

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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DEVELOPMENTS IN THE TRADING SYSTEM APRIL TO SEPTEMBER 1984

Corrigendum

The following factual, corrective, or supplementary information has been received by the secretariat with respect to the background document prepared for the special session of the Council on developments in the trading system (C/W/448).

Page 2, paragraph 2:

Last sentence: replace "but" by "many of".

Page 4, paragraph 8, should read:

"8. All OECD governments have now taken the decision, in principle, to accelerate the tariff cuts agreed to in the Tokyo Round of negotiations. In addition to the regular tariff reduction scheduled for 1985, consideration has been given to implementing the 1986 and, possibly, the 1987 reductions in 1985 as well. Of the EFTA countries, all will accelerate cuts by at least one year; Norway and Sweden will make all the three remaining cuts as of 1 January 1985. For the United States, an acceleration of the Tokyo Round reductions would require legislative authority which is not at present available. In view of this fact, the Council of the European Community decided in October not to proceed with the full acceleration previously envisaged; the decision in principle remains, however, and tariff cuts will be accelerated across-the-board as of 1 July 1985 provided that major trading partners make corresponding reductions. In the meantime accelerated cuts will be made on a list of between 350 to 400 tariff headings of interest to developing countries as of 1 January 1985."

Page 4, paragraph 9:

Add at the end of the second sentence: "; as of October 1984 the amount was further increased by 65,000 tons."

Page 6:

Add new paragraph 20b: "The State of Kuwait, in a communication dated 15 August, provided information on the ratification of the Unified Economic Agreement among States of the Gulf Cooperation Council (Law No. 58, dated 1982). Under the agreement member states are committed, inter alia, to gradually apply,

within five years of the date of entry into force of the agreement, a uniform minimum customs tariff to the products of third countries. The six member countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Page 6, paragraph 23:

Replace existing paragraph by "On 17 October the Commission of the European Communities informed the signatories of the International Dairy Arrangement, (in DPC/F/W/15), of its intention to make the necessary arrangements to export to specific destinations a certain amount of butter from Community public stocks at a price which, because of the age of the product, would have to be lower than the minimum price currently in force under the Arrangement. This operation, which is reported to involve butter at least 18 months old¹ at a special price equivalent to \$450 a ton (37.5 per cent of the \$1,200 minimum price agreed to under the International Dairy Arrangement of the GATT), is part of the general programme of action - which also includes the disposal of butter at a reduced price for direct consumption in the Community ("Christmas butter"²) - designed to cut back the Community's overall butter stocks (both public and private) presently amounting to 1.25 million tons."

Page 7:

Add paragraph 24 bis as follows: "As of 1 October, it has been reported that the United States has established a new sugar import quota of 2.7 million tons, representing a reduction of about a half-million tons, or 16 per cent of the previous figure. The quota, which is not covered by the United States' agricultural waiver under the GATT, is designed to buttress the domestic support price of sugar, currently set at 22 ¢ a pound. Price quotations in world markets are now between 5 and 6 ¢ a pound.

Page 7, paragraph 25:

Replace paragraph by: "United States and Japan representatives signed agreements in August, opening up Japanese markets of beef, oranges and orange juice. Under the beef agreement Japan is committed to increase its imports of high quality beef by 27,600 metric tonnes in four years, starting from a level of 30,800 metric tonnes in fiscal 1983. Japan's quota for fresh oranges will increase by 11,000 metric tonnes a year, from a quota level of 82,000 metric tonnes in 1983. The quota on orange juice will increase by 500 tonnes a year, from 6,500 tonnes. A general agreement on increasing beef and citrus imports was reached last April (see C/W/437/Rev.1, paragraph 10)."

^{1, 2} According to a Press Communiqué of the Community, dated 16 October 1984, the quantities concerned are, up to a maximum of 100,000 tons, and 200,000 tons, respectively.

Page 7

Insert new paragraph 25 (bis): "The Australian government announced its intention to lift the import embargo on wheat. From 1 October 1984 wheat will no longer be a prohibited import but will remain subject to certain quantitative regulations."

Page 8, continuation of paragraph 28

Replace sentence beginning on the fifth line from the top of the page by "The Japanese are reported to be discussing the possibility of voluntarily restraining their steel shipments."

Page 8, paragraph 30:

Substitute "passenger car" for "automobile".

Page 9, paragraph 32:

Delete third and fourth sentences and replace by "Japan's VCR exports to the EEC are regulated by the Ministry of International Trade and Industry in compliance with a Japanese export forecast agreement of February 1983. The unilateral three-year forecast limits Japanese exports to 4.55 million units in the current year, including 600,000 'knocked down' kits for final assembly in Europe."

Page 9, paragraph 33:

Delete "is on the agenda for" from second sentence and replace by "was accepted at".

Page 11, paragraph 41:

Fifth line: between "the level of" and "\$8,500" insert "an indexed figure of".

Ninth line: delete "including Canada" and replace by "subject to Congressional approval".

Tenth line: after "and investments." add "Authority to negotiate tariffs in general and across-the-board has been confined to tariffs on high technology items."

Twelfth line: replace "against wine importers," by "involving wine imports; it also"

Add to the end of paragraph: "On Tuesday 30 October, on signature by President Reagan, the trade bill came into legal effect as the Trade and Tariff Act of 1984."

Page 13, insert new paragraph 51 bis:

"On 29 May 1984, the Australian Government announced details of its decisions on future assistance arrangements for Australia's passenger motor vehicle manufacturing industry to apply until 31 December 1992. The policy is aimed at assisting the industry to improve its efficiency and become more internationally competitive in both local and overseas markets. The programme embraces a variety of measures including: support for export activities through an export facilitation scheme; establishment of an automotive industry authority to encourage restructuring and rationalization in the industry; provision of \$150 million over five years to assist companies in upgrading design and research activities; and adjustment measures to assist employees displaced as a result of restructuring the industry. A further broad aim of the new policy is to reduce assistance gradually over eight years to the industry, from a reliance on quantitative restrictions on imports, to tariff only assistance of 57¹/₂ per cent. The measures implemented to achieve these aims provide for significant trade liberalization, and include:

- Replacing the existing quantitative restrictions on imports of completely built-up passenger motor vehicles with a tariff quota scheme. Tariff quotas, which also cover certain four-wheel-drive vehicles and variants of passenger motor vehicles, will initially be set at 110,000 units. In subsequent years the level of quota will be adjusted up or down to reflect the anticipated change in the annual market. Tariff quotas will be abolished as from 1 January 1992;
- Progressive phasing of the penalty duties on imports outside of quota, from 100 per cent in 1985, reducing by 5 percentage points per annum to 80 per cent in 1989, and then by 7¹/₂ per cent per annum to 57¹/₂ per cent in 1992;
- Allocations of base quota will be progressively phased so that by 1989, all quota will be allocated by tender."

Page 13, insert new paragraph 51 ter:

"The Brazilian authorities are reported to have announced a considerable liberalization of their import regulations. Under the new import programme, which will come into effect at the beginning of 1985, nearly two-thirds of all import requests - covering goods valued at up to \$100,000 - will be approved automatically by Cacex, the Brazilian foreign trade authority. The scope of the import "drawback" scheme, under which goods imported as inputs for manufactured exports are allowed in free of tax, has also been extended; it will now apply to manufactures of intermediate products as well. Other reported actions include: granting customs authorities scope to reduce two series of import duties by 30 to 60 per cent and cut others of as much as 100 per cent to as low as 10 per cent; eliminate the so-called "law of similars" which allowed for restrictions on imports of equipment already manufactured in Brazil; and confirmed the gradual withdrawal of the export tax refund to manufacturers. The so-called industrialized product tax rebate, currently 11 per cent, is to be gradually

reduced until it is eliminated on 1 May 1985. The new regulations form part of a series of steps toward freer trade that have been introduced over the past few months.

Page 14, The Philippines:

Last sentence, delete: "reported to have been".

Page 16, insert new paragraph 58 bis:

"The Government of Chile, according to Decree No. 746 dated 21 September 1984, made a further set of amendments to the Chilean customs tariff which had already been modified in March and May 1983 (see L/5499 and Add.1). The new amendments which will change the previous notifications are as follows:

(i) tariff change: import duties previously fixed at a level of 20 per cent have been raised to 35 per cent ad valorem; the change does not apply to the motor vehicles sector nor to items for which tariff concessions are negotiated at a rate below 35 per cent ad valorem;

(ii) cancellation of tariff surcharges: the ad valorem surcharges which affected a limited number of tariff headings have been rescinded;

(iii) cancellation of specific duties applied to certain dairy products: such specific duties (which were additional to the ad valorem duties) have also been withdrawn. (See document L/5499/Add.2 to be issued.)

Page 17, The Republic of Korea:

Delete whole paragraph and replace by the following:

"- The Republic of Korea announced that higher emergency tariffs and adjustment duties would be imposed on ten and fourteen items, respectively, as of 1 July 1984. The number of items subject to the emergency duty (104 on 1 July 1983) was reduced to ten on 1 July 1984 in accordance with the Korean Government's policy. The emergency tariff duty will be implemented on a temporary basis. The average rate of increase was also reduced to 13.2 per cent. The tariff rates of lubricating oil, tyres and tubes for cars, table and kitchen glassware, and copper and scrap were increased by 5.2 per cent, respectively. The adjustment duty was introduced on 1 January 1984 in order to adjust tariff rates, if necessary, on newly liberalized items, so as to provide temporary assistance to domestic products produced during an initial period of adjustment. The tariff rates of tolvane, furskins, carpets, electric cable and industrial and laboratory furnaces and ovens have also been increased by 10-20 per cent; the tariff rate of cosmetic soaps was increased by 30 per cent.

"These tariffs are considered flexible and have been instituted to cope with short-term changes in the economic situation. The system, however, is of a temporary nature; it is applied on a limited basis. It may be noted that

tariff rates for 734 items (31.8 per cent of all tariff items) were reduced on 1 January 1984. As a result, the simple average tariff rate for manufactured goods was lowered from 22.6 per cent in 1983, to 20.6 per cent in 1984."

Page 18, continuation of paragraph 59:

Peru: delete second sentence and replace by: "According to Supreme Decree No. 153-84-EFC dated 13 April 1984, the import surcharge has been fixed at 15 per cent of the CIF value of the imported goods. The surcharge is valid to 31 December 1984, but will not affect goods imported by the government itself; donations; duty free products, imports provided for in the national constitution; and those covered by international commitments. In addition, Supreme Decree No. 347-84-EFC dated 9 August 1984, requires that natural or juridical persons who import goods under a special régime which gives exemption from import duties, or which benefit from a total or partial relaxation of customs duties, surcharges, and special taxes which affect imports, as well as exemption from the general sales tax, are required to record the relevant import operation in the "Registro Especial" which has been created for statistical purposes in the General Directorate of Foreign Trade of the Ministry of Economic Affairs, Finance and Commerce. Those who are not covered by a special régime in respect of their import operations are not obliged to register their imports. Finally, following the Legislative Decree No. 278 and Supreme Decrees Nos. 204, 324, 361 and 365, import duties have been lowered on various headings in the Peruvian Tariff. In certain cases exoneration of the import surcharge has also been granted."

Page 21, paragraph 79:

Replace paragraph by "Argentina has notified the adoption of an import régime for protecting the serious balance-of-payments situation. Under Presidential Decree No. 319/83, the effect of which has been extended until 31 December 1984, a large range of non-essential imports have been temporarily prohibited, and sworn declarations of import needs of certain products are to be subject to prior examination; all other import authorizations, however will be made automatically (L/5643, L/5687 and Corr.1)."

Page 23, paragraph 86:

Replace paragraph by: "In connection with the deterioration in the level of foreign exchange reserves the government has taken the following steps, effective on 3 October: (a) a six-month ban on imports of some fifty commodities, among which are passenger cars, large trucks and sport boats, television sets, video recorders and audio equipment, air conditioners, kitchen equipment, liquor and soft drinks, luxury building materials such as marble and ceramics, certain toiletries, furniture and fur clothing. On such commodities that are presently stored in bonded warehouses, or are being shipped to Israel, a compulsory non-linked deposit of 25 per cent will be levied upon release from customs (in addition to the 15 per cent already in effect). These deposit requirements cover a period of twelve months from the date of customs clearing to the date of refund by the Treasury. The measures are designed to restrict imports of items which amounted to about US\$673 million worth in 1983 (L/5697 and Add.1)."

Page 25, second paragraph:

Replace the final five words of the second sentence with: "otherwise circumvent trade measures taken at the level of a region of the Community."

Page 26, India:

Delete: "only marginally more than the 209 million kilograms actually exported in 1983" and replace by "against the normal export of 200 million kilograms".

Page 27, The Philippine Government:

Substitute: "made subject to prior certification" for "prohibited".

Page 27, The United States, should read:

"- The United States Customs Service published details in the Federal Register, 3 May 1984, whereby the United States removed buy American restrictions on cement which had been applicable to purchases by states and local governments funded by the Surface Transportation Assistance Act of 1982."

Page 27, paragraph 99:

Replace the penultimate sentence by: "The Anti-Dumping Tribunal has been given a broad mandate to review the Canadian footwear industry and will also determine whether footwear imports would cause or threaten serious injury to Canadian production in the absence of special measures of protection."

Page 28, paragraph 101:

Add at end of paragraph: "Under Decree No. 746 published on 22 September 1984, the tariff surcharge applicable to the import of sugar has since been reduced to \$125 per ton, in each case. This surcharge remains additional to the new 35 per cent duty at present applied in respect of the aforementioned tariff sub-headings. It may be noted that the duty on this product has been bound in Schedule VII (Chile) at the level of 35 per cent. The application of the surcharge thus means that the level of protection will be in excess of the bound amount; because of this, the Chilean authorities have invoked the provisions of Article XIX (L/5672/Add.1)."

Page 32, paragraph 104:

Replace second sub-paragraph by:

"- European Economic Community/Austria, Bulgaria, Czechoslovakia, Hungary, Iceland, Poland, Uruguay and Yugoslavia: Austria, Bulgaria, Czechoslovakia, Hungary, Iceland, Poland, Uruguay and Yugoslavia agreed to maintain for another year their restraints on mutton, lamb and goatmeat to the Community. These voluntary restraint agreements refer in practice to exports to the markets of France and Ireland, considered to be sensitive areas."

Third sub-paragraph: replace first sentence by: "As it has been doing since 1981, Japan announced its forecast of exports of passenger cars, through March 1985 (i.e. to the end of its current fiscal year) to Canada."

Page 33, paragraph 104 (cont'd):

Replace second sentence of sub-paragraph concerning United States/Japan by: "The ceiling for men's coats other than cotton was set at 50,000 dozen for 1984 and 1985; cotton playsuits, 170,000 dozen; women's suits made of chemical fibres, 45,000 dozen; and spun rayon fabrics, 19 million square yards for 1984 and 19.57 million square yards for 1985." In the third sentence delete "fibre and textile trade".

Page 33, paragraph 106:

Argentina/Cuba: Delete item as the agreement in question, according to a clarification received from the Argentine Mission, has no compensatory basis whatsoever. The said agreement, on economic cooperation, simply provides Cuba with a credit line valued at \$600 million in order to help finance the purchase of Argentine export goods.

Page 34:

India/Libya and India/Soviet Union: These two items should be deleted. According to the Indian Delegation, they are not factually correct.

Penultimate item:

Delete: "a significant portion is understood to be barter trade" and add "in 1982 Spanish purchases from Iran amounted to \$1.08 million whereas sales reached \$0.33 million."

Page 38, the top of the page:

In listing of state-trading notifications, insert "Australia" before "Austria", and "Finland" before "Hungary".

Insert after the item "Article XXII - Consultations" a further sub-heading: "Article XXIII - Nullification or Impairment", and then add the following paragraphs:

"In June 1984, South Africa had recourse to Article XXIII:1 requesting formal consultations with Canada regarding the application of a retail sales tax in Ontario the effect of which would be to discriminate between domestically produced and imported gold coins (L/5662). See also reference to Article XXII, above (L/5670)." According to a more recent communication South Africa has made recourse to Article XXIII:2, and requested the contracting parties to investigate the matter (see L/5711).

"In October 1983, the EEC requested consultations with Chile concerning minimum import prices for calculating ad valorem duties, and increases in specific duties in addition to ad valorem duties applicable to imports of dairy products

into Chile. The EEC considered the measures in question to be incompatible with the provisions of the General Agreement and, in particular, with Article II:3 thereof. The consultations requested under Article XXII:1 ended 28 March 1984 without affording the EEC with satisfaction. The EEC has therefore requested further consultations on the subject under Article XXIII:1, in a communication dated 14 May 1984 (L/5574, L/5653)."

Page 39, Article XXVI (c) Progress Reports:

Delete " - Latin American Integration Association (L/5689)".

Page 42:

Add to tabulation an "X" for Australia and Finland in the "1984" column.

Page 43 (b) Waivers

Replace "is currently examining" by "has examined" and add to end of paragraph: "Its report was circulated in document L/5708."

Page 44, Appendix II, new paragraph:

(c) Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (BISD, 26S/203): A report was received from the Latin American Integration Association (L/5689).

Letters (c), (d), (e), (f), (g), (h) become
(d), (e), (f), (g), (h), (i).

Page 46, (5) International Dairy Arrangement:

Delete paragraph and replace by: "Two special meetings have been held under the Arrangement and consultations regarding the measures taken by the European Community are continuing (see also paragraph 23, page 6)."

Page 52:

Appendix V: title should read: "Voluntary Export Restraints and Orderly Marketing Arrangements^a"