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DEVELOPMENTS IN THE TRADING SYSTEM OCTOBER 1984 - MARCH 1985

Note by the Secretariat

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Introduction

1. Since 1980, the Council has held periodic special meetings to review developments in the trading system. The first such meetings were related exclusively to the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210) drawn up in the Multilateral Trade Negotiations. They were concerned primarily with reviewing developments covered by paragraphs 2 and 3 of the Understanding, which deal with the notification of trade measures, and by paragraph 24, which concerns surveillance of developments in the trading system. In July 1983, the Council agreed to extend the scope of its special meetings to include monitoring of paragraph 7(i)¹ of the Ministerial Declaration (BISD 29S/11) adopted in November 1982. The Council also agreed that such special meetings should preferably be held twice a year.
2. The present note covers developments in trade policies and related matters in the period 1 October 1984 - 31 March 1985. It follows the arrangement established in C/W/437/Rev.1 and C/W/448/Rev.1, which reviewed developments in October 1983-March 1984 and April 1984-September 1984 respectively. Its aim is to focus on substantive developments in policies and measures during the period under review, whether of a liberalizing nature or not, and whether or not these have been notified to the CONTRACTING PARTIES. Section A provides a broad survey of major developments, brings together information on measures affecting certain important sectors of trade, and also focuses attention on other actual or potential developments of relevance to the trading environment. Section B contains a more comprehensive and detailed enumeration of tariff and non-tariff measures; Section C focuses on arrangements affecting trade that are not specifically referred to in the General Agreement. Appendices I and II provide a systematic review of the status of notifications; Appendix II also reviews major developments under the MTN agreements and arrangements. Appendix III reviews developments in the area of dispute settlement, Appendix IV lists bilateral trade agreements noted during the period, and Appendix V lists restraint arrangements that have been recently concluded or which remained in force during the period under review. Appendix VI, in C/W/448/Rev.1, provided a chronological listing of all other types of measures of a trade-limitative nature taken since 1975 which had become known to the secretariat. Appendix VI in the current document, while following the old format, now contains only those items which are still, to the best of the secretariat's knowledge, in operation.
3. The information given in this note is based as far as possible on notifications made to the GATT. In addition, use has been made of official sources and, in some cases, of the economic press; in a number of cases, clarification has been sought from the delegation of the country concerned. The responsibility for the document remains, however, that of the secretariat. Errors and omissions certainly remain, and the secretariat would be grateful to delegations for assistance in correcting them. Inclusion of a measure in this document should not be taken to imply any judgement on its legal status under the General Agreement.

¹In paragraph 7(i) contracting parties undertook: "to make determined efforts to ensure that trade policies and measures are consistent with GATT principles and rules and to resist protectionist pressures in the formulation and implementation of national trade policy and in proposing legislation; and also to refrain from taking or maintaining any measures inconsistent with GATT and to make determined efforts to avoid measures which would limit or distort international trade".

A. MAJOR AND SECTORAL DEVELOPMENTS IN TRADE POLICY

Overview

4. The present report covers trade policy actions during the period 1 October 1984 to 31 March 1985¹. The period appears to show no real change in the trade policy environment compared with the previous six months: there have been, as before, a few encouraging developments, but these have been largely outweighed by new trade restrictions and by evidence both of continuing strong pressures for protective action and of recourse to trade measures outside the multilateral framework established by the GATT.
5. The economic background to these developments, which are reviewed in greater detail below, has been examined in GATT/1371 of 14 March 1985 ("International Trade in 1984 and Current Prospects - First assessment by the GATT secretariat"). Economic recovery accelerated, particularly in the United States, but became increasingly lopsided. There was a further increase in the current account deficit of the United States, which reached \$101 billion, two and half times greater than its already unprecedented figure of 1983. Japan and the Federal Republic of Germany recorded large current account surpluses. In merchandise trade alone, the US deficit in 1984 rose to \$123 billion. It was associated with a near-continuous climb in the value of the US dollar's exchange value against the other main trading currencies which continued almost until the end of the period. A combined increase (+ 5 per cent in real terms) in the leading seven industrial countries' gross domestic product helped world imports to grow by nearly 10 per cent. The surge of imports into the United States alone accounted for more than half of the increase in world trade in 1984.
6. Many of the factors which encouraged trade growth have, unfortunately, contributed also to reinforcing pressures for protection. The growth of the United States trade deficit - now officially forecast to reach \$140 billion in 1985 - has led in the United States to a preoccupation with bilateral trade imbalances and to widespread calls for trade restrictions, including proposals for a general surcharge on imports. While the rise in the dollar has stimulated US imports, it - combined with the unpredictability of exchange rates - has also had effects on the terms of trade of developing countries and on their debt-servicing burdens. The failure of economic recovery to reduce unemployment significantly, although (as GATT/1371 argues) not in itself a persuasive justification for the introduction of trade restrictions, has undoubtedly contributed greatly to continued protectionist pressures, particularly in Western Europe.
7. Over the past six months, the observance of a standstill in trade-restrictive measures has been at best inadequate, and there is only meagre evidence of any rollback of such measures. Some encouragement may be drawn from the fact that widespread advocacy of protectionist action in the United States has led to few concrete measures, and that the US Administration did not seek renewal of Japanese restrictions on exports of automobiles to the United States. However, the drift towards increasing management of trade, especially through voluntary export restraints, has continued. Restrictive arrangements governing trade in steel have been extended substantially: the systems of export restraints covering the two most important steel markets (the United States and the European Community) now effectively establish a globally managed trade framework in steel which in some

¹Certain major developments which took place early in the period, notably passage of the United States Trade and Tariff Act of 1984, are however included in the previous report, C/W/448/Rev.1.

respects parallels that already in existence in textiles and clothing. In the agricultural sector, where concern over the use of subsidy measures has been particularly pronounced, further unfavourable developments have occurred, especially as regards trade in dairy products and in meat. The tendency to apply the Multifibre Arrangement more and more restrictively has continued to cause concern. The present document also records a large number of other miscellaneous and generally restrictive measures, as well as what appears to be a distinct rise in the worldwide use of countertrade.

8. The acceleration of Tokyo Round tariff cuts by a number of industrialized countries stands out as the main concrete and concerted action to liberalize trade during the six-month period. Some improvements were also made in certain GSP schemes, notably in the treatment of imports from the least-developed countries. A few countries, as diverse as India, the Republic of Korea, New Zealand and Turkey, took significant steps to liberalize their foreign trade. Japan announced that it would take a number of steps to encourage imports. Certain proposals for liberalizing some quantitative restrictions and non-tariff measures have also been presented in GATT, in the Group on Quantitative¹ Restrictions and Other Non-Tariff Measures, by a number of contracting parties.

9. Governments have continued to express determination to resist protectionist pressures and to reinforce the multilateral trading system: particularly notable declarations to this effect were made in the communiqués of the OECD Ministerial Council and the World Bank-IMF Development Committee, both of which met during April. The OECD governments have agreed to submit by mid-October proposals on restrictive measures which could be phased out progressively over a fixed period. In both the OECD and the Development Committee, as well as in GATT itself and elsewhere, there has been increasing discussion of the possibility of holding new trade negotiations in GATT. Nevertheless, the climate of trade relations has remained very difficult, and tensions in bilateral trade relations, especially among the three largest trading powers, are as great as at any time in recent years.

10. For developing countries, world economic trends in recent months have permitted some improvement in their current account situation, and a pick-up in the growth of their exports. Total exports of the developing countries rose in 1984 by some 12 to 13 per cent in volume terms. However, these gains were very unevenly distributed, and some developing countries saw little or no improvement. Even for those countries which have enjoyed fairly rapid growth in export earnings, the continuing tensions and uncertainty in international trade relations appear to be inhibiting plans for the future postulated on continuing export growth. It may be noted in this respect that although developing-country exports of such products as steel, textiles and clothing, shoes and consumer electronics to the high-income economies have continued to rise, they have increasingly been meeting anti-dumping and countervailing action and new trade regulations. An important consequence of current difficulties appears to have been to weaken, or even reverse, the recent trend for developing countries to liberalize their foreign trade systems. Certainly, some developing countries have continued to undertake trade liberalization: recent examples are cited above. Nevertheless, a number of countries suffering from severe problems of indebtedness such as Argentina, Brazil, Colombia, Nigeria, Peru and the Philippines, have relied to a greater extent on import substitution policies than on export expansion strategies in dealing with immediate balance-of-payments difficulties. Elimination of their import restrictions has slowed or stopped, and several countries have actively encouraged countertrade arrangements.

¹Australia, Canada, Chile, European Communities, Hungary, Japan, New Zealand, Norway, Republic of Korea, South Africa, Spain, Sweden and the United States.

11. Finally, a number of recent bilateral or regional developments deserve to be noted. The United States and Israel have reached agreement on establishment of mutual free trade. In Canada, active discussion continues as to whether wider free-trade arrangements with the United States would be desirable. The successful conclusion of negotiations for the accession of Portugal and Spain to the European Community can be expected to have a significant impact on international trade relations.

12. The remaining paragraphs of this section of the document draw attention to major developments in trade policy during the six-month period. Details appear in sections B and C, and in the Appendices.

I. Tariffs

13. Austria, Finland, Norway, Sweden and Switzerland all implemented, as of 1 January 1985, accelerated tariff-cut instalments under the Tokyo Round agreements. Sweden and Norway are the first countries to have implemented all the remaining annual tariff-cutting instalments. In the case of the European Community, advanced tariff reductions as of 1 January 1985 were confined, in the absence of comparable action by the Community's major trading partners, to several hundred product items of export interest to developing countries. Should such action materialize during the course of 1985, the EC will accelerate reductions on the remaining items included in the next annual instalment. Japan, as of 1 April 1985, lowered customs duties on 1,212 non-agricultural and on 119 agricultural tariff items.

14. A number of countries made tariff changes on specific products. Brazil, Chile, China, India, and Indonesia introduced significant tariff reductions. Australia, Colombia, Malaysia, Peru, Trinidad and Tobago and Tunisia increased tariffs by varying levels of magnitude. At the annual meeting of ASEAN Economic Ministers in February, approval was given for the application of 20-25 per cent margins of preference on items with import values beyond US\$ 10 million, with provision for exclusion lists effective 1 April 1985. It was also agreed, as a further step to promote trade cooperation, to make a 25 per cent across-the-board tariff cut under the ASEAN preferential tariff scheme, instead of the present 20-25 per cent margin of preference level, for all items with an import value greater than US\$ 10 million. Under the new Trade and Tariff Act of 1984, tariff suspensions or cuts have either been introduced or extended for some 100 specific items in the United States' customs schedule. The United States and Japan agreed to remove tariffs on certain semi-conductors, on a most-favoured-nation basis, effective 1 March 1985.

15. On 29 January, the Council of Ministers decided that the European Community will sign the International Convention on the Harmonized Commodity Description and Coding System as soon as the member States are ready to sign this Convention, subject to ratification. Only one country has, at present, signed the Convention; the Harmonized System is to be implemented as of 1 January 1987.

16. Following the conclusion of Article XXVIII negotiations, between the EC and Canada, the EC's GATT-bound duty-free tariff quota for newsprint has been set at 650,000 tonnes.

II. Generalized system of preferences

17. By the end of 1984, with the extension of the United States' scheme, all the donor countries had renewed their respective preferential schemes for a further span beyond their initial ten-year period.

18. With respect to more recent changes in GSP schemes, two major trends have emerged. One is a sharpening of the criteria for deciding whether a developing country may continue to receive preferences. The other is an increased emphasis on extending benefits to the least-developed countries.

19. Among the positive additions by preference-giving countries, the EEC's new scheme contains improved preferential margins for some fifty agricultural items. Hungary has reduced preferential tariff rates on thirty-nine tariff headings. A major review of the Norwegian scheme led to the inclusion of thirty-four items in the agricultural sector and to thirteen in the industrial sector. In the case of New Zealand, its first major review has led to both the introduction of a threshold beyond which countries will no longer be considered eligible for beneficiary status and to the extension (effective 1 July 1985), of duty-free access to New Zealand's market to the thirty-six least-developed countries. Switzerland, in order to offset any erosion of the preferential margins in its GSP scheme, resulting from its advance implementation of the seventh MTN tariff-cutting instalment, implemented a proportional reduction in the preferential tariffs on items of agricultural origin as well as those still remaining on certain industrial items. Changes in the US scheme, outlined in C/W/448/Rev.1, are described in section B.II of this document, which also gives fuller information on the GSP schemes of other countries.

III. Regional developments

20. At the end of March, the Member States of the European Community agreed with Spain and Portugal on entry terms for the latter countries. From January 1986, Spain and Portugal, despite a series of transitional periods covering various sectors, will become full members of the Community.

21. The Community and the sixty-five developing countries of the ACP group have reached agreement on a new trade and aid convention. The new agreement - "Lomé 3" - reaffirms the instruments of cooperation of the second Lomé Convention, which expired at the end of February, including privileged trade arrangements, development aid, a system for the stabilization of export earnings, an intervention system for minerals and a consultative procedure. In some areas, procedures have been modified. The new pact will run for five years. A main thrust of the new convention will be the encouragement of "self-reliant and self-sustained development" aimed at improving the living standards of the poorest people in the ACP countries. One innovation in the agreement is the shift of emphasis from the financing of special projects to the development of specific sectors, especially domestic agriculture. Like its predecessor, Lomé 3 allows duty-free access for virtually all ACP country exports to the Community, except for a very limited number of agricultural products. The new convention, however, gives greater importance to the promotion of investment and calls for a joint effort to encourage stable conditions conducive to investment. It also provides for greater cooperation in cultural, social and political areas.

22. The United States Government has been granted a waiver from Article I of the General Agreement in order to enable it to provide duty-free treatment until September 1995 to eligible imports of Caribbean Basin countries under the US Caribbean Basin Recovery Act (see also C/W/448/Rev.1, paragraph 19).

23. On 18 March 1985, the President of the United States and the Prime Minister of Canada issued a joint declaration regarding trade in goods and services. In addition to stressing their mutual commitment to the multilateral trading system, they emphasized the need for improved cooperation in their bilateral trade relations. In the latter context, attention would be focussed, inter alia, on

ways to reduce and eliminate protection in cross-border trade between the two countries especially with respect to trade in energy, high technology, and to applying national treatment to government procurement and funding programmes.

24. Canada has also agreed, according to report in March, that it would study "on a priority basis" a proposal to create a one-way free-trade area and investment facility similar in aim to the United States' programme with respect to the Caribbean Basin countries.

25. The United States and Israeli Governments reached agreement during the period on the establishment of a bilateral free-trade area. The agreement, actually signed on 22 April, provides for the elimination of all tariffs between the two partners within ten years, to be accomplished over a four-stage dismantling process. In the framework of the negotiation, Israel has agreed on a commitment regarding reduction and elimination of subsidies, and has undertaken to become a signatory to the GATT Subsidy Code. The free-trade area with Israel will be the first such arrangement entered into by the United States with any country, except for the limited US free-trade arrangement with Canada, which applies only to the automobile sector. The President was given formal authority by Congress to negotiate a free-trade area with Israel in the Trade and Tariff Act of 1984 (C/W/448/Rev.1, paragraph 44); the initial authorization is limited to Israel only, although the Act contains a provision for negotiating with other countries provided the President notifies the Senate Finance Committee and the House Ways and Means Committee and that they do not disapprove within sixty days. A free-trade agreement between Israel and the European Community has been in effect since 1975.

26. The United States Administration and Mexico signed on 23 April a bilateral agreement which provides for "injury test" provisions of the US trade remedy laws to be applied, when necessary, to Mexican imports; in return, Mexico is expected to phase out existing export subsidy programmes.

27. An extra third Protocol to the EC/Israel agreement was signed at the end of last year; 1 January 1989 will be the date for the final elimination of all tariffs on industrial items imported from the EC.

28. In November 1984, it was reported that the Caribbean Economic Community member countries had begun to implement an agreement reached in July 1984, to raise tariffs on selected items from outside the region. The prime reason given for the need to increase the common external tariff was to combat and reverse the decline in intra-regional trade as well as to stimulate the expansion of manufacturing output and trade within the Community. The new arrangements, for which a target date of 1 June has been set, include common tariffs on a list of "sensitive goods" from outside the region and a dismantling of protectionist barriers by some members. The first member country to raise its tariffs since the decision was promulgated is Barbados; Jamaica is reportedly exempt from the arrangement for three years because of its commitments with the IMF.

IV. Sectoral developments

29. Sectoral problems continued to be the main feature of trade policy developments during the period under review. With the notable exception of the United States President's decision not to request Japan to renew voluntary quotas on exports of passenger cars to the United States, all the major sectors reviewed in the previous report (C/W/448/Rev.1) were subject either to an intensification or to the maintenance of existing bilateral arrangements for regulating trade with the principal supplying countries. There was also an apparent tendency for

certain customs and administrative procedures and requirements affecting these sectors to be tightened up.

30. Agriculture: Agreement was reached in the Committee on Trade in Agriculture, and subsequently endorsed by the CONTRACTING PARTIES in November 1984, to improve the implementation of the rules relating to trade in agriculture as well as making efforts towards bringing about a greater degree of liberalized market access for such products. On the other hand, the agricultural sector continued to be subject to a great number of dispute and complaint procedures under the GATT. The period was particularly difficult for trade in dairy products and in meat. Several special meetings of the International Dairy Products Council took place in connection with its resolution adopted in November 1984 which permitted sales of milk fat at prices below agreed minima subject to certain conditions. As a result of this resolution, the United States withdrew from the eighteen-member Arrangement. Austria subsequently also announced that it would withdraw with effect from June 1985. There has also been an unprecedented number of special meetings of the International Meat Council, arising out of the establishment of a Working Party, in April last year, to see whether there was an imbalance in the world beef market and, if so, the possible contribution of export subsidies and other measures to such a situation.

31. An element influencing the outlook for agricultural trade policy has been the proposals developed by the United States Administration in the Farm Bill which the US Congress will consider during the coming months. The Bill aims at a shift from farm programmes based on government-supported commodity prices to more market-oriented programmes.

32. In December 1984, the EC Council of Ministers gave its approval to formal exchanges of letters between the European Community and Australia and New Zealand, thereby enabling the 1979 arrangement on their cheese trade to be amended. The most important change was the suspension, as of 16 December 1984, of the minimum import price system for Australian and New Zealand Cheddar cheese imported into the EEC. In addition, the EEC/Spain trade agreement which governs the minimum volume of EC-produced cheeses to be imported into Spain was extended for 1985.

33. As of 28 January 1985, the United States imposed quotas on certain sugar-containing articles for the period January 1985 to September 1986. The quotas were imposed on an emergency basis pending receipt of a report from the US International Trade Commission as to whether the domestic situation requires continued protective action. The US also imposed an import fee of 0.2875 ¢ per lb. on raw sugar for the first quarter of 1985. There had not been an import fee on raw sugar since 1982. A fee for refined sugar was also set at 1.2875 ¢ per lb. as compared to the 1 ¢ per lb. fee for the last quarter of 1984. Subsequently Proclamation S.5313 stated that, as from 1 April 1985, raw sugar import fees would be suspended, while the refined sugar fee would revert to 1 ¢ per lb.

34. Australia and Egypt are reported to have signed in December 1984 a five-year agreement covering minimum wheat purchases. Under the agreement, Egypt will buy a minimum of 10 million tonnes of wheat over the five-year period with a minimum of 1.5 million tonnes in any one year. The preceding three-year agreement was for 1 million tonnes per annum.

35. The New Zealand Meat Board was also reported to have entered into a long-term contract with a United Kingdom company whereby New Zealand would provide up to 20,000 tonnes a year, for twelve years, of boneless lamb.

36. Reports also indicated that Greece, as of end-1984, would terminate its ban on imported bananas. The Japanese authorities stated in November that their import quota for beef for the second half of the Japanese fiscal year 1984 would be raised to 74,000 from 69,000 tonnes. In November 1984, Switzerland extended its supplementary customs duty on imports of bottled red wine in excess of 150 thousand hectolitres per year.

37. In December, Danish exporters stated that they would unilaterally restrain, until 1 March 1985, their exports of hams to the United States market.

38. The Norwegian authorities announced that, following the termination of the International Sugar Agreement of 1977, imports of sugar into Norway would no longer be subject to a licensing requirement, as of 1 January 1985.

39. Steel: With steel-making capacity estimated to be at least 15 per cent greater than that required to satisfy estimated future demand, competition for available markets continued to be acute. Measures taken to regulate this competition are increasingly equivalent to the establishment of an international steel cartel. Imports into the US market have become more closely regulated in recent months. The Trade and Tariff Act of 1984 contained, inter alia, not only authority to achieve or reinforce export restraint agreements from principal supplier countries, and an import-penetration target of 18.5 per cent¹ but also a "sense of Congress" resolution stating that imports should not exceed 20.2 per cent of the domestic steel market. Restraint agreements have been worked out with, and apparently accepted by, Australia, Brazil, Japan, Mexico, South Africa, Republic of Korea, and Spain which will hold down their exports to just under a third of their 1984 shipments until 1990.² The US Government placed a complete embargo, with effect from end-November 1985, on imports of steel pipes and tubes from the European Community; this was followed, on 9 January 1985, by an agreement between the US Government and the EC which called for the latter to limit its exports of steel tubes and pipes to 7.6 per cent of US consumption over the two years to end-1986, subject to final approval by US steel producers. The EC will require export licences to enforce the limits. Special allowances were made for supplies delivered last December and for tubes the US industry is not able to provide in the short term. All told, it has been estimated that more than 75 per cent of US steel imports are now covered by restrictions.

40. Following the above agreements with the EC and other countries on imports of iron and steel pipes and pipe fittings, new rules covering the country-of-origin markings have been drawn up by the US Customs for 1985. In late March, the US Government announced that it would introduce legislation removing requirements on country-of-origin markings on iron and steel pipe imports. The existing requirements, which stemmed from legislation in the Trade Act of 1984, had previously been criticized by the EC and Canada which argued that rules obliging pipes to be permanently stamped with origin markings could in practice lead to a total prohibition of foreign products in some cases.

41. The United States Treasury is reported to have agreed to current Canadian requests to streamline compliance procedures concerning shipments under the existing orderly marketing agreement covering certain products of specialty steel. The OMA concluded in February 1984 between the two countries at the request of the United States with respect to US action under Article XIX in July 1983 (L/5524), exists for the duration of the United States' measures in question. (L/5524/Add.23.)

¹Excluding semi-finished steel products.

²Until 1989 for Japan.

42. The European Community's steel industry will have to adjust to the projected phasing out of operating subsidies and to more liberal regulation, according to proposals put forward by the Commission in November 1984. In this connection, and in order to maintain a balance in the EC's steel market, the Commission continued to apply, for the calendar year 1985, a monitoring system for imports of steel products from third countries. Under the scheme, a priori Community surveillance applies to imports of certain iron and steel products from all sources. Imported products are to be subject to import licences identifying the contracting parties, the products, and the various purchase and transfer conditions. The member States are also required to notify the Commission of the tonnage and amounts (calculated on the basis of c.i.f. prices) for which import licences have been issued or for which import licences have expired without having been used by their importers.

43. A first 'Recommendation' by the Commission to the Council of Ministers concerns those countries which have annual arrangements with the EEC (excluding Spain, for which there is a separate text). The second concerns, with respect to imports, Algeria, Argentina, Australia, Austria, Brazil, Bulgaria, Canada, China, Czechoslovakia, Egypt, Finland, the German Democratic Republic, Hungary, India, Japan, Mexico, Nigeria, Norway, Poland, Portugal, Romania, Saudi Arabia, South Africa, the Republic of Korea, Spain, Sweden, Switzerland, Taiwan, the United States, USSR, Venezuela, Yugoslavia and Zimbabwe. With respect to Community exports, the text is directed at the above-mentioned countries, excluding China, Hungary and Zimbabwe, and including Iraq and Trinidad and Tobago. The EC member States (COREPER) have approved most of the arrangements concluded by the Commission for 1985 with its principal third country steel product suppliers; it was reported that negotiations with Spain and Romania were to be resumed at the beginning of 1985.

44. Petroleum: According to market reports, while some OPEC countries had ready buyers for more oil than their existing quotas allowed, other OPEC members were faced with difficulties in trying to sell all the oil they produced. This has led to an increased use of countertrade arrangements by some oil-exporting countries. (See also Section C.II.)

45. Motor Vehicles: The voluntary restrictions in shipments of passenger cars from Japan to the United States, which had lasted since 1981¹, ended on 31 March 1985. The US President stated that their renewal would not be requested. A specially commissioned study by the Federal Trade Commission had calculated that the quotas have channelled a subsidy worth \$750 million a year from American consumers to Japanese carmakers. The Japanese authorities have noted concern that the expiration of the measures could lead to a sharp and disruptive increase in Japanese passenger car exports to the United States. In order to prevent this, they have stated that, while they fully recognize the importance of expanding the scope of effective competition and promoting consumer interests, they will on their initiative "ask the individual Japanese automobile manufacturers to conduct their passenger car exports to the United States in a prudent manner for fiscal year 1985 as a transitional, temporary and exceptional step toward free trade". Shipments, it has been reported, are to be limited to between 2.2 and 2.3 million passenger car units, or about 25 per cent above the last restricted figure agreed to between Japan and the United States.

¹Passenger car exports from Japan were held at 1.68 million units per year from 1981 to 1983 and at 1.85 million units between 31 March 1984 and 31 March 1985.

46. As far as the European Community's market is concerned, the Japanese Government stated, in December 1984, that its export forecast for passenger car shipments for 1985 would be moderate while, with respect to shipments of light commercial vehicles and fork-lift trucks, its basic policy of general moderation in exports to EC member countries would continue to extend to these products. In early April, the European Commission authorized Italy to suspend, until the end of September 1985, all direct Japanese car imports as well as imports of Japanese cars coming into Italy via other members of the EC. A similar restriction was also applied against passenger cars coming from the Soviet Union. Japanese cars imported into the United Kingdom are kept at a level of no more than 11 per cent of total UK car sales for 1985 as estimated by the Japanese Automobile Manufacturers Association and the UK Society of Motor Manufacturers and Traders. These 'understandings' between the parties have been in operation since 1980. Japanese passenger car exports continue to be held, on a de facto basis, to about 3 per cent of the French market. In the case of Italy a ceiling of 2,200 Japanese car imports per year has been in operation since 1956. For the Benelux countries, Japan, as part of its prudent marketing policy, provides export forecasts based on moderation in growth. The EC has extended its system of a posteriori monitoring of Japanese exports of motorcycles, following the announcement that these would not be governed by export moderation in 1985.

47. As of the time of writing, no decision had been reached on the extension of the existing voluntary export restraint agreement between Japan and Canada. The most recent agreement (for fiscal year 1984-85) limited Japanese car imports to 170,400 units in the twelve-month period ending 31 March.

48. From 1 January 1985, Australia's previous system of licensing controls for passenger cars under five years old has been replaced by a system of tariff quotas with a duty of 57¹/₂ per cent; motor vehicles imported outside the quota will be subject to duty of 100 per cent reducing to 57¹/₂ per cent in 1992 (see C/W/448/Rev.1, paragraph 55).

49. Footwear: According to report, Canada and the European Community have settled a dispute arising from Canadian restrictions on footwear imports. While non-leather footwear and boots will continue to be subject to quotas if their value is below C\$40 and C\$65 a pair respectively, restrictions on leather footwear and boots will apply only if their values are below C\$35 and C\$60 a pair respectively. Canada will also reduce tariffs over one to three years on eighteen different products imported from the Community to compensate for restrictions on imports of boots and shoes estimated by the Community to cost its producers \$50 million a year in lost trade.

50. The European Community's surveillance system for footwear imports from major developing-country suppliers has been extended through 1985, according to a report published at the end of the year.

51. In the United States, the Senate Finance Committee has directed the International Trade Commission to renew its investigation of footwear imports (in June 1984 a previous examination did not find evidence of market disruption). Bills have also been introduced recently into the House and the Senate calling for eight years of footwear quotas that would hold foreign shipments to 50 per cent of the US domestic market.

52. Electronics: The Japanese authorities stated, at the end of 1984, that there had been general talks between Japan and the Community on their bilateral relationship. They announced that shipments of video tape recorders (VTRs) and colour television tubes to the EC in 1985 would be determined by an export forecast. Colour television sets, NC lathes and machining centres, and quartz

watches are also to be subject to export forecasts; according to the Japanese Government they indicate moderation for the calendar year 1985. The minimum price commitment covering shipments (other than VTRs and colour television tubes) directly from Japan will also continue throughout 1985.

53. Japanese exports of hi-fi equipment to the EEC will not be governed by export moderation in 1985; the EC has accordingly extended its system of a posteriori monitoring of these items.

54. The Japanese Ministry of International Trade and Industry announced, in November 1984, that Japan would maintain its floorprice system for exports of machine tools to the United States and Western Europe in 1985, under the authority of the Export and Import Transaction Law. This measure, which was first put into operation in 1978 with respect to the United States and Canadian markets, was subsequently followed by a similar restraint in 1981 with effect in fifteen West European markets.

55. The United States and Japan agreed to eliminate, on a most-favoured-nation basis, tariffs on certain semi-conductors. (See also paragraph 14.) The strong domestic demand for semi-conductors led the European Community to suspend completely, or partially, for the second half of 1984, tariffs on these items which were above the tariff rate average of industrial products as a whole. It has been announced that the temporary EC tariff suspension will be maintained in 1985.

56. Textiles: While the last six months has seen fewer trade policy developments than were recorded in the previous report, there is no evidence that the major participants in the Multifibre Arrangement have been using it any less rigorously. The United States has made frequent recourse to the consultation procedures of the principal bilateral agreements and, in a number of cases, to further restrictions. Complaints about a number of restraints, notably with respect to China, Hong Kong and Indonesia vis-à-vis the United States, in some instances brought about recommendations (by the Textiles Surveillance Body) that the actions to restrict product categories be rescinded.

57. The United States Commerce Department announced, effective 1 January 1985, that it was changing its practice on the release of shipments of textile and apparel goods in excess of quota limits held in bonded warehouses. Such releases will now take place only gradually, instead of all at once. The announcement was an outgrowth of a public notification, in October 1983, to the effect that the United States had authority to permanently embargo all goods entered above quota. Beginning 1 January 1985, the Commerce Department is also, because of overshipments and unresolved consultation calls, limiting the amount of certain textiles and apparel products from several suppliers that can enter the country each month. Certain products, including some categories of cotton, wool and artificial fibres which reached their quota limits last year, will be held to 20 per cent of their annual quota each month. The new scheme is intended to avoid market disruption by forcing the imports to enter on a more regular basis. Under the previous rule, goods were forbidden entry for the remainder of the year once their full-year quota was reached.

58. Final regulations governing substantial transformation requirements to determine the country of origin for imported textile and apparel goods were published on 5 March by the US Customs Service. The final version of the regulations, inter alia, makes a major distinction between the sewing and assembly of fabrics into a finished product and the looping together of knitted apparel. The former will normally be sufficient to determine the country of origin; the

latter will not. The new regulations are said to be directed at preventing "the circumvention or frustration of visa or export license requirements contained in multilateral and bilateral agreements to which the US is a party".

59. The European Commission has confirmed its decision to continue applying - for the first time - quantitative restrictions on imports of shirts from Bangladesh. The decision limits shirt imports from Bangladesh into France to 900,000 pieces, and into the United Kingdom to 850,000 pieces, over the period 17 December 1984 to 31 July 1985. The Commission has announced amendments to be made to the regulations governing imports of textile and clothing products from Bangladesh, Peru and the Philippines into the European Community. For Peru and the Philippines, the amendments concern temporary quantitative limits on imports of certain textile categories; in the case of Peru the quota for imports into Italy was increased for the period January-December. Details of the new trade régime covering textile imports from China and Yugoslavia in 1985 have also been notified. In December 1984, Turkish shipments of apparel (T-shirts, trousers, and other garments) became subject to safeguard action taken by the EC; quantitative restrictions will apply till June 1985. In the case of China, apart from announcing the quantitative limits for imports of textiles and clothing from that country in 1985, details have also been published of the 1985 allocation among EEC member States of the quantitative limits for economic outward processing trade (O.P.T.).

60. Morocco has again undertaken to limit its textile exports to the EC for 1985-86. The undertaking covers sales of trousers in the EC, shirts in France and the Benelux countries, and blouses and dresses in France. The undertaking replaces a three-year arrangement, concluded in 1979 and renegotiated in 1982.

61. Restrictions on Turkish textile exports to Sweden, which were first enacted in March 1984, lapsed on 6 September 1984. New unilateral measures were subsequently introduced. Turkish exports of acrylic yarn have also been made subject to a unilaterally imposed restraint by the United States for the period 1 November 1984 to 31 October 1985. The matter has been the subject of prolonged consultations.

V. Other trade policy developments

62. After the end of the period covered by the present note, the President of the United States announced (on 1 May) the imposition with effect from 7 May of a total embargo on trade between the United States and Nicaragua.

63. In the Budget speech delivered to the Parliament of India in mid-March, a wide-ranging relaxation of industry controls was announced. Measures include a switch, already begun, from detailed controls on individual imports to selective import duties. Nearly half the companies covered by the existing Monopolies and Restrictive Practices Act are to be freed from its basic controls (which limit the number of products and components a company can produce or import) while twenty-five companies are being exempted from basic licensing procedures.

64. On 9 April, Japan announced a package of trade liberalization measures and proposals. Among its principal aspects are improvement of standards, certifications and testing rules, especially for medical equipment and certain drugs; simplification of data required from foreign makers of telecommunications equipment; greater transparency in setting telecommunications standards, and provision of import financing for purchase of communications satellites; and protection of rights on software and semiconductor chip design. Japan will also "positively consider" lowering tariffs on plywood and other forestry products

after 1988, and will decide on other tariff reductions within the first half of this year. A three-year action programme will be drawn up to increase access to the Japanese market, and imports of manufactures will be encouraged. Efforts to ensure moderate exports to avoid concentration of specific products in specific regions will continue. (L/5795)

65. Other trade liberalization programmes of particular note concern the following countries. The Swedish Government has taken further steps to liberalize its import régime. With effect from 1 January 1985, quantitative import restrictions affecting some thirty-five product categories were lifted with regard to imports from Czechoslovakia, Hungary, Poland and Romania. Mexico, as part of a far-reaching trade policy revision, has eliminated prior licensing requirements on 519 products. So far, about 15 per cent of imports have been switched from the import licensing system to a tariff-based régime. New Zealand is also reported to be making rapid and radical changes in the direction of market liberalization.

66. The European Community agreed, in December 1984, to replace more than seventy customs documents currently in existence throughout the EEC and to replace them with a single administrative document (SAD). The SAD, which will serve for all the import, export and transit requirements of intra-Community trade will, however, only come into operational use as of 1 January 1988.

67. The Canadian authorities published a discussion paper (in January 1985) which was directed to ways and means of enhancing Canada's access to export markets. Apart from the paper's main concern - preparations and a possible agenda for a new GATT round - a series of options were also outlined for promoting closer trade limits with the United States. Among the approaches put forward for consideration were further sectoral or non-tariff arrangements, a comprehensive bilateral trade agreement and, as an interim measure, a "framework agreement" to facilitate progress towards substantive trade liberalization. Canada's previous talks with the United States, which began in 1983, have been concerned, inter alia, with possible two-way free trade links in four sectors: specialty steels, farm equipment, information services and urban transit equipment (see C/W/437/Rev.1, paragraph 19).

68. Ministers of the OECD member countries reaffirmed in April their commitment and desire to further strengthen the open multilateral trade system. It was generally agreed by them that another round of trade liberalization negotiations under the auspices of the GATT would make a significant contribution towards fulfilling this objective.

69. Ministers of developed and developing countries attending the Development Committee of the World Bank and the IMF in April "called on all countries to properly implement their undertakings to lift any measures inconsistent with GATT or not based on specific GATT disciplines". The Committee "endorsed the idea, to engage as matters of priority, in serious efforts to carry forward the unfinished business from the 1982 GATT work programme. This could lay the basis for a general participation of all countries in the trade negotiation round on which, it was noted, a number of countries have decided to embark under the auspices of GATT". In their communiqué issued prior to the Development Committee's meeting, Ministers of the Group of Twenty-Four, made up of representatives of developing countries, stressed the need "to implement all measures of interest to developing countries agreed at the Tokyo Round and all other aspects of the current GATT Work Programme of particular interest to the trade of developing countries".

70. The independent group of seven eminent persons, chaired by Dr. Fritz Leutwiler, which at the request of the Director-General of GATT had been studying the problems facing the international trading system, published its

report in March. The report, "Trade Policies for a Better Future: proposals for action", was transmitted by the Director-General to the Council in April. The report stresses the need for open trade policies as a condition for sustained economic growth, and puts forward fifteen concrete proposals for action.

VI. Prospective developments

71. It was reported that on 29 January, Japanese and United States trade negotiating teams had agreed to set up consultative bodies on the further opening of the Japanese market in the key areas of electronics, telecommunications equipment and lumber products. As a concrete first step, it was stated that import tariffs on semi-conductor products were abolished by both sides on 1 March. A progress report on these discussions was published in April (L/5795).

72. It has been reported in March 1985 that the European Commission will put forward this year a programme whereby all EC member States would bring into being common value-added tax and excise duties by 1992. The proposal has been put forward as a necessary pre-condition for removing all existing frontier barriers to the free movement of people and goods within the Community.

73. According to report, Mexico will shortly implement further reform measures designed to promote non-oil exports and to bring down inflation. These measures would include allowing exporters to import up to 40 per cent of the value of their exports free of duty and value-added tax; allowing the import of non-luxury items, without previous authorization, if the price of the equivalent domestic product is more than 50 per cent above the cost of the import; preferential treatment in competing for government soft loans and credit lines will be given to exporters, and foreign investment projects with high export potential will get top priority; trading companies formed with the use of foreign capital will be encouraged, and the nationalized banks will be able to put up 50 per cent of the capital in the trading companies. (See also paragraph 141.)

VII. Other developments relevant to trade policy

74. Foreign exchange rates: the following alterations in currency rates have been reported by the press and financial journals. The listing generally covers only officially-announced changes in countries with pegged exchange rates. Under a system of managed or free floating, large exchange rate changes can of course occur without the country in question announcing a formal alteration in the level of its currency.

75. In the period covered by this document, the main feature of international currency markets was the sustained appreciation of the US dollar. For 1984, as a whole, trade-weighted effective exchange rates on a year-on-year basis show an appreciation of the dollar of 8 per cent. On the same measure, the currencies of most other major industrialized countries depreciated in a range of 3 to 6 per cent. By the end of February 1985, the effective dollar exchange rate was over 25 per cent above its level of two years ago; since then it has fallen somewhat.

76. Other changes noted are as follows:

- Argentina: The peso was devalued to 118.12 against the US dollar from 110.60, effective 29 October 1984. A further devaluation of 4.92 per cent was announced as of 19 March 1985. Argentina operates a managed float.

- Bolivia: Effective 22 November 1984, the Government abandoned the two-tier exchange rate and devalued the peso to 9,000 to the dollar. The previous two-tier system had established a rate of 2,000 pesos to the dollar for essential imports, and 5,000 for non-essential imports, (see C/W/448/Rev.1, page 15).
- Chile: As of 27 February 1985, the official rate of exchange of the peso was adjusted downwards to 144.11 against the US dollar from 129.43. The new adjustment follows last December's devaluation of 4 per cent.
- Ghana: As of 3 December 1984, the cedi was devalued to 50 to the dollar from 38.5. The cedi was previously devalued by 9 per cent (from 35 to 38.5) on 24 September 1984. As of 18 April, Ghana announced a further 5.6 per cent devaluation of the cedi to 53 to the dollar; this was the second cut in the currency's value during the year and the fifth in just seventeen months.
- Guyana: Effective 22 December 1984, the value of the G\$ was adjusted to 4.25 against the dollar from 4.15 previously.
- Hungary: The National Bank of Hungary modified the exchange rate of the forint against a number of Western currencies. Since 6 November 1984, the purchase rate of DM 100 is fixed at Ft 1,694.39, and the sales rate at Ft 1,697.79.
- Iceland: On 20 November 1984, Iceland announced a 12 per cent devaluation of the krona against a trade-weighted basket of currencies.
- Mexico: As of 6 March 1985, the centavo's daily rate of depreciation was increased from 17 to 21 centavos to the US dollar.
- New Zealand: Effective 4 March 1985, the New Zealand dollar was floated free on the foreign exchange markets; it had been subject to a managed float. This follows the December 1984 removal of exchange controls and the July 1984 devaluation (see C/W/448/Rev.1, page 16).
- Nicaragua: Effective 13 February 1985, multiple rates of exchange were introduced consisting of six different rates for the córdoba against the US dollar, depending upon the type of transaction.
- Poland: As of 1 January 1985, the zloty was devalued against the major Western currencies by 9.3 per cent. One US dollar is now worth 138 zloty. The previous devaluations of the zloty were 1 September 1984 (123 zloty to the US dollar), and 1 March 1984 (110 zloty to the US dollar).
- Romania: On 1 November 1984, the Romanian Government decided to increase the exchange rate of the leu against a basket of currencies of six major trading partners. This resulted in an appreciation of the leu against the US dollar of 32.46 per cent.
- Somalia: In January 1985 the Somalian authorities announced a devaluation of 38.5 per cent against the US dollar.
- Sudan: Effective 21 October 1984, the Sudanese pound's commercial bank exchange rate was devalued to 2.10 pounds to the US dollar from 1.80 pounds.
- Thailand: With effect from 5 November 1984, the baht was devalued to B 27 to the US dollar from B 23. At the same time, the baht was unpegged from the US dollar and allowed to float against a basket of currencies.

- USSR: On 1 November 1984, the Central Bank of the Soviet Union reduced the price of the ruble in a number of Western currencies. The DM/ruble exchange rate was fixed at DM 3.5959 (previously DM 3.6457).
- Egypt: According to regulations recently announced by the Economy Minister, importers will be free to fund imports using dollars from their own accounts. The regulations of January 1985, whereby importers were obliged to fund letters of credit using local currency which was then converted into foreign exchange at the official bank rate have been rescinded. The Minister was also reported to have announced the adoption of a more flexible approach to establishing the market value of the Egyptian pound (see also C/W/448'Rev.1, page 16).

77. Other developments:

- In November 1984, China was granted observer status in the GATT. Earlier during 1984, China had become a signatory to the Arrangement Regarding International Trade in Textiles (MFA).
- Morocco: In a communication dated 8 March 1985, Morocco made a formal application for accession to the General Agreement on Tariffs and Trade.
- Bangladesh: In March 1985, Bangladesh decided to relax the restrictions on raw jute exports which were imposed last October. The curbs followed a poor crop and fears of a shortage of supplies for local mills. However, only shippers who have already fulfilled at least half their 1984-85 delivery contract commitments will be able to apply for the new registration of export sales.
- Canada: Regulations are to be relaxed in 1985 to increase foreign investment. The Foreign Investment Review Board has been renamed "Investment Canada" and has been instructed by the government to "encourage and expedite appropriate foreign investment".
- Important changes in China's foreign trade system have taken place during the period under review. The Chinese Government announced in 1984 that fourteen coastal cities, including Shanghai, will become free-trade zones. One cornerstone of the Chinese Government's economic reform was the creation of Special Economic Zones (SEZ) in 1979. China's government has also revised import rules to help private enterprises acquire foreign tools, machines, breeding livestock and plants. Under the new rules, individuals will be allowed to import equipment including small production and processing tools, farm machinery and meters and instruments for specialized work. The relaxation does not include motor vehicles, which continue to be imported under strict state control.
- Ireland: New value-added tax rates came into effect on 1 March 1985. The number has been reduced from six to three, and are now 0, 10 and 23 per cent. The current standard VAT of 35 per cent has been abolished and all items previously charged at 35 per cent will be levied at 23 per cent.
- Italy: Following consultation with the Bank of Italy, on 12 January the Foreign Trade Minister published a decree-law further reducing the non-interest-bearing foreign currency deposit requirement in respect of exports with delayed settlement terms of up to 365 days from 40 to 25 per cent.
- Spain: Spain's frontier with Gibraltar was reopened on 15 February 1985, restoring the free movement of people, goods and traffic between the two areas.

- United States: The Treasury Department has issued a list of twenty-three countries in which Foreign Sales Corporations (FSCs), which replace Domestic International Sales Corporations (DISCs) from 1 January 1985, can be set up.

- The United States Court of International Trade has ruled that the United Kingdom Government's investments in the British Steel Corporation are subsidies and that products made and exported with those subsidies are subject to countervailing tariffs on their arrival in the United States.

- Yugoslavia: A new joint venture act has been passed by the Yugoslav parliament; it gives foreign partners more rights in running joint venture business operations in the country.

78. Several major trading nations have passed legislation to deal with the problem of counterfeiting:

- in October 1984 the United States enacted legislation making it a felony for a person to intentionally traffic, or attempt to traffic, in goods or services bearing a counterfeit trademark. (The measure levies fines of up to \$250,000 for individuals and \$1 million for companies, and as much as five years in jail for those involved.) Another United States law voted by the Congress, in October 1984, gives short-term copyright protection for the first time to the circuit designs implanted in the chips, and will make pirating or unauthorized copying of the designs illegal.

- the European Commission has sent a proposal to the EEC's Council of Ministers for an EEC Regulation establishing common rules in all member States for controlling imports of counterfeit goods from third countries. Holders of trademarks within the EEC may soon have the right to block and possibly ultimately to destroy, counterfeit goods that are being brought across the Communities' frontiers.

- France is reported to be considering toughening its patent and trademark laws to allow customs officials to confiscate counterfeit goods. Japan plans a new law to protect layouts of semi-conductor chips from illegal copying. China's accession to the Paris Convention for the Protection of Industrial Property took effect on 19 March 1985, shortly before the entry into force of the Chinese patent law on 1 April 1985. (The Chinese law on trademarks entered into force on 1 March 1983.)

B. NEW TARIFF AND NON-TARIFF MEASURES

79. The following section provides details of specific trade policy measures, falling within the ambit of the General Agreement, of which the secretariat became aware for the period October 1984 to March 1985. It supplements, and should be read in conjunction with, the information given in Part A of the present document.

I. Tariffs and related measures

80. As a rough indication of trends rather than of weighted analysis, the information available shows an increase in the number of countries which introduced import tariff changes during the period under review, compared to the same period of the year before. More importantly, relatively more of the measures taken consisted of import tariff increases rather than decreases: examples are measures introduced by Colombia, Malaysia, Nigeria, the Philippines, Peru and Tunisia.

81. On 1 January 1985, Norway and Sweden implemented all of the three remaining tariff cuts agreed to in the Tokyo Round of negotiations (TAR/108, TAR/109), while Finland implemented two; the reduction scheduled for 1987 will be implemented by Finland in January 1986 (TAR/106). Switzerland also advanced the 1986 tariff reductions by one year, to January 1985. The tariff reductions scheduled for 1986 in respect of certain products of interest to developing countries (about 350 to 400 tariff headings) were advanced, to 1 January 1985 by the European Community; a further accelerated reduction of the rates of duty to the levels for 1986, in respect of products other than those referred to above in Schedules LXXII and LXXII bis annexed to the General Agreement, will be made by the European Community during the course of 1985, when similar action has been taken by the Community's major trading partners (TAR/107). Austria implemented the sixth and seventh stages of duty reductions on 1 January 1985 (L/4108/Add.20) while Hungary implemented the sixth (L/5141/Add.3).

82. As from 1 April 1985, Japan has abolished the 15 per cent import tariff on bovine and equine wet-blue-chrome leather.

83. Under a series of Supreme Decrees, the Peruvian Government has reduced or suspended import duties on products falling within twenty tariff headings (L/5798).

84. The Philippine authorities increased the surcharge levied on all imports by 2 per cent. The new rate is now 10 per cent (L/5691).

85. As from October 1984, Uruguay has reduced the tariff charge on exported live animals and traditional products (CCCN 01.01-01.05, 02.01, 03.01-03.03, 15.02, 16.01, 16.03-16.05) from 10 to 5 per cent (AG/FOR/URY/2/Corr.1).

The following non-notified tariff measures have also come to the attention of the secretariat.

86. Australia increased excise duties under the Excise Tariff Act 1921 for alcohol, tobacco products and refined petroleum products in line with the increase in the Consumer Price Index in the twelve months ending 31 December 1984. The new rates were applied from 2 February 1985. Amendments were made to the relevant items in Schedules 3 and 5 to the Customs Tariff Act 1982.

87. On 25 October, Australia announced that the tariff on colour television sets (presently 2 per cent on cathode ray tube (CRT) and 35 per cent on the remainder) will now be as follows: for sets with CRT measuring more than 47 cm, the tariff will be 50 per cent in the first year (with a concessional duty of 30 per cent on a quota of 50,000 sets), 30 per cent in the second year, and 25 per cent in the third year, reducing the following year to 20 per cent. A tariff quota which is substantially greater than the average level of imports in recent years has been set for 1985. For sets with CRT measuring less than 47 cm, the tariff will be 25 per cent on implementation, reducing to a long-term rate of 20 per cent after three years. Tariffs will also be reduced for most other consumer electronics equipment from currently relatively high levels in a series of annual 5 per cent reductions over three years to long-term rates of 20 per cent. Radio receivers and tape players imported in agricultural wheeled tractors will no longer be separately dutiable.

88. A series of resolutions of the Customs Policy Council of Brazil introduced temporary customs duty reductions for a number of products.

89. As of 16 January 1985 the authorities of Burkina Faso have established a uniform import tariff rate, amounting to 5 per cent, for all products.
90. As of 1 March 1985, Chile reduced import tariff rates from 35 to 30 per cent for a large part of its imports. Under Supreme Decree No. 746 of the Ministry of Finance the tariff surcharge applicable to the import of sugar has been reduced.
91. As of 10 March 1985 China reduced import tariffs by 10 per cent. Larger reductions were decided for certain high technology products.
92. The Government of Colombia issued Decree 2053 which increased almost all import duty rates by 25 per cent. Exemptions are certain foodstuffs, tariff headings included in agreements previously made by Colombia within the framework of the GATT, the Andean agreement, and the Common External Tariff of the Andean Pact.
93. In November 1984, the Colombian authorities introduced a surtax of 5 per cent on the value of imported products, a prior import deposit, and minimum payment terms for imports of 180 days for raw materials, consumption goods, and intermediate products, and of three years for investment goods.
94. The Common Customs Tariff duties of the European Economic Community applicable to tuna for industrial manufacture will be entirely suspended from 1 July 1985.
95. Under the 1985 budget of Fiji import duties were increased on a number of items.
96. India reduced import duties on computer parts from 80 to 5 per cent and on software from 100 to 60 per cent. The import duty on computers was cut from 135 to 60 per cent. Furthermore, substantial reductions of import duties were decided on certain chemicals, television glass bulbs and rotor assemblies.
97. India will permit duty-free imports of Mulberry raw silk against export of wholly Mulberry silk made-ups/garments.
98. Under Decree No. 117/KMK.05/1985 of 18 January 1985 Indonesia's Ministry of Finance reduced import tariffs to 5 per cent for mechanically perforated nickel sheets for certain types of printing machines.
99. Effective 1 April 1985, Japan has lowered import tariffs on 1,132 mineral and industrial items and 87 agricultural products.
100. The Ministry of Finance and Planning of Kenya has suspended the import duty and sales tax on soybean oil until 30 June 1985.
101. The Republic of Korea applies emergency tariff rates and adjustment tariff rates to 7 and 10 items, respectively, in 1985. The adjustment tariff system was first introduced in 1984 in order to facilitate the trade liberalization policy. The number of items for research and development purposes entitled to customs duty exemption and reduced tariff rates under the Tax Exemption and Reduction Control Law will increase from 127 to 177 items in 1985.
102. The authorities of Malawi increased the import surcharge applicable to certain products from 25 to 30 per cent.
103. Malaysia included import revisions and new excise rates in its 1985 budget. For certain beverages and other articles excise duty rates were changed from

specific to ad valorem and the duty rate raised from 25 to 45 per cent. Import duties on a variety of foodstuffs served in restaurants were under certain conditions exempted. The import duties on completely knocked down and completely built up cars were increased by 10 and 35 per cent respectively. Import duties were also increased on tyres, inner tubes, etc. for motor vehicles.

104. Malaysia increased import tariffs on fishing nets, certain types of aluminium containers, and electric filament lamps.

105. Mauritania has reduced import tariffs for motor vehicles (with engines of less than 1,300 cm³) from 53 to 48 per cent and increased import tariffs for motor vehicles (with engines between 1,301 cm³ and 1,500 cm³) from 65 to 73 per cent (and with engines between 1,501 cm³ and 2,000 cm³) from 82 to 92 per cent.

106. The New Zealand authorities have decided to reduce, annually, import tariffs for knocked-down passenger and other motor vehicles having a gross laden weight not exceeding 3,500 kg. for local assembly from the present 45 per cent to 25 per cent in 1988.

107. The authorities of Nigeria introduced new customs duties under the Excise Tariffs (consolidation) Decree No. 25. This Decree will not be modified for a three-year period. The products affected are many kinds of foodstuffs, durable consumer goods, refrigeration and audio equipment, silk materials, newsprint, etc.

108. Under the 1985 national budget the authorities of Papua New Guinea introduced a number of changes in import duty rates and an increase in the general import levy from 3.5 to 4 per cent.

109. The Government of Peru issued Supreme Decree 440-84-EFC which increased the import duty on fishing nets to 41 per cent.

110. By Supreme Decree No. 014-85-EF, Peru increased import tariff rates of 10 to 20 per cent by 1 percentage point, from 21 to 32 per cent by 2 percentage points, from 33 to 47 per cent by 4 percentage points, from 48 to 61 per cent by 6 percentage points and import tariff rates of more than 61 per cent by 8 percentage points. For certain luxury goods the import tariff increase is 10 percentage points. The measure does not apply to inputs intended for the pharmaceutical industry, goods intended for reconditioning and modernization of the industrial fishing fleet, goods intended for public transport and goods the import of which is subject to an ad valorem duty of less than 10 per cent under the customs tariff and legal provisions in force.

111. Under Law No. 84-65, the authorities of Senegal exempted from customs duty certain animal feed products, raw materials and packaging material for medicaments manufactured in an industrial free zone or under duty suspension systems. The revenue duty for certain products other than current consumption goods (free or controlled) was increased from 10 to 15 per cent, for a second category of goods from 25 to 37.5 per cent, and for luxury products from 35 to 52.5 per cent. An increased revenue duty is imposed on products likely to compete with products of domestic origin while a reduced revenue duty will be applied to certain products which serve as raw material inputs for new industries.

112. The authorities of Sierra Leone increased customs duties for cigarettes to 200 per cent of the c.i.f. value. The import duty on certain alcoholic beverages was increased from 14 to 16 leones per bottle.

113. Customs duty increases and decreases by South Africa were published in the South African Government Gazette from October 1984 to the present.

114. Sri Lanka reduced import duty on machinery from 7.5 to 5 per cent. Certain items, including fertilizers, selected chemicals and metals, raw cotton and synthetic fibres, may now be imported duty free. Duties have also been reduced on semi-finished products used in industry.

115. As of 1 October 1984, imports of sugar into Switzerland are subject to an import charge of Sw F 18 per 100 kg. This measure is being applied during the 1984/85 sugar year.

116. Under the 1984 Finance Act, Tanzania introduced changes in the rate of customs duty and sales tax applicable on imports of tractors and motor vehicles for the transport of persons and goods.

117. Tunisia imposed a global increase on its import tariffs in the framework of its 1985 budget legislation. Under Decree No. 84.1009, the customs duty rate applicable on certain products intended for the manufacture of stratified panels was reduced to 8.5 per cent.

118. Turkey took a further step in liberalizing its imports in December 1984. The changes carried forward the major policy shift made in 1983, when Turkey had replaced its former "list of liberalization", which covered a limited number of items eligible for importation, with a list of "goods not authorized for importation", which for 1984 covered only 200 tariff positions of the BTN. At the same time, substantial tariff cuts had been put into effect. The latest changes further reduce the number of tariff positions not authorized for importation from 200 to 118. In addition, Turkey announced significant reductions in tariffs on various products including meat, feta cheese, milk powder, tubes and tyres, watches, unprocessed furs and precious stones. Turkey's import régime for 1985 contains revisions of customs duties on more than 860 items including some pharmaceutical imports which are free of duty. On 19 and 27 January 1985 two announcements were made, whereby 22 new items and almost all pharmaceutical imports were allowed duty-free access.

119. With the new import régime, the Turkish Government has the authority to temporarily introduce adjustments in order to accommodate domestic requirements and to ensure economic stabilisation. In this connection some temporary adjustments have been introduced for a limited number of commodities on which substantial tariff cuts have been made.

120. The United States and Japan agreed to eliminate all tariffs on imports of certain semi-conductors on a most-favoured-nation basis, as of 1 March 1985.

121. The Ministry of Economy and Finance of Uruguay passed Decree No. 385/984 which changed the import duties for certain products listed under import tariff chapters 27, 39, 40 and 85.

122. Zambia increased its import tax from 12.5 to 15 per cent and imposed higher customs and excise duties on gasoline, diesel fuel, beer and cigarettes. Furthermore, import duty was imposed on all items where it has not previously been charged, with the exception of agricultural imports which will continue to be duty free.

II. Generalized system of preferences

123. Section A.II outlines major recent developments in GSP schemes. The following paragraphs describe these and other changes in greater detail.

124. With the implementation of the sixth and seventh stages of duty reductions agreed to in the Tokyo Round of negotiations, on 1 January 1985, the Austrian preferential duty rates on around 1,900 tariff lines were also reduced. With effect from the same date, pepper of the genus "piper", saffron, ginger, seeds of anise, fennel, corriander, cummin, caraway and juniper, and extracts of coffee from beneficiaries enter either free of duty or at reduced rates (L/4108/Add.20).

125. Effective 24 May 1984, Djibouti, Equatorial Guinea, Sao Tomé and Príncipe, Sierra Leone and Togo have become eligible to receive the benefits of the Canadian general preferential tariff applied to least-developed countries (L/4027/Add.20).

126. The EEC adopted its GSP scheme for 1985 in December 1984. As in 1984, the 1985 scheme provides for the duty-free import of industrial products, subject to quotas or ceilings for certain sensitive products. Eleven chemical products, such as titanium oxide, lead oxide, trichloroethylene and pentaerythritol have been transferred from the list of sensitive products to the list of non-sensitive products, and eleven other products including chemical products, computers, ball bearings, video recorders and mattress supports from the non-sensitive products category to the sensitive products category. Additional quotas have been introduced for nine countries. In eleven cases, quotas have been replaced by the more flexible system of ceilings. For certain products quotas and ceilings have been increased by about 5-15 per cent. In the area of textile products, the number of ceilings allocated among member States has been reduced by replacing them by the more flexible system of non-allocated community ceilings. The 1984 arrangement relating to jute and coir products remains unchanged; so do the arrangements for iron and steel products. With regard to agricultural products, preferential margins have been improved on meat and edible meat offals, meat of furred game, certain crustaceans and molluscs, certain dried vegetables, flour of dried vegetables and fruits, certain prepared meat and fish, certain preserved fruits, roasted nuts, coffee substitutes, mustard, baking powders, prepared rice, palm tree cores and malt beer. The list of products eligible for benefits in 1985 also includes bamboo shoots, at a GSP duty rate of 11 per cent. In its new position as EEC 'overseas country or territory', Greenland will benefit from all the GSP provisions with the exception of fish products (L/5116/Add.5).

127. Hungary has introduced further improvements in its GSP scheme. As of 1 January 1985, CCCN 69.12-00 (tableware and other articles of a kind commonly used for domestic or toilet purposes, of other kinds of pottery) has been added to the list of products entitled to duty-free treatment. In addition, preferential duty rates have been reduced by 50-65 per cent on thirty-nine tariff headings, including certain yarn and woven fabrics, woven labels, badges and the like, headgear and parts thereof, carding tacks of iron and steel for textile carding machines, hand tools used in agriculture, horticulture or forestry, internal combustion engines, air conditioning machines, children's spectacle frames, sunglasses, articles of mother-of-pearl or of ivory, etc. (L/5141/Add.3).

128. As a result of the first major review of the GSP, since its introduction in 1972, and in the context of a wide-ranging programme of industry restructuring and liberalization of import policy, the New Zealand Government will make certain changes to its GSP scheme with effect from 1 July 1985. Developing countries whose per capita GNP exceeds 70 per cent of New Zealand's per capita GNP will longer qualify for preferential tariff; an annual review of countries' eligibility will be conducted on this basis. Effective the same date, it will

provide the thirty-six least-developed countries duty-free access for all products; although there is provision for limited exceptions to be made to this measure as part of the transitional adjustment process for the liberalization of New Zealand's import régime, the final aim is to make all tariff items duty free for the least-developed countries (L/4366/Add.15).

129. Following a major review of the Norwegian GSP, aimed at further liberalizing its import régime for developing countries, thirty-four tariff headings and sub-headings in the agricultural sector and thirteen in the industrial sector have since 15 March 1985 been included in the scheme for full duty-free treatment. They include natural honey, cut flowers and foliage, live plants, certain fruits and vegetables, fruit products, malt beer, olive oil, linseed oil, wheat gluten, sugar confectionary, food preparations containing cocoa, certain woven fabrics, yarn of man-made fibre, tableware of porcelain or china, certain motor vehicles, special purpose motor lorries and vans, chassis fitted with engines, motor vehicle bodies, motor cycles, etc. Macao has become a beneficiary country. The Norwegian scheme continues to provide full duty-free treatment for all products admitted under the scheme, without tariff quotas or ceilings; all goods from the least-developed countries are accorded duty-free treatment (L/4242/Add.25).

130. The United States Trade and Tariff Act of 1984 extended the GSP scheme to 4 July 1993 with some modifications. With respect to the designation of beneficiary developing countries, a mandatory criterion was established with respect to "internationally recognized worker rights". For the first time, the President has been given the authority to waive the application of 'competitive need' limits on a product-specific basis. Under the new statutory competitive need provisions, a country loses GSP eligibility for a product if imports from that beneficiary in the preceding year exceeded 50 per cent of the value of total US imports of the product or were more than a certain dollar value - US\$57.7 million in 1983 (indexed annually to changes in nominal US gross national product). Countries designated as "least-developed" are fully exempted from all competitive need limits. The de minimis limit has been increased from US\$1 million to \$5 million, thus allowing the President to waive the 50 per cent competitive need limit in cases where the value of total US imports of an item does not exceed this limit. The President will be barred from designating as GSP-eligible any new products in the leather-related sector (footwear, handbags, luggage, flat goods, work gloves and leather wearing apparel). The new legislation also allows the President to redesignate countries previously graduated from the scheme. The President is required to complete within two years a general review in which he will determine which products from which countries are "sufficiently competitive". For those products from countries falling within this determination, a lower competitive need limit of 25 per cent or US\$25 million (indexed to changes in nominal United States GSP) will be applied. Whenever a beneficiary's GSP per capita exceeds US\$8,500, its GSP benefits will be terminated following a two-year phase-out period. In all GSP decisions, the President is required to take into account, inter alia, (1) the level of development of the beneficiary country, (2) the extent to which a beneficiary country provides reasonable access to its markets, (3) refrains from unreasonable export practices, (4) provides adequate protection of intellectual property rights, (5) reduces trade-distorting investment practices and barriers to trade in services, and (6) affords internationally recognized worker rights to its workers (L/5153/Add.4).

III. Quantitative restrictions and other non-tariff measures

(a) Changes notified in licensing arrangements¹

131. Effective 1 January 1985, import licensing controls of Australia on motor vehicles less than five years of age have been replaced by a system of tariff quotas. The quota system does not apply to non-commercial imports up to \$A 100, vehicles imported for repair, alteration or industrial processing that are to be exported, etc. All imports other than a limited range of secondhand, used, or disposals machinery and equipment, are exempted from licensing; licensing controls apply to imports from all sources and the intention is to restrict the quantity of goods imported in order to assist the local industry. Import licensing is also used to control the importation of narcotic drugs and psychotropic substances. The system has a two-tiered structure in which an importer must first be licensed and then an import permit must be obtained for every importation of the controlled drugs. The use of licences and permits is to enable the Government to restrict and monitor the quantities of the controlled drugs that are being imported (L/5640/Add.13).

132. By communication Cacex No. 105, the authorities of Brazil excluded about 2,000 products from the list of imports temporarily suspended for balance-of-payments reasons (L/5726).

133. In the context of New Zealand's new economic restructuring programme, and in the light of the 20 per cent devaluation in July 1984, the Government has made certain policy changes which have had an impact on the existing licensing system. These include: (i) maintenance of access for the pre-devaluation volume of licensed imports by increasing by 25 per cent, as from 1984-85, all import licence allocations denominated by value; (ii) further increases in import licence allocations to reach a minimum global import access of 10 per cent by value of the estimated domestic market (production less exports) for goods produced in New Zealand (but not for goods covered by industry development plans); and (iii) confirmation that the continuing annual increase of import licence allocations beyond the base period would be as already agreed with manufacturers, i.e., 2.5 to 5 per cent of domestic production less exports. The Government has also announced a Motor Vehicle Industry Development Plan, similar to other development plans already announced, involving liberalization of import licensing for completely built-up motor vehicles, buses and trucks, and a general reduction of tariff levels. In addition, tendering of import licences covering a wide range of goods valued at \$435 million took place in November 1984. Discussions concerning the planned progressive removal of import licensing and its replacement by a tariff-based system have also begun between the Government and interested parties (LIC/M/11 and 12).

134. As of 1 January 1985, Norway has exempted from licensing a wide range of products which were previously subject to import licensing requirements. It covers imports falling under 194 tariff headings, forty of which are from all countries and the rest from China, Eastern Europe, Japan, the Republic of Korea and Macao (Notification to the Group on Quantitative Restrictions and Other Non-Tariff Measures, January 1985).

135. The import of sugars, syrups and molasses into the United States from all countries for re-export in sugar-containing products or in refined form or for the

¹See also import restrictions notified as being applied for balance-of-payments purposes (Section III (c)).

production of polyhydric alcohols, except polyhydric alcohols for use as a substitute for sugar in human food consumption (155.20 and 155.30 of the TSUS), is subject to licensing, so that such imports may enter exempt from the import quota on sugar. An import licence for sugar to be re-exported in sugar-containing products may not exceed 10,700 tons per importer. An import licence for sugar to be re-exported in refined form may not exceed 28,000 tons, or if specifically requested and approved, 50,000 tons, per applicant. An import licence for sugar for production of polyhydric alcohol may not exceed the anticipated requirements of the manufacturer for the twelve-month period following the effective date of the licence (L/5640/Add.5).

(b) Non-notified changes in licensing arrangements

136. The following information on import licensing measures is drawn from sources other than notifications. The information available suggests that more licensing measures have been taken by governments during the period under review than in the same period one year earlier.

137. Under Notice to Importers No. 999 of the Ministry of Trade of Burkina Faso, imports of a wide range of products have been made subject to prior import authorization, irrespective of their origin and source. In addition, Notice to Importers No. 1000 by the Ministry of Trade laid down that imports by certain ministries shall be subject to prior approval by the appropriate ministry.

138. Cameroon published its general trade programme for 1985 which lists products whose import is authorized only under certain very restrictive conditions; twinned products whose import is authorized subject to proof of a sales turnover of like domestic products (the threshold has been set at CFAF 50,000); other controlled products which may be imported only with a prior permit (required above a threshold of CFAF 50,000); and finally, those products subject to prior permit although subject to the administrative formalities for obtaining a license.

139. The special import licence system of Ghana allows local importers holding foreign exchange to import goods needed to run certain sectors. From 3 September to 1 October 1984, the allocation of special licenses was suspended by the Ministry of Trade to facilitate the solution of problems posed by illegal importation and the accumulation of imports at Ghanaian ports.

140. Effective 28 February 1985 imports into Malaysia of activated clay and activated bleaching earth are subject to import licensing.

141. Mexico was reported, in early April, to have eliminated prior licensing requirements on 519 products. The import liberalization is part of a far-reaching trade policy revision which is outlined in a letter of intent to the IMF. By the end of 1985, 35 per cent to 45 per cent of all imports will be freed from licensing requirements. So far, about 15 per cent of imports have been switched from the import licensing system to a tariff system. The new regulations cover items ranging from steam turbines, mechanical harvestors and high-powered centrifuges to silk thread and dairy cows. Tariffs, varying from 10 to 15 per cent, will be applied to the imports, many of which could not be imported until recently, because they were manufactured domestically.

142. Under Order No. 0040/MCT/MF the Nigerian authorities have liberalized imports of millet, maize and sorghum which previously had been subject to prior import licensing. Furthermore, import licences which would have expired on 31 December 1984 were extended to 28 February 1985. The extension covers all goods.

143. Only Nigerian companies which fulfil certain conditions will be awarded import licences during 1985. Consideration will be given to companies which manufacture products with a high local material content, are major employers, are major contributors to revenue, and produce goods of benefit to the country.

144. The Ministry of Economy, Finance and Commerce of Peru issued Ministerial Resolution No. 493-84-EFC/16 which made soybeans, soya and palm oil and some related products, cane and beet sugar, and salt, subject to import licences to be issued by the Ministry of Agriculture.

145. In December 1984, Turkey reduced the number of tariff positions not authorized for importation from 200 to 118 (see paragraph 118).

(c) Import restrictions notified as being applied for balance-of-payments purposes

146. Under Decree No. 4070/84, the importation of consumer goods into Argentina has been made subject to the régime of Sworn Declarations of Import Needs, and a large number of consumer goods have been prohibited for importation until 30 June 1985 (L/5687/Add.1).

147. From 1 January 1985, Bangladesh has adopted a "negative list" system of import control, under which any goods not included in the "Negative" or "Restricted" lists may be freely importable under the Wage Earner Scheme or Export Performance Licence system. The "Negative" list comprises, inter alia, certain meat and vegetable products (including fresh vegetables, tea, spices, vegetable oils and fats and oil cakes), certain chemicals, paints, soaps, waxes and some plastics, hides, skins and leather goods, certain wood processed products and manufactures, cotton (except yarn and fabrics), jute and jute yarn, carpets, twine and ropes, knitted and woven garments, accessories and made-up items, footwear, certain ceramic and glass manufactures, a number of metal products including iron and steel castings and forgings, tubes, structures and reservoirs, handtools, certain mechanical appliances and machine tools, electric appliances, radios and furniture. The "Restricted" list (importable by certain agencies or on approval by certain agencies) covers, inter alia, grains including rice, vegetable oils, refined sugar, salt, petroleum and petroleum products, certain vitamins and drugs, fertilizers, explosives, rubber, cycle and motorcycle tyres, certain grades of paper and board, printed books, raw silk and yarn, man-made fibre yarns and fabrics, cotton yarn and woven fabrics, glass and glassware, certain copper and aluminium products, textile machinery, motor vehicles and ships (BOP/W/85). Bangladesh consulted on its restrictive import measures in the Committee on Balance-of-Payments Restrictions in October 1984.

148. Under CACEX Communiqué No. 105 (20 September 1984) and Resolution No. 00-0679 of the Customs Policy Council (12 September 1984), the Brazilian authorities have made many amendments to Brazil's import licensing régime and customs tariff. The Annex to CACEX Communiqué No. 105 contains a list of products for which the issuance of import licences is temporarily suspended, replacing the previous notified CACEX Communiqué No. 56 (12 August 1983). The Annex to Resolution No. 00-0679 contains a list of products previously subject to import surtaxes which have either been eliminated or incorporated after substantial reduction into the ad valorem duties. Both lists include a large range of products (L/5726).

149. As indicated in L/5771, with effect from 1 January 1985, Hungary has abolished all remaining import restrictions introduced in September 1982 to

safeguard its balance of payments, thus disinvoking Article XII of the General Agreement. (See previous notes on Hungary in C/W /437/Rev.1, paragraphs 42 and 43, and in C/W/448/Rev.1, paragraph 87).

150. As notified in L/5769, Israel has extended its import deposit scheme brought into force in June 1983 and covering a wide range of consumer goods and industrial supplies, for a further six-month period until 1 June 1985. Major items of capital equipment and raw materials for industry are, by and large, not covered by the scheme.

151. As from 1 December 1984, several categories of goods (materials used as inputs for local industries and export production, materials for the provision of after-sale services, and imports destined for "Approved Enterprises") have been exempted from the special 25 per cent import deposit notified by Israel in L/5697. The temporary import prohibition introduced in October 1984 covering some fifty luxury-type commodities, imports of which amounted to about US\$ 680 million in 1983 (notified in L/5697) has been abolished as of 5 February 1985, and has been replaced by a special import deposit of 60 per cent ad valorem, reducing by 3 percentage points monthly as from 1 March 1985 until February 1986; the special import deposit is reimbursed after one year. The goods subject to the special deposit are the same as those that were subject to temporary import restrictions, with the exception of marble, granite and worked monumental or building stone, which are now only subject to the general import deposit of 15 per cent ad valorem (L/5784). (See previous notes on Israel in C/W/448/Rev.1, paragraphs 89, 90, 91 and 92.)

152. The Committee on Balance-of-Payments Restrictions, which consulted with the Republic of Korea in October 1984 on its trade measures, noted its appreciation for Korea's efforts to introduce a progressive liberalization of import licensing, a comprehensive tariff reform, a reduction of other non-tariff restrictions and a revision of import procedures. (See previous notes on the Republic of Korea in C/W/448/Rev.1, paragraphs 93, 94 and 95.) It was expected that the Republic of Korea would continue the further simplification of its import procedures as well as reducing the number of different measures applying simultaneously; this would bring greater certainty and predictability to its import régime while permitting trade liberalization to have its full effect. (BOP/R/146, BOP/246 and Add.1 and Corr.1).

153. With effect from 10 October 1984, the Philippine Government has abolished the 30 per cent "economic stabilization tax" on exports and the 10 per cent excise tax on all non-merchandise foreign exchange purchases (BOP/W/84/Add.1). The additional duty on imports introduced in January 1983 (originally at a rate of 3 per cent, and subsequently increased to 5 per cent in November 1983 and to 10 per cent in June 1984) has been reduced to 5 per cent (BOP/248/Corr.1). The Committee on Balance-of-Payments Restrictions, which consulted under simplified procedures in October 1984, noted that since the last full consultation with the Philippines, its balance-of-payments situation had deteriorated and a number of modifications in the import régime had been introduced in response to developments in the economy. A full consultation with the Philippines will be held in December 1985.

154. The Committee on Balance-of-Payments Restrictions in its consultation with Portugal in October 1984, welcomed the measures taken in 1984 to reduce the import surcharge and simplify import licensing procedures, in line with its previous recommendations. The Portuguese authorities' plan to replace the present 60 per cent surcharge on non-essential imports by a value-added tax

system to be introduced by mid-1985 was noted with satisfaction. The Committee also welcomed Portugal's intention to abolish the 10 per cent import surcharge and to eliminate quantitative restrictions on most consumer goods by 1 January 1986, the time of its intended accession to the European Communities (BOP/R/145 and BOP/249).

(d) Notifications on emergency action

155. In order to safeguard domestic producers from damaging import competition, the Canadian authorities have imposed a global quota of 146.5 million pounds (66,500 tonnes) on imports of fresh, chilled and frozen beef and veal for the calendar year 1985. This quota level is equivalent to the level of the 1985 minimum global access commitment agreed to by Canada during the Tokyo Round and bound in the GATT. The global quota will be allocated to supplying countries on the basis of their share of imports into Canada during the period 1979-1983. Annual Canadian imports of beef and veal averaged 122.5 million pounds (55,600 tonnes) between 1979-1983. Imports in 1984 were expected to reach 168 million pounds (76,200 tonnes). Imports in 1985, if left unrestricted, were expected to reach or exceed 1984 levels. Consultations have been initiated by Canada in accordance with the requirements of Article XIX of the GATT, with those contracting parties having a substantial interest as exporters of the products concerned. (L/5767).

156. The Canadian Government has made certain changes in the implementation of measures concerning Canada's Article XIX action on footwear notified in documents L/5351/Add.17 and L/5263/Add.16. The extension of the quota has been shortened from the originally notified period of sixteen months to twelve months (to 30 November 1985), and the global import quotas have been increased to 12.3 million pairs for leather footwear and 37.7 million pairs for non-leather footwear. Further, with effect from 30 April 1985, leather footwear and boots valued at C\$35 and C\$60 or more, respectively, per pair have been exempted from the quota (L/5351/Add.20 and 23, and L/5263/Add.19). The decision to move the expiration date of the quotas by four months was to make the quota period meet the business year of the industry and to push forward implementation of any recommendations the Anti-Dumping Tribunal will make before then. The Anti-Dumping Tribunal is currently conducting a review of the industry and is expected to present its findings in June 1985. (For earlier reference to this measure, see C/W/448/Rev.1, paragraphs 104, 105 and 106.)

157. Pursuant to the South African Government's decision to increase import duties on certain footwear, in order to provide tariff protection to the local industry against disruptive competition from an import surge, the GATT bindings on these products in Schedule XVIII - South Africa (64.02.35.05 - sizes 150 to 205 - 30 per cent ad valorem or R 0.30 per pair, and 64.02.35.15 - sizes exceeding 205 - 30 per cent ad valorem or R 0.80 per pair), have been temporarily suspended. With effect from 11 January 1985, the revised rates of duties are 30 per cent ad valorem or R 2.35 per pair minus 70 per cent ad valorem, and 30 per cent ad valorem or R 3.20 minus 70 per cent ad valorem respectively (L/5725).

158. Following the safeguard measures taken by the United States in July 1983 on certain types of specialty steel, the European Community, with effect from March 1984, had suspended the application of substantially equivalent concessions, in the form of tariff increases and import quotas, on a number of non-steel products (including chemicals, plastics, alarm systems, hunting rifles and sports equipment) originating in the United States. In order to take account of the progressive easing of the above measures by the United States, and in particular

the increase in the quota in the current financial period, the European Community has modified the level of compensation in the course of the second year of application - 1 March 1985 to 28 February 1986 (L/5524/Add.50).

159. Following the failure to agree on appropriate concessions over the extension of import quotas on footwear by Canada (notified in documents L/5351/Add.17 and 20 and L/5263/Add.16 and 19), the EC in February 1985 gave notice of their intention to take retaliatory action (increased duties) on imports of certain products from Canada in the industrial field (L/5351/Add.22, L/5263/Add.21). The decision to retaliate was withdrawn, in April, as a result of an agreement reached between the parties (see section A.IV).

160. Following the failure to reach a mutually satisfactory agreement concerning the imposition of a global quota of 66,500 tonnes (of which 2,700 tonnes have been allocated to the EC) on imports of fresh, chilled and frozen beef and veal into Canada (see paragraph 154), the European Community, in March 1985, gave notice of its intention to suspend the application of substantially equivalent concessions on trade in certain agricultural products originating in Canada. The EC announced that, with effect from 15 April 1985 at earliest, imports of certain meat and meat offals, natural honey, mustard seed and flour, maple sugar and syrup, rye whisky, certain animal feed, flue-cured Virginia-type tobacco, etc. would be subject to increased duty or levy and/or licensing (L/5785). Bilateral discussions are understood to be continuing on the matter, and the suspension of concessions has not so far been implemented.

(e) Other quantitative restrictions

161. The Japanese government is making efforts to progressively liberalize import restrictions on leather as recommended (See Appendix III to the present document) by the Panel on Japanese Measures on Imports of Leather. The import quota for bovine and equine wet-blue-chrome leather has been expanded, since September 1984, and licenses have been issued whenever necessary (amounting to automatic licensing). The import quota for these products for the 1984 financial year had been set at US\$20 million, and the size of the quota on leather had been published since last October. In addition, a bill passed by the Diet recently has abolished the 15 per cent import tariff on bovine and equine wet-blue-chrome, effective 1 April 1985. The Government intends to continue to improve the situation affecting leather trade, including measures to improve trade in finished leather.

162. With effect from 1 January 1985, Sweden has abolished quantitative import restrictions affecting some 35 product categories with regard to imports from Czechoslovakia, Hungary, Poland and Romania. Among the liberalized products are zinc oxide, certain yarn and fabrics, carpets, fishing nets, certain boots and tableware and other similar articles of porcelain, china or of ceramic materials (Notification to the Group on Quantitative Restrictions and Other Non-Tariff Measures, April 1985).

163. After the end of the period covered by this report, the President of the United States imposed a trade embargo and other economic sanctions against Nicaragua with effect from 7 May 1985 (L/5802, L/5803).

164. The United States Presidential Proclamation 5294 of 28 January 1985 has imposed import quotas on sweetened cocoa, pancake flour and mixes, and edible preparations under 5 per cent butterfat falling under 156.45, 183.01 and 183.05 of the TSUS. For the period January-September 1985, the quotas will be 1,000, 2,500 and 28,000 tons respectively. The quotas have been imposed, pursuant to the

waiver granted by the CONTRACTING PARTIES in March 1955, concerning import restrictions taken by the United States under Section 22 of the Agricultural Adjustment Act, and without awaiting the report and recommendations of the International Trade Commission, on the basis of a finding by the Secretary of Agriculture that the above-mentioned products were practically certain to be imported under such conditions and in such quantities as to materially interfere with the price support operations for sugar cane and sugar beets. The quotas will remain in effect until the President has received and acted upon the report and recommendations of the International Trade Commission (L/5787). (See also Appendix I - Article XXIII - Nullification or Impairment.)

(f) Other non-notified import control and non-tariff measures noted by the secretariat

165. The following information on other trade-restricting measures taken in the non-tariff field in the period under review is drawn from sources other than notifications. Based on the information available it appears that during the period under review fewer import measures of the type mentioned were taken than during the corresponding period last year.

166. Colombia's Ministry of Agriculture announced that selected agricultural imports will be banned in 1985. Lentil and soybean imports would be eliminated indefinitely, but edible oil imports will be allowed up to 1984 levels.

167. By Decree No. 2604 of 27 December 1984 the authorities of the Dominican Republic extended, until 31 December 1985, the import prohibitions established by Decree No. 71 of 9 August 1982.

168. The authorities of El Salvador imposed an import ban on certain motor vehicles until 30 June 1985.

169. Retrospective surveillance of imports of footwear, established by Decision 78/560/ European Economic Community, has been extended to 31 December 1985 under Commission Regulation (EEC) No. 3533/84 of 13 December 1984.

170. By Decree Nos. 21/Kp/I/85 and 24/Kp/I/85 of 5 January 1985 the Ministry of Trade of Indonesia made imports of straight tube lamps (ex. 85.20.290) and certain tube fittings (73.20) subject to special controls.

171. The Ministry of Commerce of the Ivory Coast published notice 84-006 which suspends the importation of mosquito nets until further notice. Furthermore, imports of sacks used for the shipment of coffee, cocoa and rice were prohibited.

172. The authorities of Malawi increased the temporary prior import deposit from 3 to 5 per cent.

173. By Law No. 24.030 the Government of Peru has suspended, for the year 1985, imports of certain products contained in about twenty import tariff chapters. The authorities reserved the right to reduce or enlarge this list of products.

174. By notices Nos. 6/85 and 45/85 South Africa's Department of Trade and Industry published lengthy lists of products which are intended to be removed from import control.

175. Under Decree No. 84.674, Tunisia prohibited imports of salt.

176. Under Article 4 of the Protocol of the Accession of Poland to the General Agreement, the EEC, in October 1984, took emergency action in respect of imports

of certain squid originating in Poland. Under this measure, release to the Community market of squid, with the exception of imports that observe the Community reference price of the products concerned, was suspended until 31 December 1984. The EEC maintained that imports of these products from Poland at abnormally low prices (11,317 tons at an average price of 44.3 per cent of the reference price from January to September 1984) had caused prices of similar Community products on the Italian market to fall by more than 30 per cent of the average price in 1983, thereby causing serious disposal difficulties for Community production (L/5706).

IV. Subsidies, anti-dumping and countervailing action

177. In January 1985, contracting parties were invited to notify any changes that may have taken place in their subsidy programmes subsequent to the request for a "full" report in 1984. Five notifications have been received so far (see tabulation in Annex I to Appendix I). Information at present available to the secretariat is insufficient to identify recent trends in the use of subsidies affecting trade. As noted in paragraph 7 of C/W/448/Rev.1, interpretation of trends in the use of anti-dumping and countervailing action is difficult.

178. The total number of anti-dumping and countervailing duty investigations initiated by all countries was about the same in October 1984-March 1985 as in each of the two previous periods (total cases: October 1983-March 1984 - 75, April-October 1984 - 80, October 1984-March 1985 - 84). However, the number of investigations opened by the EEC and the United States has increased largely due to the higher level of investigations in the steel sector (AD and CVD investigations on iron and steel products have increased from 1 to 12 in the EEC, and from 4 to 21 in the United States. There were no cases involving steel products in Australia or Canada). In the case of Australia and Canada there has been a fall in the number of investigations. There has also been a higher level of "definitive duty" cases and preliminary findings of dumping/injury in the United States, compared with the previous six-month period.

179. The following summary covers instances where anti-dumping and subsidy investigations have been opened, and provisional and final anti-dumping and countervailing actions have been taken, during the period under review. Sources for notified actions are given in Appendix II under Code on Subsidies and Countervailing Duties, and the Anti-Dumping Code.

(a) Australia

- Anti-dumping investigations initiated on: phthalic anhydride (Israel, Brazil, Taiwan), p.v.c. general purpose homopolymer (Italy), battery-operated work trucks (United States).
- Countervailing duty actions initiated: two-door medium temperature display merchandisers (New Zealand).
- Provisional anti-dumping duties: fluorescent lamps (Canada, German Democratic Republic, Federal Republic of Germany, Hungary, Japan, Republic of Korea, Philippines, Thailand), di-octyl phthalate (Republic of Korea), alloy steel chain and fittings (Sweden), small diameter welded carbon steel pipe and tube (Thailand).
- Definitive anti-dumping duties: phosphoric acid (Japan).
- Price undertakings: paint brushes (China).

- Final determination of no dumping: power transformers (Federal Republic of Germany), gas space heaters (New Zealand).
- Final determination of no injury: centre lathes (Taiwan).
 - (b) Canada
 - Anti-dumping investigations initiated on concrete forming panels and two-door metal storage cabinets (United States), polyphase induction motors (Brazil, Japan, Poland, Mexico, Taiwan, United Kingdom), modular automated plants (United States), charcoal briquet (United States).
 - Countervailing duty action initiated: polyphase induction motors (Brazil).
 - Preliminary determination of subsidization: wide flange steel shapes (Spain).
 - Preliminary determination of no dumping: power conversion systems (Federal Republic of Germany).
 - Preliminary determination of dumping: concrete forming panels (from the United States), high voltage porcelain insulators (Japan, United States), abrasive resistant steel pipe (United States), power conversion systems (France, Japan), stainless steel bars and stainless steel wire (Italy), photo albums with self-adhesive leaves (Hong Kong, United States), self-adhesive leaves for photo albums (Hong Kong, Republic of Korea, United States), alloy tool steel bars (Austria, Republic of Korea, Sweden, United Kingdom), nickel alloy pipe and tubing (Japan).
 - Provisional anti-dumping duties: high voltage porcelain insulators (Japan, United States), plywood concrete forming panels (United States), photo albums with self-adhesive leaves (Hong Kong, United States), self-adhesive leaves for albums (Hong Kong, Republic of Korea, United States), power conversion systems (France, Japan), stainless steel bars (Italy), abrasive resistant steel pipe (United States), wide flange steel shapes (Spain).
 - Final determination of no injury: calcium and zinc stearates (Belgium), mild steel solid electrode welding wire (Italy), Grades 304 and 316 Bourdon-type stainless steel tubing (United States), methyl ethyl ketone peroxide (United Kingdom, United States), certain power conversion systems and rectifiers (France, Japan), certain high voltage, porcelain insulators (Japan, United States), hot rolled carbon steel bars (Japan), sporting ammunition (United States), stainless steel screws (Israel, Japan, South Africa), hand-held portable electric drills (Japan).
 - Final determination of injury: family-size recreational camping tents and hardware assemblies (China), natural bristle paint brushes (China), ladies' genuine and simulated leather handbags (Hong Kong, Republic of Korea, Taiwan), stainless steel plate (Japan, South Africa), stainless steel sheet (Federal Republic of Germany, Japan), abrasion resistant pipe (United States), 12-gauge shotguns (Czechoslovakia, Hungary, Poland, USSR).
 - Final determination of dumping: certain stainless steel nickel and nickel alloy pipes and tubing (Federal Republic of Germany, Republic of Korea, United States), certain whole potatoes (United States), wooden clothespins (China, Czechoslovakia).
 - Definitive anti-dumping duties: wooden clothespins (Czechoslovakia, China), recreational camping tents (China).

- Price undertaking: two-door metal storage cabinets (United States).

(c) Chile

- Countervailing duty actions initiated¹: vermicelli (Brazil), tyres and inner tubes for bicycles (Taiwan), lining fabrics of continuous filament yarn (Argentina, Brazil, Colombia, Republic of Korea), zinc oxide (Argentina, Peru), single-phase electricity meters (Brazil).

(d) European Community

- Anti-dumping investigations initiated: glycine (Japan), basic chromium sulphate (Yugoslavia), plasterboard (Spain), standard wood particle board (Bulgaria, Czechoslovakia, Poland, Romania, Spain, USSR, Yugoslavia), fibre building board (Finland, Sweden), steel wire rod (Brazil, Portugal, Trinidad and Tobago, Venezuela), wood panels (Switzerland, Portugal, Argentina, Yugoslavia), container corner fittings of worked cast steel (Austria), clogs (Sweden), hardboard (Argentina, Portugal, Switzerland, Yugoslavia), certain glass (Turkey), tube and pipe fittings (Brazil, Taiwan, Yugoslavia, Japan), ball bearings and roller bearings (Poland, Romania, USSR).
- Provisional anti-dumping duties: copper sulphate (from Poland), electronic typewriters (Japan), certain ball bearings and roller bearings (Japan), certain glass mirrors (South Africa), certain hydraulic excavators (Japan).
- Preliminary determination of no injury: certain boots with fitted ice skates (Czechoslovakia, Hungary, Romania, Yugoslavia).
- Definitive anti-dumping duties: dense sodium carbonate (United States), pentaerythritol (Canada).
- Definitive countervailing duties: tube and pipe fittings of malleable cast iron (Spain), certain seamless tubes of non-alloy steels (Spain).
- Price undertakings: asbestos cement corrugated sheets (German Democratic Republic, Czechoslovakia), copper sulphate (Bulgaria, Hungary, Poland), paraformaldehyde (Spain), certain shovels (Brazil), upright pianos (USSR), oxalic acid (Brazil), artificial corundum (China, Czechoslovakia), plasterboard (Spain).
- Final determination of no dumping: copper sulphate (Spain).

(e) Finland

- Provisional anti-dumping duties: tri-phase and double rate electricity meters (Switzerland), polystyrene sheet (Spain).
- Price undertakings: tri-phase and double rate electricity meters (Switzerland).

(f) United States

- Anti-dumping investigations initiated: fabric and expanded-neoprene laminate (Japan), carbon steel wire rod (German Democratic Republic), barbed wire strand (Argentina, Brazil, Poland), cellular mobile telephones and sub-assemblies

¹ Investigations initiated in July and August 1984, and notified in March 1985.

(Japan), certain steel (Austria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, Venezuela), potassium chloride (German Democratic Republic), certain castor oil products (Brazil), certain welded carbon steel pipes and tubes (Taiwan, Venezuela), 12-volt motorcycle batteries (Taiwan), certain cast iron pipe fittings (Brazil), photo albums and photo album filler pages (Hong Kong, Republic of Korea), rock salt (Canada), brazing copper wire rod (France, New Zealand, South Africa), tubular steel transmission structures (Republic of Korea), grand and upright pianos (Republic of Korea), certain expansion tanks (The Netherlands), natural bristle paint brushes (China).

- Countervailing duty investigations initiated: cast-iron pipe fittings (Brazil, India), tillage tools (Brazil), live swine and pork (Canada), paper-related school and office supplies (Mexico), certain steel (Austria, Sweden, Venezuela), iron ore pellets (Brazil), brazing copper wire rod (France, New Zealand), tubular steel transmission structures (Republic of Korea), welded carbon steel pipe and tube (Mexico).

- Preliminary determination of dumping: hot-rolled carbon steel plate (Federal Republic of Germany), casing, tubing and pipe for oil and gas drilling (Argentina, Brazil, Mexico, Spain), barbed wire and barbless wire strand (Argentina, Brazil, Poland), salted codfish (Canada), carbon steel wire rod (German Democratic Republic).

- Preliminary determination of subsidization: live swine and pork (Canada).

- Preliminary determination of injury: stacking chairs (Italy, Taiwan), cast-iron pipe fittings (Brazil), pianos (Republic of Korea), carbon steel wire rod (German Democratic Republic), tillage tools (Brazil), fabric and expanded neoprene laminate (Japan), frozen orange juice (Brazil), apparel and textile mill products (Argentina, Colombia, Indonesia, Malaysia, Mexico, Peru, the Philippines, Thailand, Turkey, Sri Lanka), cellular mobile telephones (Japan), various steel products (Austria, Czechoslovakia, German Democratic Republic, Hungary, Norway, Poland, Romania, Sweden, Venezuela), oil country tubular goods (Argentina, Brazil, Republic of Korea, Mexico, Spain), castor oil (Brazil), 12-hydroxystearic acid (Brazil), rectangular welded carbon steel pipes and tubes (Taiwan), standard pipe (Venezuela), iron ore pellets (Brazil), raspberries (Canada), photo albums and photo album filler pages (Hong Kong, Republic of Korea), rock salt (Canada), automotive glass (Mexico).

- Preliminary determination of no dumping: stainless steel sheet and strip (Spain), casing, tubing and pipe for oil and gas drilling (Republic of Korea), galvanized sheet (Austria, German Democratic Republic, Romania, Venezuela).

- Preliminary determination of no injury: line pipe (Venezuela), cold-rolled carbon steel plate and sheet (Argentina), 12-volt motorcycle batteries (Taiwan).

- Final determination of no injury: potassium chloride (Israel, Spain), tomato products (Greece), butter (Australia), titanium sponge (United Kingdom), galvanized sheet (Austria, Venezuela), cold-rolled carbon steel plate and sheet (Argentina), certain steel valves and certain parts thereof (Japan), stainless steel sheet and strip (Spain).

- Final determination of dumping: cell site transceivers (Japan), calcium hypochlorite (Japan).

- Final determination of subsidization: textile mill products and apparel (Argentina, Sri Lanka), apparel (Thailand), textile mill products (Peru, Mexico).

- Final determination of injury: choline chloride (Canada), carbon steel wire rod (Argentina, Spain), titanium sponge (Japan), dry-cleaning machinery (Federal Republic of Germany), cold-rolled carbon steel sheet (Republic of Korea).
- Final determination of no subsidization: textile mill products and apparel (Malaysia, Singapore).
- Definitive anti-dumping duties: barium chloride (China), carbon steel wire rod (Argentina, Spain), carbon steel plate (Finland), brass fire protection products (Italy), cell site transceivers (Japan), titanium sponge (Japan).
- Definitive countervailing duties: oil country tubular goods (Argentina, Brazil, Republic of Korea, Mexico, Spain), cold-rolled carbon steel flat-rolled products (Republic of Korea).
- Price undertaking: portland hydraulic cement (Costa Rica).

C. NEW TRADE ARRANGEMENTS

I. Voluntary export restraints, export restraint arrangements, orderly marketing arrangements and export forecasts

180. The following section of the present document provides a systematic survey of VER's and similar arrangements noted during the period under review. Many of these arrangements are also discussed in section A, particularly under A.IV, "Sectoral developments".

181. During the period under review, there was only one significant relaxation of a VER affecting a major trade sector (Japanese exports of automobiles to the United States). New export restraint arrangements were particularly numerous in the steel sector. The United States and a large number of its major steel-exporting suppliers negotiated a system of export restraints for the American market which will remain in operation until 1990. The European Communities have also renewed, or revised, for 1985, their previous series of bilateral arrangements regarding steel exports to the EC market. The following listing groups arrangements by product sectors, and gives the name of the importing country first.

- European Economic Community/Australia, Austria, Brazil, Bulgaria, Czechoslovakia, Finland, Japan, Republic of Korea, Norway, Poland, Romania, South Africa, Spain, Sweden: Fourteen arrangements which establish price disciplines, as well as certain orientations governing quantities, for steel exports to the EEC markets (and exports of pig iron only in the case of Brazil) have been renewed in 1984 for another year.

- United States/Australia, Brazil, Japan, Republic of Korea, Mexico, South Africa, Spain¹: The United States reached steel agreements with seven steel exporting countries. Each agreement differs due to individual country practices, but all the agreements last five years and cover steel arriving in the United States after 1 October 1984. Each country's share of the US market is limited to the following percentages: Japan, 5.8 per cent; Republic of Korea,

¹Importing country/exporting country.

1.9 per cent; Brazil, 0.8 per cent; Mexico, 0.3 per cent; Spain, 0.67 per cent; Australia, 0.18 per cent; South Africa, 0.42 per cent. The countries with whom the United States has ERAs, including the European Community, account for about 75 per cent of the steel imports in the US market.

- United States/European Economic Community: The US Administration and the EEC's Council of Ministers formally approved in January 1985 the agreement which limits EEC exports of steel pipes and tubes to a 7.6 per cent share of the US market for two years (compared with the 14.6 per cent share taken in 1984), starting from 1 January 1985. The parties to the agreement also agreed on certain exceptions which will have to be made to the agreement, and on arrangements concerning EEC exports made during the last month of 1984 and blocked by the US embargo imposed at the end of November. The approximate market shares to be granted to each exporting EEC member State under the agreement are as follows: Federal Republic of Germany, 2.82 per cent; Italy, 2 per cent; France, 0.93 per cent; Greece, 0.52 per cent; Belgium, 0.48 per cent; United Kingdom, 0.4 per cent; the Netherlands, 0.28 per cent; Luxembourg, 0.17 per cent. According to the European Communities, the agreement is to be implemented through the use of export licences which will be issued by the Member States of the Community. An exception to the 7.6 per cent overall market share is 'Oil Country Tubular Goods' (OCTG), which will be allowed to account for up to 10 per cent of US imports of pipes and tubes from the Community. In addition, the United States has accepted the possibility of extra imports of pipes and tubes under "short supply conditions" - i.e. when the US domestic industry is unable to meet US demand for a particular product. The Commission estimated that the 7.6 per cent market share was equivalent to 729,925 net tons (about 662,188 tonnes), including 337,400 net tons (about 306,100 tonnes) of OCTG products. Total US consumption this year of pipes and tubes was expected to reach 8.713 million tonnes.

- United States/Argentina, Austria, Czechoslovakia, Hungary and Venezuela: In March 1985, the negotiations between the United States and the above-listed steel exporting countries were reported to be close to completion.

- United States/Finland: In January 1985 Finland accepted a bilateral agreement to restrain its steel exports to the United States.

- European Economic Community/Japan: Japan's forecast for exports of colour television tubes to the EEC markets indicates that "exports will continue to be moderate in 1985 in relation to past export performance and future market development. In particular, the exports of large tubes (above 52 cm) will not exceed 900,000 units in 1985."

- European Economic Community/Japan: In forecasting exports of Japanese video tape recorders to the EEC in 1985, the Government of Japan stated that it took into account three elements: a continued floor price system; production and sales of at least 1.4 million in 1985 by the European industries; and total Japanese exports, excluding chassis-kits, of not more than 2.25 million in 1985."

- European Economic Community/Japan: Japan's forecast for Japanese exports to the EEC indicates that "exports of colour television sets, NC lathes and machining centres, as well as passenger cars will be moderate in 1985.

- European Economic Community/Japan: As regards light commercial vehicles, forklift trucks and quartz watches, it was reiterated that the Japanese Government's basic policy of general moderation of exports extends to these products in 1985.

- United States and Europe/Japan: Acting on its own volition, Japan will continue restricting exports of machine tools to the US and Europe in 1985, the Ministry of International Trade and Industry disclosed in November 1984. Japan's voluntary curb of machine tool exports began in 1978 for the US and Canadian markets, followed by a similar action for fifteen European nations in 1981. Under the Export and Import Transaction Law, Japanese machine tool makers voluntarily restrict exports by setting floor prices in delivering their products to foreign markets.

- United States/Japan: The US Administration announced that it would not ask Japan to maintain its voluntary export restraint on Japanese passenger cars supplied to the United States after 31 March 1985. The Japanese Government has indicated, however, that it will maintain its own unilateral VER, allowing passenger car shipments to the United States to rise 25 per cent (above the previous restrained level) to 2.3 million units in the twelve months beginning 1 April 1985.

- Japan: It has been reported that Japanese machine tool builders agreed, in November 1984, to continue to unilaterally curb their shipments to the United Kingdom market for a further six months. The unofficial arrangement was reached by the British Machine Tool Trades Association and the Japanese industry. The arrangement covers computer-controlled lathes and machining centres; by the first half of 1984, the Japanese shares of the markets for the two types of product were 28 per cent and 55 per cent respectively.

- Denmark: Exports of hams to the United States market were curbed for three months, ending 1 March 1985.

182. A number of export restraint arrangements have been concluded by countries participating in the Arrangement Regarding International Trade in Textiles with non-participating countries:

- United States/Costa Rica: 1 January 1984-31 December 1987.

- European Economic Community/Morocco: 1985-1986; continuation of the 1982 arrangement for administrative cooperation on textile matters.

- Canada/Mauritius: 25 May 1984-31 December 1986.

- United States/Panama: 1 December 1983-30 November 1985. (The accession of Panama to the MFA and the 1981 Protocol became effective as of 15 January 1985)

- European Economic Community/Portugal: The 1982-1984 export restraint agreement was extended for 1985. The export levels were increased by 50 per cent in value terms and 10 per cent in volume terms as compared with 1983. Specific export restraint levels for imports into the United Kingdom of socks and underwear from Portugal were set for 1985.

II. Countertrade and compensation trade

183. Much more documentation on countertrade and compensation trade is available than was the case until quite recently. One reason is that reporting on countertrade has expanded, no doubt reflecting current interest in the subject. But there has undoubtedly been a sharp increase in countertrade itself.

184. Many countertrade deals are initiated by independent traders in accordance with commercial considerations. However, a large number of such arrangements are stimulated by deliberate government action. Countertrade is often encouraged by foreign trade regulations and related government practices. In many specific cases of countertrade, government agencies and/or state-trading enterprises participate directly in concluding the arrangement and in carrying it out.

185. Some recent examples of countertrade may help to give an idea of trends. Significant exports of oil under countertrade arrangements involving government agencies or state-owned enterprises have been reported for Angola, Iran, Iraq, Libya, Nigeria, Qatar and the USSR. It has been estimated that some 15 per cent of OPEC crude oil exports are now carried out under countertrade arrangements. Under government-to-government countertrade deals in the ASEAN group, the Philippines began to export phosphoric acid in exchange for Indonesian ammonia. The New Zealand Meat Producers Board promoted exports of lamb (e.g. to Iran and Poland) under barter deals. Jamaica used countertrade to find markets for its bauxite and alumina in Eastern Europe. Brazil is reported to have indicated willingness to ease import procedures on products counter-purchased from countries that are export markets for Brazilian automotive products. Government agencies or state-owned enterprises from several developing countries, including Colombia, India, Malaysia, Mexico, Pakistan, Peru, Sudan, and the Philippines were reported to have concluded major countertrade contracts.

186. Also in recent months, a growing number of governments have introduced foreign trade regulations or issued instructions to state-owned firms, clearly encouraging countertrade, or even imposing an obligation to pursue it. In certain cases, the regulations and policies in question have laid down mandatory requirements for foreign exporters to purchase a specified amount of domestic products.

187. The following major government actions related to countertrade/compensation trade came to the attention of the secretariat during the period October 1984-March 1985:

188. Several governments, including those of Brazil, Colombia, Indonesia, Mexico, Peru, Republic of Korea, Thailand and Tunisia, have either introduced or were expected to promulgate regulations governing countertrade arrangements.

- Indonesia: Indonesia is reported to have reconfirmed a mandatory requirement whereby foreign firms exporting to Indonesia have to purchase a specified amount of that country's non-oil products. Indonesia formally began its countertrade policy about three years ago.
- Brazil, Mexico and the Republic of Korea have adopted barter regulations of a somewhat less rigid nature than those enacted in Indonesia.
- Colombia has introduced legislation that may well give a further impetus to countertrade.
- Nigeria's policy of ready adoption of countertrade, exchanging oil for imports or using it to repay debts, was further reinforced.
- Exports were made by Peru in 1984 as part payment in kind for debt servicing charges in pursuance of the changes which had been renegotiated in a number of existing commercial agreements, notably with the Soviet Union and Romania.

- Thailand: Thailand has set new export promotion guidelines under which government agencies and state enterprises will ask countries exporting to Thailand to reciprocate by buying Thai products.

- Tunisia: In 1984 the Centre for the Promotion of Exports (CEPEX) published the text of an "framework agreement on countertrade purchases". Under the terms of this agreement, the foreign exporter undertakes to submit an annual schedule for the purchase of Tunisian goods up to a certain percentage (to be negotiated) of his total sales. He may ask a third party to honour this commitment in his place, subject to the CEPFEX being informed as to the identity of the third party and the final destination of the goods. If the commitment to purchase is not honoured, a 10 per cent penalty, guaranteed by a banker's bond, is collected. The countertrade goods must be selected from among the following categories (certain goods being ruled out if earmarked for specified markets): agrofood; textiles; electrical and mechanical engineering products; phosphates, phosphate-derived products and phosphate fertilizers.

- Jordan: The Jordanian Government started applying more widely its recent decision to award major contracts to companies from countries that agree to increase their purchases of Jordanian phosphates.

- Several European trading nations have given official government backing to the setting up of countertrade information agencies. Examples of what such information services might be are provided by private companies operating in the United Kingdom and the United States which have introduced computerized clearing systems for buyers and sellers engaging in countertrade.

APPENDIX I

NOTIFICATIONS RELATED TO PARAGRAPH 2 OF THE UNDERSTANDING

In paragraph 2 of the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance¹, contracting parties "reaffirm their commitment to existing obligations under the General Agreement regarding publication and notification". A comprehensive summary of notification procedures in force, and applicable to contracting parties generally, is provided in document C/111, Annex I.

The present Appendix reviews the status of notifications under paragraph 2. It provides details of notifications received during the period October 1984-March 1985 with respect to Articles II, VI, IX, X, XI, XVI, XVII, XVIII:A, XVIII:C, XVIIII:D, XXII, XXIII, XXIV, XXVIII:1, XXVIII:4, XXVIII:5 and XXXVII:2(a) as well as those relating to the review of implementation of Part IV, border tax adjustments, liquidation of strategic stocks and export of domestically prohibited goods.

Measures covered by notifications under paragraph 3 of the Understanding, which supplements paragraph 2 through an undertaking concerning notification of the adoption of trade measures affecting the operation of the General Agreement, have been included in the main body of the present document, in Section B.

Article II:6(a) - Adjustment of specific duties

To the knowledge of the secretariat, no action has been taken in the period covered by this review.

No notifications have been received during the period (or for quite some time).

Article VI:6(c) - Anti-dumping and countervailing duties

No notifications have been received.

Notifications required under the provisions of the Agreement on the Implementation of Article VI (Anti-Dumping Code) and of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII (Code on Subsidies and Countervailing Duties) have been made to the Committees concerned, as required.

Article IX - Marks of origin

No notifications have been received.

Section 207 of the United States Trade and Tariff Act of 1984 requires the name of country of origin stamped, cast, etched or engraved on certain imported steel pipe and fittings, compressed gas cylinders and certain manhole rings or frames, covers and assemblies thereof. These products previously were exempted from such requirements. (See also Article XXII, below.)

Article X - Publication of trade regulations

The Committees set up under most of the MTN Arrangements and Agreements have received information on measures such as laws, regulations and administrative

¹BISD 26S/210.

procedures, and on changes in such measures, that have been adopted by the parties concerned in order to comply with the Agreements in question.

Article XI - Quantitative restrictions

(a) Group on Quantitative Restrictions and Other Non-Tariff Measures

The Group has assembled a substantial amount of documentation (NTM/W/6/Rev.2 and Addenda and NTM/INV/I-V and Addenda) and has reviewed existing quantitative restrictions and other non-tariff measures, the reasons for their maintenance and their conformity with the General Agreement. The CONTRACTING PARTIES, in November 1984, adopted the Group's report (L/5713) including the recommendation that its mandate be extended to allow it to make a report, with its findings and conclusions, for consideration by the CONTRACTING PARTIES at their next session. The Group has invited contracting parties to present specific proposals, by the end of April 1985, for eliminating quantitative restrictions not in conformity with the General Agreement and liberalizing other quantitative restrictions and non-tariff measures.

(b) Licensing

GATT/AIR/2003 invited contracting parties to notify by 30 September 1984, any changes in their licensing systems. Document L/5640/Rev.1 includes a status of notifications with the date of the latest information received on licensing procedures. Since 1 October 1984, notifications have been submitted by Australia, Canada, Chile, Finland, Hong Kong, Hungary, India, Jamaica, Portugal, Spain, Sweden, Uruguay and the United States.

Article XVI - Subsidies

On 9 January 1985, contracting parties which presented full notifications in 1984 (L/5603 and Addenda) were invited to submit notifications of the changes which have occurred in their subsidy measures since their full notifications. Contracting parties which had not submitted their full notifications were requested to do so without further delay (L/5768).

Annex I contains a table showing notifications received since 1978.

Article XVII - State trading

On 7 January 1985, contracting parties which presented full notifications in 1984 (L/5601 and Addenda) were invited to submit notifications of the changes which have occurred in their state-trading measures since their full notifications. Other contracting parties were invited to submit new and full responses to the questionnaire (L/5765).

Annex II contains a table showing notifications received since 1978.

Article XVIII:A - Modification of concessions

No notifications have been received.

Article XVIII:C

No notifications have been received.

Article XVIII:D

No notifications have been received.

Article XXII - Consultations¹

In November 1984, Chile requested consultations with Austria, the EEC, Finland, Japan, Norway, New Zealand, Portugal and Sweden concerning quantitative restrictions (including seasonal restrictions, quotas, licensing, minimum import prices, etc.) applied on imports of certain products (L/5737). (On 18 April Chile stated that the consultations with Portugal had yielded a positive result (L/5737/Add.1).)

In November 1984, the EEC requested consultations with the United States, regarding the provision in the US Trade and Tariff Act of 1984 requiring the name of country of origin stamped, cast, etched or engraved on certain imported steel pipe and fittings. The EEC considers that such a requirement constitutes a non-tariff barrier to trade, and is contrary to United States obligations under, inter alia, Articles VIII and IX (L/5727).

In January 1985, the EEC requested plurilateral consultations with the United States concerning the conformity of the Foreign Sales Corporation (FSC) Act, which had replaced the Domestic International Sales Corporation (DISC) Act, with the General Agreement and the Council's decisions on the matter. Unlike the DISC Act, which offered deferral of taxes on a portion of export income, the new FSC Act exempts from federal taxation a portion (generally 15 per cent) of the export income earned from sales made through foreign subsidiaries. The EEC had expressed their concern and remarks both at bilateral level with the United States and in the Council regarding, on the one hand, taxes deferred by US firms under the DISC system (estimated at about \$10 to \$12 billion) which have now been forgiven, and on the other hand, certain other provisions of the FSC Act that, in its view, pose problems of conformity with the General Agreement on Tariffs and Trade, and in particular with the 1981 Understanding on fiscal legislation adopted by the GATT Council (L/5774).

In January 1985, the United States requested consultations with Brazil regarding informatics policy, relevant decrees and the new Brazilian legislation aimed at stimulating the development of the domestic computer industry and associated industries. In requesting consultations, the US expressed interest in discussing how the policy and law may affect the operation of the General Agreement, as well as gathering more information on the new law and its potential trade effects (L/5775).

Article XXIII - Nullification or Impairment (See also Appendix III)

In October 1984, Australia requested consultations with the EEC pursuant to Article XXIII:1 of the General Agreement concerning the European Community's beef and veal régime the operation of which, the Australian Government maintains, has caused problems to the domestic beef industry and the economy in general (L/5715).

In February 1985, the EEC made recourse to Article XXIII:2 of the General Agreement, and requested the CONTRACTING PARTIES to investigate certain practices of provincial liquor boards in Canada, in particular the application of a mark-up to the sale price of imported alcoholic drinks, and other forms of restriction and discrimination, especially in respect of beer, wines and spirits, the duties of

¹See also matters listed under Dispute Settlement (Appendix III).

which are bound in Canada's tariff schedule (L/5777). The Council agreed in March 1985, to establish a panel to examine the complaint.

In July 1984, South Africa requested consultations with Canada pursuant to Article XXIII:1 concerning the discriminatory application of the retail sales tax on gold coins by the provincial authorities of Ontario. Failure to reach a satisfactory agreement on the rectification of the discriminatory measure led South Africa to make recourse to Article XXIII:2, and request the CONTRACTING PARTIES to investigate the matter (L/5711); a Panel was established in January 1985.

The imposition by the United States of import quotas for the period January-September 1985, on certain sugar-containing products, pursuant to the waiver granted by the Decision of the CONTRACTING PARTIES of 5 March 1955 concerning import restrictions under section 22 of the Agricultural Adjustment Act, led Canada, in February 1985, to make recourse to Article XXIII:2 of the General Agreement (L/5783). The Council agreed in March 1985 to establish a Panel.

Article XXIV - Customs unions and free-trade areas; regional agreements

No notifications were received during the period under review.

Article XXV - Joint action by the CONTRACTING PARTIES

On 21 November 1983, the CONTRACTING PARTIES established a Working Party to examine the request by the United States for a waiver under Article XXV:5 to authorize the provision of duty-free treatment to eligible imports of Caribbean Basin countries. The Council adopted the report of the Working Party (L/5779) on 17 December 1984 and the Decision was adopted by the CONTRACTING PARTIES on 15 February 1985 (L/5779).

Article XXVIII - Modification of schedules

(a) Article XXVIII:1

A contracting party wishing to have recourse to the provisions of Article XXVIII:1 for the renegotiation or withdrawal of certain concessions in its schedule is required to notify the CONTRACTING PARTIES. Such notification is to take place not earlier than six months, nor later than three months before the beginning date of the three-year period referred to in Article XXVIII:1 (1 July - 1 October 1984).

There has been no notification under this provision during the period in question.

(b) Article XXVIII:4

A contracting party intending to seek authorization of the CONTRACTING PARTIES to enter into negotiations for the modification or withdrawal of a concession under the provisions of Article XXVIII:4 should submit its request for consideration by the Council.

There have been no such requests during the period covered by this review.

(c) Article XXVIII:5

Any contracting party wishing to reserve the right, for the duration of a three-year period envisaged in paragraph 1 (1 January 1985-31 December 1987), to

modify its schedule was required to notify the CONTRACTING PARTIES before 31 December 1984.

For the new three-year period beginning 1 January 1985, notifications of intention to renegotiate were received from twenty-three contracting parties (Argentina, Australia, Austria, Brazil, Canada, the EEC, Finland, Haiti, Hungary, Iceland, India, Japan, New Zealand, Norway, Poland, Portugal, Romania, South Africa, Spain, Sweden, Switzerland, Turkey and the United States).

Article XXXVII:2(a) - Non-fulfilment of Article XXXVII:1

No notifications have been received.

Consultations with respect to Part IV implementation took place in October 1984 (EEC, United States, Japan and a group of developing countries members of ALADI).

New consultations are to take place in June 1985 with Canada and Switzerland.

Border tax adjustments

No notifications have been received and, it might be noted, none have been received for years.

Liquidation of strategic stocks

No notifications have been received.

Export of domestically prohibited goods

The CONTRACTING PARTIES at their meeting held at ministerial level in November 1982, decided "that contracting parties shall, to the maximum extent feasible, notify GATT of any goods produced and exported by them but banned by their national authorities for sale on their domestic markets on grounds of human health and safety". They further decided that at their 1984 Session they would "consider in the light of experience gained with this notification procedure, the need for study of problems relevant to the GATT in relation to exports of domestically prohibited goods and of any action that may be appropriate to deal with such problems. A renewed request for notifications was made in December 1984.

Twenty-seven out of twenty-eight notifications received so far (from Austria, Cameroon, Canada, Chile, Colombia, Congo, Cuba, Ghana, Hungary, India, Indonesia, Ireland, Jamaica, Malawi, Nigeria, Norway, Pakistan, Peru, Poland, Romania, Singapore, Sri Lanka, Spain, South Africa, Thailand, Turkey and Yugoslavia) have referred to the non-existence of such practices. The United States has notified its legislation governing the entry into international trade of products or substances which may not be sold domestically.

ANNEX I TO APPENDIX I

NOTIFICATIONS UNDER ARTICLE XVI:1¹ - SUBSIDIES

	1978 (full)	1979	1980	1981 (full)	1982 ²	1983 ²	1984 (full)	1985
Australia	X	X	X	X	X	X	X	
Austria	X	X	X	X	X	X	X	
Belgium	X		X	X				
Brazil				X			X	
Cameroon							X	
Canada			X	X		X	X	
Chile				X	X	X	X	X
Czechoslovakia	X	X	X				X	
Denmark	X			X				
EEC	X	X		X		X	X	
Finland	X	X		X		X	X	
France				X				
Germany, F.R.	X		X	X				
Hungary							X	
India				X		X	X	
Ireland				X				
Italy				X				
Japan				X		X	X	
Korea				X		X	X	
Luxembourg	X			X				
Malawi			X	X		X		
Netherlands				X				
New Zealand				X			X	
Norway				X	X		X	
Pakistan				X		X	X	
Romania				X		X	X	
South Africa	X	X	X	X		X	X	X
Spain				X			X	X
Sweden			X	X		X	X	
Switzerland	X	X	X	X	X	X	X	
Tunisia	X							
United Kingdom	X	X	X	X		X	X	
United Kingdom for Hong Kong				X			X	X
United States				X		X	X	
Uruguay						X	X	
Yugoslavia			X				X	X

¹No notifications have been received from other contracting parties since 1978.

²This column does not necessarily reflect the real status of notifications of changes to the full notification, as some of the full notifications due in 1981 and which appear in the 1981 column have been made in 1982 or even in 1983.

ANNEX II TO APPENDIX I

NOTIFICATIONS UNDER ARTICLE XVII:4(a)¹ - STATE TRADING

	1978 (full)	1979	1980	1981 (full)	1982	1983	1984 (full)	1985
Australia	X	X	X	X		X	X	
Austria	X	X	X	X	X	X	X	
Belgium				X				
Canada	X	X	X		X	X		
Czechoslovakia	X	X	X		X			
Denmark	X				X			
Finland	X			X	X	X	X	
France				X				
Germany, F.R.	X			X				
Hungary							X	
Ireland				X				
Israel				X				
Japan			X					
Luxembourg	X			X				
Malawi	X							
New Zealand	X		X	X				
Norway				X			X	
Peru			X	X				
Poland							X	
Romania			X	X		X		
South Africa	X	X	X	X		X	X	
Spain						X	X	
Sweden	X		X		X		X	
Switzerland	X	X	X	X	X	X		
Tunisia	X							
United Kingdom	X	X	X	X	X	X		
United States	X						X	
Yugoslavia			X	X		X	X	X

¹No notifications have been received since 1978 from other contracting parties.

APPENDIX II

INFORMATION REQUIRED FROM CERTAIN CONTRACTING PARTIES
AND DEVELOPMENTS UNDER THE MTN AGREEMENTS

This Appendix reviews notifications during the period 1 October 1984 - 31 March 1985 under requirements applying only to certain contracting parties. It also supplements the notes on developments under the MTN agreements given in the main body of the present document.

(a) Accession protocols

- Hungary, paragraphs 4(c) and 6(b): No notifications have been received.
- Poland, paragraphs 3(b) and 5: No notifications have been received.
- Romania, paragraphs 3(b) and 5:

Paragraph 3(b) of the Protocol of Accession stipulates that contracting parties shall notify, before the consultations between Romania and the CONTRACTING PARTIES provided for in paragraph 5 of the Protocol, discriminatory prohibitions and quantitative restrictions still applied to imports from Romania. GATT/AIR/2084 invited contracting parties to submit such notifications by 30 January 1985, to serve as a basis for the fifth consultation with Romania.

Notifications received from Australia, Austria, Chile, Cyprus, Hungary, Iceland, Malawi, New Zealand, Nigeria, Pakistan, Poland, South Africa, Switzerland, Turkey, the United States and Yugoslavia have referred to the non-existence of such discriminatory prohibitions and quantitative restrictions on imports from Romania. Argentina and Sweden notified certain relaxations of restrictions. Romanian exports of textile products to Norway are now regulated by a bilateral agreement based on the provisions of the Multi-Fibre Arrangement. The EEC notified continuing quantitative restrictions (on some 870 tariff lines) on products originating in Romania (L/5770 and Add.1-4).

- Switzerland, paragraph 4: the Working Party set up in October 1984 is conducting the sixth triennial review (1981, 1982 and 1983) of the application of the provisions of paragraph 4 of the Protocol of Accession.

(b) Waivers

- United States: Caribbean Basin Economic Recovery Act: By Decision of the CONTRACTING PARTIES of 15 February 1985, the United States was authorized to provide, until 30 September 1995, duty-free treatment to eligible imports of Caribbean Basin countries benefiting from the provisions of the Caribbean Basin Economic Recovery Act of 5 August 1983, without being required to extend the same duty-free treatment to like products of any other contracting party.

The United States is required to submit to the CONTRACTING PARTIES an annual report on the implementation of the trade-related provisions of the above Act (L/5779).

- United States: Agricultural Adjustment Act (Import restrictions on agricultural products): The report of the Working Party that examined

the twenty-sixth annual report submitted by the United States (L/5595) under the Decision of the CONTRACTING PARTIES of 5 March 1955 (L/5707), was adopted by the Council in November 1984.

The twenty-seventh annual report (L/5772) is being examined by the Working Party.

- (c) Committee on Trade and Development - Part IV Consultations: Information concerning provisions for differential treatment among signatories of the Treaty of Montevideo was received from the Government of Uruguay on behalf of contracting parties members of the Latin American Integration Association (COM.TD/W/423).
- (d) Protocol relating to Trade Negotiations among Developing Countries: The eleventh annual report of the Committee of Participating Countries (L/5686 and Addenda) was considered at the November 1984 session of the Committee on Trade and Development.
- (e) Committee on Trade and Development - Sub-Committee on Protective Measures: No notifications have been received during the period under review.
- (f) Arrangement Regarding International Trade in Textiles (the Multi-Fibre Arrangement): During the period under review, eight bilateral agreements concluded under Article 4 of the MFA were notified and reviewed by the Textiles Surveillance Body (TSB). Three agreements each between a signatory and a non-signatory were notified for information purposes. The TSB also considered four instances where Article 3 had been invoked (to justify unilateral restrictions) while three examples under Article 11 were considered each involving United States' action with respect to specific categories in the bilateral agreements it had concluded with China, Hong Kong and Indonesia.
- (g) MTN Agreements and Arrangements

The following major developments relating to MTN Agreements and Arrangements took place during the period 1 October 1984 to 31 March 1985.

The CONTRACTING PARTIES, in November 1984, invited each Committee or Council concerned to hold a special meeting to examine the adequacy and effectiveness of the agreements or arrangements adopted in the Tokyo Round, and to determine the obstacles to acceptance of those instruments which contracting parties may have faced. (Since a number of such special meetings were scheduled by the various Committees and Councils, they are not referred to separately in the following paragraphs.) A working group is to be established to examine the situation and report to the Council in July 1985. The Council will consider any further steps that might be taken, having regard to the 1982 Ministerial Decision on MTN Agreements and Arrangements (L/5756).

(1) Agreement on Technical Barriers to Trade:

The fifth annual review of the implementation and operation of the Agreement was held in October 1984.

The Committee extended by one year the exception previously granted to India under Article 12.8 of the Agreement in respect of the ISI Certification Marks Act. It also renewed the exception of AGMARK.

During the period under consideration, the Committee had a preliminary discussion on the matter of testing and inspection. The United States authorities are of the view that the question of test data acceptance is currently the single most important standards-related trade issue. The GATT Standards Code does not require, but only encourages, signatories to enter into arrangements for the mutual acceptance of test data. The US accordingly proposed that some sort of an arrangement needs to be established whereby signatories to the GATT Code would be obliged to accept test data for particular products on a mutually-agreed basis.

The Committee will hold an information meeting on the implementation and operation of the Agreement with developing country signatories and non-signatories in May 1985. Its purpose is to discuss ways of improving knowledge of the principles and objectives of the Agreement with a view to enabling developing country signatories to make fuller use of the Agreement and to facilitating acceptance of the Agreement by other developing countries. The third meeting of persons responsible for information exchange will also be held in May 1985, in conjunction with the regular meeting of the Committee.

(2) Agreement on Government Procurement:

The Committee conducted its fourth annual review of the implementation and operation of the Agreement in November 1984. During the period, the Committee has examined general and specific questions relating to national implementation and administration of the Agreement; a major pre-occupation had been with respect to Article IX:6(b) negotiations relating to improvements to the Agreement. The target date for finalizing a negotiating text appears somewhat difficult to meet.

(3) Code on Subsidies and Countervailing Duties (Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade):

Notices on countervailing actions have been submitted since October 1984 by the United States. Lists of these reports appear in documents SCM/W/82 and 88. The semi-annual reports covering the period July-December 1984, submitted by Australia, Canada, Chile and the United States were circulated in documents SCM/59/Add.2-5. Austria, Brazil, the EEC, Egypt, Finland, India, Japan, the Republic of Korea, New Zealand, Norway, Pakistan, Portugal, Spain, Sweden, Switzerland, Hong Kong, Uruguay and Yugoslavia have notified that they have not taken any countervailing duty action during the period July-December 1984.

The amendments to the definition of "domestic industry" to include also producers of grapes, for the purposes of countervailing duty proceedings against imports of the processed product, contained in Section 612 of the United States Trade and Tariff Act of 1984, has been of substantial concern to the Committee on Subsidies and Countervailing Measures during the period under review. A Panel to examine the matter was established by the Committee in February 1985. (See Appendix III)

Portugal (November 1984), Turkey (February 1985), Indonesia (March 1985) and the Philippines (March 1985) acceded to the Code during the period under review.

In acceding to the Code, Portugal undertook to revise, by 31 December 1985, its laws, regulations and administrative procedures (including the introduction of value-added tax) in order to make them consistent with the provisions of the Agreement (SCM/52).

Turkey intends to phase out all its export subsidies by the end of 1989 (SCM/61).

Upon accession, Indonesia intended to eliminate any export subsidy element in duty remissions or exemptions for non-physically-incorporated inputs imported into export processing zones. It also stated the intention to eliminate the Sertifikat Ekspor Program by April 1986, and to adapt, by April 1990, the interest rate for short-term export financing to the requirements of the Code (SCM/62).

The acceptance of the Code by the Philippines was accompanied by a declaration which included, inter alia, its intention to eliminate the export subsidy elements in programmes provided under the Omnibus Investment Code as well as in export packing credits rediscounted through the Central Bank (L/5517/Add.15).

As from the date of accession, all four signatories undertook not to maintain or institute any subsidy programme inconsistent with the provisions of the Code.

With effect from 31 December 1984, Spain has withdrawn the reservation entered by it in acceding to the Code in 1982, concerning the period within which its laws, regulations and administrative procedures would be brought into conformity with the provisions of the Agreement (SCM/25/Add.1).

With effect from 31 March 1985, New Zealand has withdrawn the reservation it made on acceptance of the Code, in September 1981, with respect to the application of Article 19:5(a) (SCM/12/Add.1).

(4) Arrangement Regarding Bovine Meat:

The International Meat Council's first-ever Working Party, set up in June 1984 to assist the IMC in carrying out its functions under the Arrangement, and in particular its Article IV paragraph 2, was finally not able to agree on a common view to report back. Its task had been to make an analysis of the imbalance, or threat thereof, in the international meat market in the light of the current situation. In so doing, a number of participants were of the opinion that the market was in a state of serious imbalance, whereas others felt the situation was rather one of a threat of imbalance. The lack of consensus reflected views regarding the assessment of the factors that are leading to, or could lead to, such an imbalance or threat thereof, and on the degree of the inter-relationship between production, consumption, and trade.

The Working Party was not in a position to agree on a written report or on proposals for suitable steps to be taken to overcome the situation. It made a factual, oral, report to the IMC at its special meeting in March 1985; the proposals, which were not unanimous, were also submitted in the expectation that the IMC itself would be able to reconcile the differences in views.

(5) International Dairy Arrangement:

The United States has withdrawn from the Dairy Arrangement with effect from 12 February 1985. The United States withdrawal took place following the Dairy Product Council's adoption, in November 1984, of a Resolution allowing sales of a certain amount of butter from public stocks of the European Community to specific destinations at prices below the minimum export price agreed to under the Dairy Arrangement. Under the same Resolution, other participants had the possibility to make sales of butter below the minimum price, in order to safeguard their position.

In February and March 1985, the Committees held a series of joint special meetings in order to consider requests from Austria and South Africa to redefine the levels of minimum prices in the Arrangement. However, no agreements were reached with respect to a modification of the minimum price levels. Neither was any agreement reached on a subsequent proposal by Austria to suspend the price provisions of the Arrangement until the end of 1985. Following the rejection of a third request for a general derogation under Article 7 of each of the Protocols, Austria informed the International Dairy Products Council of its intention to withdraw from the Arrangement, effective 9 June 1985.

The world dairy market situation remained one of considerable concern during the period under review.

(6) Customs Valuation Code (Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade):

The Committee conducted its fourth annual review of the implementation and operation of the Agreement at its November 1984 meeting.

Canada has notified the enactment of legislation with effect from 1 January 1985 to implement a new system of customs valuation consistent with the GATT Valuation Code. The legislation also provides for tariff rate adjustments to compensate for the loss of protection resulting from the implementation of the new system. Canada has indicated that it will notify the conclusion of the Article XXVIII negotiations undertaken in this connection in due course.

(7) Agreement on Import Licensing Procedures:

In October 1984, the Committee on Import Licensing agreed to a work programme designed exclusively to clarify certain provisions of the Agreement, taking into account the special provisions of the Agreement relating to developing countries. To assist the Committee in its attempt to reach a common understanding on the meaning of certain provisions formulated in vague terms, the secretariat has examined notifications by signatories, and has compiled an inventory of existing legislative procedures on publication, public notice and application procedures for licences (LIC/W/25).

(8) Agreement on Trade in Civil Aircraft:

Negotiations among signatories under Article 8:3 of the Agreement resulted in an agreement to include thirty-two new categories of civil aircraft products in the Annex to the Agreement, for which signatories agreed to accord duty-free or duty-exempt treatment. The new Annex entered into force on 1 January 1985. During the period under review, the Committee on Trade in Civil Aircraft received progress reports from signatories on their domestic legislative process for implementation of the extended Annex. The Committee

is discussing the transposition of the Annex into the Harmonized System Nomenclature, as well as the methods of incorporating aircraft concessions expressed in the Harmonized System in GATT Schedules and national tariffs.

The U.S. Trade and Tariff Act of 1984 provided, inter alia, for the extension of duty-free coverage for certain civil aircraft parts, comparable to the expanded coverage provided by other signatories to the Agreement. The elimination of these duties was implemented on 29 April 1985.

Italy ratified the Agreement on 28 February 1985.

(9) Anti-Dumping Code (Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade):

Notices on preliminary or final anti-dumping actions have been submitted since October 1984 by Australia, Canada, the EEC, Spain and the United States. Lists of these reports appear in documents ADP/W/88, 93, 94, 96, 97 and 98. The semi-annual reports covering the period July-December 1984 submitted by Australia, Canada, the EEC, Finland, Spain and the United States have been circulated in documents ADP/23/Add.2-7. Austria, Brazil, Czechoslovakia, Egypt, Hungary, India, Japan, Norway, Pakistan, Poland, Romania, Singapore, Sweden, Switzerland, Hong Kong and Yugoslavia have notified that they have not taken any anti-dumping actions during the period July-December 1984.

No major developments falling within the scope of this report took place during the period under review.

APPENDIX III

DISPUTE SETTLEMENT

The following disputes have been before the Council¹ or other GATT bodies during the period 1 October 1984 - 31 March 1985:

Matters taken up under Article XXIII²

Canada: measures affecting the sale of gold coins: recourse by South Africa (L/5711). On 10 May 1983, the Provincial Government of Ontario announced that the Canadian Maple Leaf gold coin would, effective 11 May 1983, be indefinitely exempted from the 7 per cent Ontario retail sales tax, while this tax would remain in force on imported gold coins. Since bilateral discussions between South Africa and Canada had not yielded satisfactory results, the Council decided in November, at the request of South Africa, to establish a Panel; its terms of reference were agreed in January 1985.

Canada: import distribution and sale of alcoholic drinks by provincial marketing agencies: recourse by the European Communities (L/5777). The policies and practices of the provincial liquor boards in Canada have, over the years, been the subject of repeated representations by the Community to the Canadian authorities. In the absence of a satisfactory solution to the problem through bilateral consultations conducted under Article XXIII:1, and at the request of the EC, the Council decided, at its March meeting, to establish a Panel.

Canada: Article XIX action on imports of footwear. At the March Council meeting Canada stated its view that the compensatory measures by the European Economic Community (notified in L/5351/Add.22) were inconsistent with Article XIX. It announced that in the event that the EEC proceeds with the implementation of those measures it will ask the Council to establish a Panel under Article XXIII. The representative of the EEC considered that such a hypothetical panel should be established under Article XIX rather than Article XXIII. The dispute in question has since been settled in bilateral consultations (see paragraph 48 above).

European Communities: imports of newsprint: recourse by Canada. (L/5628) At the request of Canada, the Council at its March 1984 meeting agreed to establish a Panel to examine the reduction by the European Communities of its duty-free newsprint quota. The Panel concluded that the European Communities, in unilaterally establishing for 1984 a duty-free quota of 0.5 million tonnes, had not acted in conformity with Article II of the GATT. It considered, however, that the circumstances justified the EC engaging in renegotiations under Article XXVIII. The two parties entered into negotiations at the end of November 1984 and reached a mutually satisfactory solution.

European Communities: subsidies on canned peaches, canned pears and raisins: recourse by the United States (L/5306). The Panel established in March 1982 to examine the dispute sent its report to the parties in July 1984. It suggested

¹For minutes of Council considerations of these disputes see C/M/181 (Council of 19 October 1984), C/M/182 (6 November 1984), C/M/183 (6-8 and 20 November 1984), C/M/184 (18 January 1985), C/M/185 (13 February 1985) and C/M/196 (12 March 1985).

²See also the matters listed under Article XXII - Consultations (Appendix I).

that the EC should consider ways and means to restore the competitive relationship between imported United States and domestic EC canned peaches, canned pears and canned fruit cocktail which derived from the tariff concessions granted in 1974 on these products and in 1979 on canned pears (L/5778). The Panel's report was presented to the Council at its March meeting. The Council decided to revert to this item at its next meeting.

European Communities: imports of citrus fruits and products: recourse by the United States (L/5337). Following a dispute between the European Communities and the United States over reduced tariffs granted by the EC to several Mediterranean countries which are important suppliers of citrus fruit, the Council agreed in November 1982 to establish a Panel. A report from the Panel released in February 1985 did not find the EC's practices to be contrary to GATT rules. It concluded, however, that the lower tariffs on fresh oranges and lemons impaired United States citrus trade with the EC and upset competition between the US and Mediterranean suppliers. It recommended that the EC reduce both its m.f.n. and preferential duties on the products concerned by October 1985 and suggested that the US was entitled to compensation. The Council discussed the Panel's report at its March meeting and agreed to revert to the matter in the future.

European Communities: quantitative restrictions on imports of certain products from Hong Kong: recourse by the United Kingdom on behalf of Hong Kong. The report of the Panel (L/5511) was adopted by the Council in July 1983. At its May 1984 meeting, the Council had noted that the European Communities had introduced an Article XIX action on quartz watches, the main product subject to the Panel report. At the November 1984 meeting of the Council, the United Kingdom, on behalf of Hong Kong, had informed the Council that France continued to maintain quota restrictions against Hong Kong in respect of various other products despite definitive determination by the CONTRACTING PARTIES that these measures did not conform with GATT. At the 40th Session of the CONTRACTING PARTIES, also in November 1984, the Communities announced de facto adoption of liberalized quotas on umbrellas; a 20 per cent increase in the annual quota on radio receivers; and an increase in the quota on toys, the latter increase to be implemented in three stages from 1 January 1985 and leading to de facto liberalization of the quota by 1 January 1987.

European Communities: operation of beef and veal régime: request by Australia for consultations under Article XXIII:1 (L/5715). Australia maintains that the operation of the Community's beef and veal régime has nullified and impaired its benefits under the General Agreement and also impedes the attainment of the objectives of the GATT as envisaged in Article XXIII:1(b). At the November Council meeting Australia requested consultations with the European Community under Article XXIII:1.

Japan: measures affecting the world market for copper ores and concentrates: request by the European Communities for a working party. (L/5627, L/5654). This matter has been considered by the Council at its meetings in March, May, June and November 1984. At the November meeting the European Community reiterated its request for a working party. The Council noted that there was no agreement on the request by the European Communities, agreed that the Chairman would continue informal consultations with a view to achieving a solution which would be satisfactory to all parties and agreed to revert to the item at a future meeting.

Japan: measures on imports of leather: recourse by the United States. In May 1984, the Council adopted a report by a dispute Panel (L/5623) which had considered a complaint on measures applied by Japan on imports of leather. In accepting adoption of the report, Japan agreed to make efforts progressively to liberalize import restrictions on leather in the direction of eventual conformity with GATT rules. The item was discussed again at the November and March meetings

of the Council. Several contracting parties expressed their disappointment at the slow progress in implementation of the Panel's recommendations by Japan.

New Zealand: imports of electrical transformers: recourse by Finland. In February 1984, New Zealand imposed anti-dumping duties against imports of Finnish electrical transformers. Article XXIII:1 consultations requested by Finland were terminated in June 1984, but did not lead to a satisfactory solution. In the view of the Finnish Government, the benefits accruing to Finland under the General Agreement, especially under Article VI, have been impaired. On 2 October 1984, Council established a Panel to examine the Finnish complaint.

United States: imports of sugar from Nicaragua: recourse by Nicaragua. On 13 March 1984 the Council adopted a Panel report on a complaint by Nicaragua referring to United States imports of sugar. The Panel, which in accordance with its terms of reference, had considered only the trade aspects of the matter, concluded that reduction of the sugar quota allocated to Nicaragua by the United States for fiscal year 1983/84 was inconsistent with obligations of non-discrimination laid down in Article XIII:2 of the General Agreement. The follow-up on the Panel report was discussed in the Council at its meetings in May, June and November 1984; at the November meeting several contracting parties reiterated their position that the United States should implement the recommendation of the Panel.

United States: United States tax legislation (DISC-FSCA): follow-up on the report of the Panel. On 11 July 1984 the United States representative informed the Council that Congress had passed the Foreign Sales Corporation Act (FSCA) to replace the DISC system. He believed the new system to be consistent with the General Agreement and with the Council's rulings on this matter. The FSCA legislation, including the provision for forgiveness of taxes deferred earlier under the DISC system, became effective for the tax year beginning after December 1984. The European Communities requested consultations on the matter with the United States under Article XXII:1 (L/5774). At the February Council meeting the United States asked countries asserting a substantial trade interest in the FSCA to notify it, according to the procedures adopted on 10 November 1958.

United States: restrictions on imports of certain sugar-containing products: recourse by Canada (L/5783). On 28 January 1985, the United States imposed quantitative restrictions on imports of certain sugar-containing products. Consultations between Canada and the United States, pursuant to Article XXIII:1 were held on 12 February 1985, but have not resulted in a satisfactory adjustment of the matter. At Canada's request the Council agreed at its March meeting to establish a Panel.

United States: ban on imports of steel pipes and tubes from the European Communities (L/5747 and Add.1). The United States Government decided to prohibit, as from 29 November 1984, imports of steel pipes and tubes from the Community for the rest of 1984. The matter was extensively discussed at the December Council meeting. The Council agreed that the two parties consult on this matter in the immediate future, on the understanding that if they reached any agreement not in conformity with the General Agreement, there could be no inference of approval by the Council. At the January Council meeting, the European Communities and the United States confirmed that they had reached a satisfactory bilateral arrangement on this matter. The arrangement had been notified to the secretariat by both parties (L/5773 and L/5448/Add.1).

Other matters

Although not falling within the responsibility of the Council, the following dispute settlement cases raised in Committees established under MTN Agreements are of general interest in the context of the Council's consideration of dispute settlement procedures:

Canada - Anti-dumping investigation: recourse by the European Economic Community. The matter of an anti-dumping investigation by Canada against certain electric generators from Italy has been discussed by the Committee on Anti-Dumping Practices on several occasions. Following the failure of conciliation, the Committee agreed in May 1984 that the matter under review was of general interest and considered that the Committee's Ad-Hoc Group should examine the question of "definition of sale". The work of the Ad-Hoc Group continues.

European Economic Community - Subsidies on exports of wheat flour: recourse by the United States. A Panel established by the Committee on Subsidies and Countervailing Measures submitted its report (SCM/42) in March 1983. The Committee continues its examination of the report. The Chairman is continuing informal consultations with a view to proposing an appropriate solution to this matter.

European Economic Community - Subsidies on export of pasta products: recourse by the United States. A Panel established by the Committee on Subsidies and Countervailing Measures submitted its report (SCM/43) in May 1983. The Chairman continues informal consultations with a view to proposing an appropriate solution to this matter.

United States: definition of industry concerning wine and grape products contained in the United States Trade and Tariff Act of 1984 - recourse by the European Communities

The Trade and Tariff Act of 1984 defines the domestic industry for purposes of countervailing or anti-dumping investigations on wine and grape products to include producers of the principal agricultural input if they allege material injury or threat thereof as a result of imports of such wine and grape products. The EEC considered amendment in the US legislation as inconsistent with the Code on Subsidies and Countervailing Measures. In view of the fact that the conciliation under Article 17 of the Code had failed to reach a mutually satisfactory solution, the EEC requested the Committee on Subsidies and Countervailing Measures to establish a panel (SCM/60). On 15 February the Committee decided to establish a panel to examine the matter and to report back to the Committee.

APPENDIX IV

BILATERAL TRADE AGREEMENTS

Bilateral trade agreements between the following countries (given in alphabetical order) have come to the attention of the secretariat in the period under review. Compared to the same period of the previous year (Appendix IV of document C/W/437/Rev.1), the number of bilateral agreements concluded has increased by over a tenth.

Algeria - Italy^{a, b}
Algeria - Nicaragua^a
Argentina - India^a
Argentina - Poland^a
Argentina - Soviet Union^a
Australia - Egypt^e
Bangladesh - Poland^a
Brazil - Islamic Republic of Iran^{a, e}
Brazil - Nigeria^a
Bulgaria - Jordan^a
Bulgaria - Malta^a
Bulgaria - Mexico^a
Bulgaria - Turkey^a
Bulgaria - Uganda^a
Canada - Egypt^e
Chad - Egypt^a
Cuba - Mexico^d
Czechoslovakia - Greece^{a, b}
Czechoslovakia - India^c
Czechoslovakia - Jordan^a
Czechoslovakia - Lebanon^a
Egypt - Ethiopia^a
Egypt - Greece^b
Egypt - Iraq^a
Egypt - Jordan^a
Egypt - Somalia^e
Egypt - United States^e
European Economic Community -
Yemen, Arab Republic of^a
Finland - Soviet Union^a
France - German Democratic Republic^b
France - Soviet Union^e
Gabon-Mauritius^b
Ghana - German Democratic Republic^b
Greece - Libya^{a, b}
Greece - Poland^b
Greenland - Sweden^a
India - China, People's Republic of^a
India - Democratic People's Republic
of Korea^a
India - Poland^a
India - Soviet Union^a
Indonesia - Soviet Union^{a, b}
Kenya - Somalia^{a, b}
Kenya - Tanzania^a
Kenya - Zimbabwe^a
Malawi - Mozambique^b
Mali - Senegal^{a, b}
Malta - Democratic People's Republic
of Korea^{a, b}
Poland - China, People's Republic of^a
Poland - Zimbabwe^{a, b}
Romania - Liberia^{a, b}
Romania - Libya^a
Romania - Turkey^b
Sweden - Albania^a
Sweden - Soviet Union^e
Sweden - Vietnam^b
Tanzania - Zambia^{a, b}
Tunisia - Libya^a
Turkey - Islamic Republic of Iran^a
Turkey - Soviet Union^a
Uganda - German Democratic
Republic^{a, b}
Uruguay - Soviet Union^a
Yugoslavia - Islamic Republic of Iran^b
Zimbabwe - Iraq^b

^aAgreement to exchange groups of products.

^bEconomic cooperation and/or agreement to remove impediments to trade.

^cTrade and payments agreement.

^dGranting of preferential treatment.

^eAgreement on trade in agricultural products.

APPENDIX V

VOLUNTARY EXPORT RESTRAINTS, EXPORT RESTRAINT ARRANGEMENTS,
ORDERLY MARKETING ARRANGEMENTS, EXPORT FORECASTS,
BASIC PRICE SYSTEMS AND OTHERS

("Grey area measures" taken since 1978 or before that date and still in force, that are known to the secretariat)

<u>Importing Country/ Exporting Country</u>	<u>Product</u>	<u>Duration</u>
<u>STEEL AND STEEL PRODUCTS</u>		
EEC/Australia, Austria, Bulgaria, Czechoslovakia, Finland, Japan, Norway, Poland, Romania, South Africa, Republic of Korea, Spain, Sweden	Steel (comprises also fabricated and specialty steel products)	1984-1985
EEC/Brazil	Pig iron	1984-1985
EEC/Brazil	Steel products (pig iron excluded)	1985
EEC/Bulgaria, Czechoslovakia, Hungary, Poland, Romania	Steel	1985
United States/Argentina, Austria, Czechoslovakia, Hungary, Venezuela	Steel	1985
United States/Australia, Brazil, Japan, Republic of Korea, Mexico, South Africa, Spain	Steel	1984-1990 ¹
United States/Canada	Specialty steel	1985
United States/EEC	Steel	1982-1985
United States/EEC	Steel pipes and tubes	1985-1986
United States/Finland	Steel	1984-1990
<u>MACHINE TOOLS</u>		
Canada/Japan	Machine tools	1978-1985
EEC/Japan	NC lathes and machining centres	-1985

¹For Japan, 1984-1989.

APPENDIX V (cont'd)

<u>Importing Country/ Exporting Country</u>	<u>Product</u>	<u>Duration</u>
UK (EEC)/Japan (unofficial industry-to-industry arrangement)	Computer controlled lathes and machining centres	-1985
Europe (15 countries)/Japan	Machine tools	1981-1985
United States/Japan	Machine tools	1978-1985
<u>AUTOMOBILES AND ROAD TRANSPORT EQUIPMENT</u>		
Canada/Japan	Automobiles	1981-1985
EEC/Japan ^a	Automobiles	1983-1985
EEC/Japan	Motorcycles	1983-1984
EEC/Japan	Light commercial vehicles and forklift trucks	-1985
France (EEC)/Japan	Automobiles	1977-1985
Italy (EEC)/Japan	Automobiles	1977-1985
United Kingdom (EEC)/Japan	Automobiles	1975-1985
United States/Japan	Automobiles	1981-1985
<u>CONSUMER ELECTRONICS PRODUCTS</u>		
EEC/Japan	Colour TV sets	1983-1985
EEC/Japan	Colour television tubes	1983-1985
EEC/Japan	Hi-fi equipment	1983-1984
EEC/Japan	Quartz watches	-1985

APPENDIX V (cont'd)

<u>Importing Country/ Exporting Country</u>	<u>Product</u>	<u>Duration</u>
EEC/Japan	Video tape recorders	1983-1985
United Kingdom(EEC)/Republic of Korea	Black and white television set	1980-Dec.84
<u>FOOTWEAR</u>		
France (EEC)/Taiwan	Footwear (non-rubber)	1981-1985
France (EEC)/Republic of Korea	Footwear (non-rubber)	1981-1985
Italy (EEC)/Poland	Rubber footwear	1979-1985
Italy (EEC)/Republic of Korea	Rubber footwear	1979-1985
United Kingdom (EEC)/Taiwan	Footwear (non-rubber)	1977-1985
United Kingdom (EEC)/Republic of Korea	Footwear (non-rubber)	1977-1985
<u>TEXTILES^b</u>		
Canada/Mauritius	Sweaters, pullovers and cardigans	1984-1986
EEC/Morocco	Textiles	1982-1986
United States/Costa Rica	Textiles	1984-1987
United States/Panama	Textiles	1983-1985
EEC/Portugal	Textiles	1982-1985
United Kingdom (EEC)/Portugal	Socks, underwear and other textiles	1984-1985
<u>AGRICULTURAL PRODUCTS</u>		
EEC/Argentina, Australia, Austria, Bulgaria, Czechoslovakia, Hungary, Iceland, New Zealand, Poland, Romania, Uruguay, Yugoslavia	Live sheep or goats and meat	1980-1985

APPENDIX V (cont'd)

<u>Importing Country/ Exporting Country</u>	<u>Product</u>	<u>Duration</u>
EEC/Austria	Cheese	1982-Dec.84
EEC/Finland	Cheese	1982-Dec.85
EEC/Thailand	Manioc/Tapioca	1982-1986
<u>OTHER PRODUCTS</u>		
EEC (France, United Kingdom)/ Republic of Korea	Tableware and other articles of a kind of stoneware	1983-Dec.85
EEC/Poland	Sulphate of copper	1985

^aDoes not supersede existing bilateral arrangements concluded by Japan with individual EEC member countries.

^bThe arrangements or measures listed are those in which at least one country concerned is not a member of the Multi-fibre Arrangement.

APPENDIX VI

OTHER MEASURES OF A LIMITATIVE NATURE TAKEN SINCE 1975,
AND STILL IN FORCE, WHICH ARE KNOWN TO THE SECRETARIAT

<u>Country</u>	<u>Product</u>	<u>Measure</u>	<u>Duration</u>
EEC (France)	Tunny for industrial purposes	<u>1975</u> Embargo	Feb. 1975-now
Japan ^a	Certain silk and fibre fabrics, ropes and cables (CCCN 50.59)	<u>1980</u> Prior import permission	May 1980-now
Austria/Japan	Video tape recorders	<u>1981</u> Import quota	Feb. 1981-now
EEC	Preserved mushrooms (within sub-heading CCCN 20.01C)	Protective measure to prevent circumvention of measures applying to mushrooms in brine and preserved cultivated mushrooms	August 1981-now

APPENDIX VI (cont'd)

<u>Country</u>	<u>Product</u>	<u>Measure</u>	<u>Duration</u>
EEC/Chile/Spain/ other non-member countries	Live sheep and goats, sheep and goat meat (CCCN 01.04 and 02.01)	<u>1982</u> Additional levy above certain quantity limit	Jan. 1982-1984
Sweden/hungary	Certain textile products (CCCN 54.03, 54.04, 54.05, 57.10)	Agreement on levels for trade with certain products, in accordance with Article 5 of the Hungarian Protocol of Accession	Jan. 1982-Dec. 1986
EEC (France) ^a /Japan ^b	Motorcycles of a cylinder capacity of 50cm ³ or less	Import restriction through surveillance system and administra- tive guidances to importers	Feb. 1982-now
EEC (France)	Certain species of timber	<u>1983</u> Import quota	Jan. 1983-Dec. 1984
EEC (France)/ Japan	Video tape recorders	Visa administratif préalable	April 1983-now

APPENDIX VI (cont'd)

<u>Country</u>	<u>Product</u>	<u>Measure</u>	<u>Duration</u>
EEC (France)	Certain electronic quartz watches, with digital display	<u>1984</u> Global quota	April 1984- December 1986
Chile	Sugar	Tariff surcharge	From 25 July 1984
Canada	Fresh, chilled, frozen beef and veal	<u>1985</u> Global quota	January 1985- December 1985
EEC	Cultivated mushrooms in brine	Import restriction	From 1 January 1985
EEC	Sheep and goat meat	Import restriction	January 1985- December 1985
Spain/EEC	Cheese	Agreement on minimum volume of imports from EEC into Spain	January 1985- December 1985

^aThe importing country concerned is of the view that this measure has been taken in order to achieve the purpose of state trading for raw silk.

^bThe importing country concerned is of the view that this measure should not be included in the list since it concerns a statistical surveillance system.