33	25	58	per lb./par lb. and/et + primage	2 1/4d. 17 1/2% -	5d. 45% 5%)	15%	\$ 30,000
70.13.911	Butter knives, cruet sets, shakers, etc. of cut glass/Couteaux à beurre, huiliers, shakers, etc., en verre taillé	-	1	4	5		Free/ Exempt	7 1/2%	Free/ Exempt	\$ 5,000
70.10.91) 70.13.919)	Other articles of cut glass/Autres articles en verre taillé	-	43	323	366		12 1/2%	22 1/2%	Free/ Exempt	\$ 50,000
70.10.99) 70.13.993)	Bottles, decanters, jars, tubes, etc. of glass/Bouteilles, carafes, flacons, tubes, etc., en verre	8	308	480	796		Free/ Exempt	12 1/2%	Free/ Exempt	\$ 100,000
70.13.994) 82.13.4)	Stationery/Objets de bureau	4	185	82	271	+ primage	17 1/2% -	40% 5%)	15%	\$ 50,000
70.13.999	Other glassware/Autres objets en verre	-	94	241	335		5%	35%	Free/Exempt	\$ 100,000
82.09.21) 82.10.21)	Cooks' and butchers' knives and blades therefor/Couteaux de cuisine et de boucher et leurs lames	-	26	67	93		5%	17 1/2%	Free/Exempt	\$ 10,000
82.09.29) 82.10.29)	Other kitchen or table knives and blades therefor/Autres couteaux de cuisine et de boucher et leurs lames	1	459	317	777		27 1/2%	37 1/2%	27 1/2%	\$ 75,000
82.09.992) 82.10.992)	Pocket knives and blades therefor/Couteaux de poche et leurs lames	-	43	65	108		5%	15%	Free/Exempt	\$ 50,000
82.11.9	Razors and razor blades/Rasoirs et lames de rasoir	1	842	735	1,578		5%	15%	5%	\$ 150,000

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84.45.311) 84.45.321) 84.45.322) 84.45.323) 84.45.324) 84.45.331) 84.45.332) 84.45.333) 84.45.411) 84.45.412) 84.45.421) 84.45.439) 84.45.51) 84.45.52) 84.45.53) 84.45.91) 84.45.92)	Machine tools for working metals and metallic carbide (specified machines etc.)/Machines-outils pour le travail des métaux et des carbures métalliques (machines dénommées, etc.)					(27 1/2%	40%	25%	\$ 25,000
84.45.119) 84.45.12) 84.45.139) 84.45.149) 84.45.15) 84.45.219) 84.45.229) 84.45.231) 84.45.232) 84.45.233) 84.45.234) 84.45.319) 84.45.329) 84.45.339) 84.45.419) 84.45.429) 84.45.431) 84.45.49) 84.45.59) 84.45.99)	Other machine tools for working metals and metallic carbide/Autres machines-outils pour le travail des métaux et des carbures métalliques	7	4,290	7,844	12,141	(Free/Exempt	7 1/2%	Free/Exempt	\$ 125,000
84.47.1) 84.47.2) 84.47.3) 84.47.4)	Wood working machines and appliances (specified types)/Machines pour le travail du bois et leurs accessoires (types dénommés)	-	101	131	232	Free/Exempt	7 1/2%	Free/Exempt	\$ 50,000

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84.47.611) 84.47.621) 84.47.631) 84.47.69)	Other wood-working machines and appliances (protected range)/Autres machines pour le travail du bois et leurs accessoires (protégées)	-	531	1,200	1,731	+ primage	17 1/2% 5%	42 1/2% 5%	10% £ 25,000
84.47.612) 84.47.622) 84.47.632)	Other wood-working machines (non-protected range)/Autres machines pour le travail du bois (non protégées)	-	192	52	245	+ primage	Free/Exempt	7 1/2%	Free/Exempt £ 125,000
85.06.1	Electric fans, office or household/Ventilateurs électriques, pour bureaux ou de ménage	1	80	140	222	+ primage	10% 5%	57 1/2% 10%	15% 10,000 units/ 10 000 unités (About £80,000)/ (Environ £80 000)
92.02.1) 92.05.1) 92.06.2)	Military, band and orchestral musical instruments/Instruments de musique pour cliques, fanfares et orchestres	2	28	212	260	+ primage	Free/Exempt	12 1/2% 5%	Free/Exempt £ 50,000
92.02.9) 92.09)	Musical instruments of the lute class (including strings)/Instruments de musique de la classe du luth (y compris leurs cordes)	20	19	128	148		Free/Exempt	7 1/2%	Free/Exempt £ 100,000
92.05.9) 92.06.9) 92.08.9)	Other musical instruments/Autres instruments de musique	1	6	33	40		5%	17 1/2%	Free/Exempt £ 50,000
94.01.12	Wooden chairs/Sièges en bois	1	-	1	248	Each/par unité or/ou whichever higher/ (droit le plus élevé) + primage	2/6 22 1/2% 40% 5%	4/6 35% 10% 15%	£ 20,000
94.01.191) 94.01.22)	Chairs and lounges of wicker, bamboo and cane, with or without legs/Sièges et banquettes en osier, bambou et rotin, avec ou sans pieds	247	-			each/par unité or/ou whichever higher/ (droit le plus élevé)	- 22 1/2% (or/ou 4/-) 35%	6/6 35% 15% £ 110,000 (Excluding Hong Kong)/(non compris Hong-kong)	

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94.01.13) 94.01.199) 94.01.29) 94.03.9)	Other furniture/Autres meubles	69	459	477	1,005		17 1/2%	42 1/2%	15% (Excluding Hong Kong)/(Non compris Hong-kong)
97.06.1	Cricket bats and balls/Battes et balles de cricket	28	54	-	82		22 1/2%	45%	15% 50,000
97.06.9	Other sporting goods/Autres articles de sport	78	313	339	730	+ primage	17 1/2%	55% 5%	15% 150,000

