Committee III - Expansion of Trade

DRAFT

BARRIERS TO THE EXPANSION OF EXPORTS FROM LESS-DEVELOPED COUNTRIES

Note by the secretariat

1. As outlined in document COM.III/38 (Future Work Programme of Committee III) the Committee recognized, at its short meeting held during the seventeenth session, that the general round of tariff negotiations, which was scheduled to commence in February 1961, would provide an important opportunity for the removal of many of the barriers confronting the export trade of less-developed countries. The Committee therefore requested the secretariat to prepare, before the opening of the tariff negotiations, a document which would indicate and illustrate the findings of the Committee with respect to the various types of barriers imposed by contracting parties, particularly industrialized countries, which affected exports from less-developed countries of a number of products which had so far been examined in detail by the Committee.¹

2. In response to this request, the secretariat has prepared the following notes for the reference of countries participating in the negotiations. The notes have been prepared on the basis of the reports of the Committee, the commodity information prepared for the Committee and on the basis of recent GATT documents such as reports on import restrictions and liberalization communiqués.

3. Members of the Committee will appreciate that although the information contained in this paper is largely based on the findings of the Committee, the barriers referred to are for the most part those which the less-developed countries have emphasized as being most damaging to their export trade. While the Committee as a whole or by majority agreed that these barriers did indeed affect the export earnings of less-developed countries, in certain important instances industrialized countries voiced reservations regarding the Committee's findings. These reservations, although included in the reports of the Committee, are not reproduced in this paper for the sake of brevity.

4. In view of the importance of ensuring that the information contained in this paper is accurate and up to date, the secretariat considers it desirable to request contracting parties to submit any comments on the following text as early as possible.

¹The products so far examined are: cocoa, coffee, copper, cotton, cotton manufactures, jute manufactures, lead, oilseeds and vegetable oils, tea, timber, tobacco, bicycles, sewing machines, electric fans, diesel engines, electric motors, finished leather and leather goods, iron ore, aluminium, alumina and bauxite and sports goods.
A. FIRST LIST OF PRODUCTS

I. COFFEE

Revenue duties and internal fiscal charges, etc.,

5. In some of the most important markets in Europe, imports of coffee were subject to high revenue duties and fiscal charges.

A. Examples of internal fiscal charges (see L/1162, p.17):

Federal Republic of Germany 3.60 DM/kg.
Italy 500 Lire/kg.
France 1.42 NF/kg.

B. Examples of import duties (see COM.III/7/Add.1/Rev.1):

Austria (other than EFTA) 28 per cent (incidence)
Denmark (other than EFTA) 33 per cent (incidence)
EEC (common external tariff) 16 per cent
Finland (most-favoured-nation) 99 per cent (incidence)
Japan ( - ) 30 per cent
Sweden (other than EFTA) 10 per cent (incidence)
Switzerland (other than EFTA) 10 per cent (incidence)

Further reductions in the very great differences in the import and sales prices for coffee in certain State-trading countries, combined with decisions to import larger amounts of coffee, could be expected to make a significant contribution to an expansion of coffee exports from less-developed countries.

Examples: Czechoslovakia and Poland.

Preferential tariffs

b. Preferential tariff systems were operated by some countries.

Examples (see COM.III/7/Add.1/Rev.1):

(i) in the United Kingdom tariff a margin of preference of about 3 per cent was granted in favour of imports of coffee from Commonwealth countries;

(ii) several other Commonwealth countries (Canada and New Zealand, etc.) maintain preferential tariffs on coffee in favour of imports from other Commonwealth countries;

(iii) the common external tariff of the EEC on coffee is to be 16 per cent ad valorem for imports from third countries, whereas imports from associated overseas territories of the EEC will be admitted free of duty.
Import restrictions

7. Import restrictions were applied by some countries, including certain members of the EEC, which imposed quantitative restrictions on imports from areas not associated with the EEC.

Examples (see COM.III/7/Add.1/Rev.1):

(i) France and Italy;
(ii) Denmark, Finland and Norway also maintain import restrictions on coffee and coffee preparations.

II. COCOA

Revenue duties and internal fiscal charges, etc.

8. In some of the most important markets in Europe, imports of cocoa beans were subject to high internal taxes and revenue duties.

Examples of taxes (including customs duties) on cocoa beans (1958)

<table>
<thead>
<tr>
<th></th>
<th>United Kingdom</th>
<th>Netherlands</th>
<th>Denmark²</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import duty (US cents/kg.)</td>
<td>3.2 - 3.7</td>
<td>-</td>
<td>-</td>
<td>28.0</td>
</tr>
<tr>
<td>Revenue and turnover taxes and other fiscal charges (US cents/kg.)</td>
<td>-</td>
<td>4.4</td>
<td>82.0</td>
<td>neglig.</td>
</tr>
<tr>
<td>Total charges (US cents/kg.)</td>
<td>3.2 - 3.7</td>
<td>4.4</td>
<td>82.0</td>
<td>28.0</td>
</tr>
<tr>
<td>Total charges as percentage of the import price</td>
<td>3.7 - 4.2</td>
<td>5.0</td>
<td>79.8³</td>
<td>28.9</td>
</tr>
</tbody>
</table>


Note: In addition, other Member States of the EEC, as well as Norway⁴, Japan⁵, Australia⁶, Austria and Canada⁷, maintain internal taxes or charges on cocoa and cocoa products (see COM.III/7/Add.4/Rev.1).

¹On 1 July 1960, Norway liberalized imports of coffee essences, coffee extracts and coffee preparations (see L/1321).
²1957.
³Earlier in 1960, Denmark reduced internal taxes on cocoa beans, cocoa and cocoa products by about 25 per cent (see L/1321).
⁴Cocoa products only. Effective 1 July 1960, the level of internal taxes on chocolate was reduced in Norway (see L/1321).
⁵Cocoa powder only.
⁶Cocoa butter, paste and confectionery only.
⁷Cocoa butter and paste only.
9. Further reductions in the very great differences in the import and sales prices for cocoa and cocoa products in certain State-trading countries, combined with decisions to import larger amounts of cocoa and cocoa products, could be expected to make a significant contribution to an expansion of cocoa exports from less-developed countries. Examples: Czechoslovakia and Poland.

Differential tariffs

10. Cocoa preparations continued to be confronted with differential tariffs in favour of raw cocoa which discouraged considerably the development of processing industries in cocoa producing countries.

Examples:
(i) the common external tariff of the EEC provides for rates of duty of 22 per cent for cocoa butter, 25 per cent for cocoa powder, as compared to 9 per cent for cocoa beans (L/1321);
(ii) it appears that tariff differentials might also be found in the import tariffs of many industrialized countries.

Import restrictions

11. A number of countries, including some industrialized countries, continued to apply import restrictions on cocoa; some of these restrictions were discriminatory.

Examples:
(i) import restrictions: France\(^1\), Japan\(^2\), and New Zealand;
(ii) discriminatory restrictions: Italy\(^3\).

\(^1\) Cocoa products only.
\(^2\) Effective 1 October 1960, Japan liberalized imports of cocoa beans (see L/1143/Add.3).
\(^3\) Cocoa products only coming from outside the OEEC area. Effective 1 June 1960, however, Italy liberalized imports of cocoa paste, cocoa butter and unsweetened cocoa powder coming from the dollar area and from contracting parties in Latin America (see L/1321 and L/1136/Add.2).
III. COPPER

Tariff differentials

12. Some countries imposed much higher duties on processed copper than on raw copper. Such differential duties could impede or at least retard the development of copper processing industries in less-developed copper producing countries.

Examples: Federal Republic of Germany, United Kingdom, Canada, Switzerland, Japan, New Zealand (see COM.III/7/Add.5/Rev.1).

13. Copper production in some countries was subsidized.

Example: Australia: Under the Copper Bounty Act 1958, assistance is given to the copper mining industry. A bounty of up to £45 per ton is payable (see COM.III/7/Add.5/Rev.1).

Preferential tariffs and protective duties

14. In the view of one major copper exporting less-developed country, the import duties of certain countries were high enough to represent serious obstacles to trade and to give protection to marginal domestic producers; the operation of preferential tariffs by certain countries had also an adverse effect on the copper exports of that less-developed country.

Examples:

(i) import duties: import tax in the United States (see COM.III/7/Add.5/Rev.1);

(ii) preferential tariffs: United Kingdom, Canada, Australia, New Zealand (see COM.III/7/Add.5/Rev.1).

Release of stockpiles

15. Producing countries stressed the desirability of consultations (as recommended in the GATT Resolution of 4 March 1955) before the release of copper from stockpiles (see COM.III/6).

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1 Preferential rates of duty are free for all raw copper and processed copper.

2 Preferential rates of duty are free for raw copper and most processed copper.

3 For ores and concentrates both full and preferential rates of duty are free.
IV. COTTON MANUFACTURES

Import restrictions

16. Barriers against imports of cotton textiles from less-developed countries appeared to be particularly severe in some countries in Europe; there still remained a large element of discrimination in the administration of quantitative import restrictions.

Examples:

(i) the Federal Republic of Germany: progress has been made by the Federal Republic of Germany in eliminating import restrictions and discrimination with respect to certain textiles as a result of consultations held under the Waiver Decision. The Federal Republic of Germany reaffirmed its intention to liberalize at specified dates a number of cotton textiles (see L/1331 and L/1380);

(ii) the French Government envisaged consultations. Imports of printed cotton fabrics and carpeting made of cotton fibres, for examples, are liberalized only when coming from OEEC countries, the United States and Canada (see L/1133);

(iii) Italy: imports of "other woven fabrics of cotton" falling under heading No.55.09 are liberalized when coming from OEEC countries and the dollar area (see L/1136/Add.2);

(iv) New Zealand, Switzerland, Japan, Denmark, Finland and Austria maintain import restrictions on certain cotton textiles (see COM.III/7/Add.10/Rev.1).

Tariffs and internal fiscal charges

17. In some countries where there were no quantitative restrictions tariff levels were nevertheless somewhat high. These were, in the view of the less-developed countries, often designed to protect marginal units which were not as efficient as they might be.

Examples: The United States, the United Kingdom, Canada (see COM.III/7/Add.10/Rev.1).

1 Imports are permitted in a non-discriminatory manner on a global basis. In the case of Japan, imports of cotton manufactures will be liberalized before July 1961 (see L/1395).

2 OEEC countries, the sterling area, Belgian, French, Italian, Portuguese and Dutch currency areas, Indonesia and Somalia: free list.
18. There were high levels of import duties and somewhat high levels of internal taxes in many important markets for cotton textiles; the total incidence on imported cotton textiles of import duties and internal taxes constituted an additional obstacle to export of less-developed countries.

**Examples (see COM.III/7/Add.10/Rev.1):**

(i) import duties: United States, Federal Republic of Germany, France, Italy, United Kingdom, Canada, Switzerland, Sweden, Norway, Finland, Austria;

(ii) internal tax: Federal Republic of Germany, France, United Kingdom, New Zealand, Canada, Switzerland, Japan, Australia, Denmark, Finland, Austria.

**Self-sufficiency**

19. There was a trend in many countries to achieve some degree of self-sufficiency in cotton textiles which had in some cases resulted in the erection of obstacles to international trade in these products.

**Barriers imposed by less-developed countries**

20. Many less-developed countries had high tariffs and non-tariff measures which impeded the expansion of trade between less-developed countries themselves.

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1 Preferential rates of duty are free for all kinds of cotton textiles.
2 Textiles used for upholstering and ornamentation only.
3 Finished manufactures (tents, blinds, etc.) only.
4 Certain cotton threads only.
V. JUTE MANUFACTURES

Tariffs in conjunction with import restrictions (see COM.II/7/Add.6/Rev.1)

21. Duties of 30 per cent and more on jute manufactures, particularly sacks and bags, were not uncommon and were often operated in conjunction with quantitative restrictions on imports.

Examples of import duties of more than 30 per cent:

(i) France: imports are liberalized;
(ii) Australia: exempt from import control;
(iii) Finland: quantitative restrictions are imposed on jute yarns;
(iv) Austria: import restrictions for non-liberalized goods are applied in a non-discriminatory manner.

Import restrictions

22. Quantitative import restrictions were not only widespread and in many instances severe, but were in some cases discriminatory.

Examples:

(i) Federal Republic of Germany: imports of jute cloth, sacks and bags are restricted, except from OEEC countries. The Government, however, has undertaken to abolish all quantitative restrictions on jute manufactures by not later than 1964 (see COM.III/7/Add.6/Rev.1, L/1331 and L/1380);
(ii) Italy: imports of jute manufactures from OEEC countries were liberalized. On 1 June 1960 the Government extended liberalization of jute, yarn and fabrics to the dollar area and to contracting parties in Latin America (see L/1321 and L/1136/Add.2);
(iii) Japan: imports of jute manufactures are subject to the Fund Allocation System, which is operated on a non-discriminatory global basis (see COM.III/7/Add.6/Rev.1);
(iv) New Zealand: imports of jute manufactures are subject to restrictions under the import licensing system. However, imports are permitted on a non-discriminatory global basis (see COM.III/7/Add.6/Rev.1);
(v) Denmark: imports of jute sacks and bags are still subject to restrictions (see COM.III/33);
(vi) Finland: jute yarn is still subject to import restrictions (see COM.III/7/Add.6/Rev.1).

1 Preferential rates of duty on jute manufactures range from free to 17½ per cent ad valorem (see COM.III/7/Add.6/Rev.1).
Internal fiscal charges

23. Quantitative restrictions and high import duties combined in many cases with internal taxes, tended to discourage the use of jute manufactures, especially because of the growth of substitutes and bulk handling.

Examples of internal taxes:

Federal Republic of Germany, France, Italy, the United Kingdom, Canada, Switzerland, Australia, New Zealand, Finland, Austria (see COM.III/7/Add.6/Rev.1).

VI. LEAD

United States import restrictions

24. The Committee had noted the possible barrier to the export earnings of the less-developed countries represented by the existing quantitative restrictions applied by the United States on lead, but discussions were postponed since the matter was being studied by the United Nations Lead and Zinc Study Group. The delegation of Peru requested to have lead examined in detail at the next full meeting of the Committee.

VII. OILSEEDS AND VEGETABLE OILS

Import restrictions and State-trading

25. The export trade in oilseeds and especially the trade in the processed products was in many instances limited by a high degree of protection which operated both through tariffs and to a marked extent, also through quantitative restrictions, State-trading practices, mixing regulations and other measures.

A. Examples of quantitative restrictions:

(1) the United States maintains import restrictions on peanuts, peanut oil, tung nuts and tung oil under Section 22 of the Agricultural Adjustment Act (see L/1371);
(ii) Switzerland maintains import restrictions on olive oil and groundnut oil, etc., (see COM.III/7/Add.7/Rev.1);

(iii) Norway maintains import restrictions on linseed oil, soyabean oil, cottonseed oil, sesame oil, palm kernel oil and certain other oils. Changes in import regulations are, however, under consideration (see COM.III/7/Add.7/Rev.1);

(iv) Japan maintains import restrictions on certain oilseeds and vegetable oils (see COM.III/7/Add.7/Rev.1 and recent GATT liberalization communiqués on Japan);

(v) New Zealand maintains import restrictions on oilseeds and vegetable oils (see COM.III/7/Add.7/Rev.1);

(vi) Denmark maintains import restrictions on rapeseed, etc., (see COM.III/33);

(vii) Finland maintains import restrictions on linseed, soyabean, cottonseed, groundnut, rapeseed, sesame seed, castor seed, palm kernel, other oilseeds, flour or meal of oilseeds, linseed oil, soyabean oil, cottonseed oil, rapeseed oil, sesame oil (see COM.III/7/Add.7/Rev.1);

(viii) Austria maintains import control on oilseeds and flour thereof and vegetable oils (see COM.III/7/Add.7/Rev.1). On 15 July 1960 Austria extended the liberalization of many important vegetable oils to all less-developed countries which granted Austria most-favoured-nation treatment under the GATT (see L/1321);

(ix) Italy maintains import restrictions on fixed vegetable oils (fluid or solid, crude, refined or purified, excluding croton oil), vegetable oils (boiled, oxidized, dehydrated, etc.) and vegetable fats and oils (hydrogenated, whether or not refined, but not further prepared) (see L/1136/Add.2);

B. Examples of State-trading practices:

(i) Switzerland: import operations for all fruits, olive oil, groundnut oil, other edible vegetable oils and fats are conducted by the "Co-opérative Suisse des céréales et matières fourragères" (see COM.II/2(e));

(ii) Rhodesia and Nyasaland and South Africa operate State-trading practices for certain of the products concerned (see COM.III/7/Add.7/Rev.1).

Note: For other restrictive measures a reference should be made to paragraphs 26, 27 and 28.
Tariff differentials

26. No progress was evident in recent years in reducing the high level of tariffs on these products; widespread differentiation in import treatment according to the stage of processing in favour of imports of the raw material existed. Such differential treatment was on the whole a factor unfavourable to the development of oilseed processing industries in less-developed countries.

Examples (L/1321 and COM.III/7/Add.7/Rev.1):

(i) the EEC envisages tariff differentiation;

(ii) the common external tariff of the EEC also provides for differentiation between tariffs for vegetable oils for edible purposes and those for industrial use.

Note: The less-developed countries expressed disappointment that the EEC had not taken into account the hopes expressed by the less-developed countries that the proposed rates of common external tariff on vegetable oils would not be high.

Domestic price support

27. The operation in some countries of price support measures for these commodities had adverse effects on export markets. The Committee II consultations with some industrialized countries had indicated that such price support measures might lead to export surplus and thus threaten export markets.

Examples:

(i) the United States maintains price support measures for these products (see L/1163 and COM.III/7/Add.7/Rev.1);

(ii) Switzerland fixes guaranteed prices for rapeseed. For colza, the Confederation guarantees prices and disposal to producers (see COM.III/7/Add.7/Rev.1);

(iii) in Sweden, the Marketing Associations have taken special steps to organize further the market for oilseeds and to supplement the system of protection through import levies (see COM.II/2(0));

(iv) a voluntary agreement exists in Austria between the Rape Growers Association and the oil processing industry regarding the marketing of indigenous rapeseed at fixed prices (see COM.III/7/Add.7/Rev.1).
Mixing regulations

28. Mixing regulations were in force in some countries.

Example: The Federal Republic of Germany.

VIII. TEA

Tariffs and internal fiscal charges, etc.

29. The high level of revenue duties and internal charges in some European countries on tea, which was produced almost exclusively in less-developed countries, discouraged promotional campaigns directed towards increasing consumption of tea and securing a share for tea in the rising demand for all beverages in Western Europe.

A. Example of import duties:

(i) EEC: common external tariff - 35 per cent ad valorem (see COM.III/7/Add.2/Rev.1 and L/1162);
(ii) Switzerland: ad valorem incidence of full rate of duty - 13 per cent/15 per cent (see COM.III/7/Add.2/Rev.1);
(iii) Sweden: ad valorem incidence of full rate of duty - about 9 per cent (see COM.III/7/Add.2/Rev.1);
(iv) Denmark: ad valorem incidence of full rate of duty - 25 per cent (see COM.III/33);
(v) Finland: ad valorem incidence of import duty - about 55 per cent (see COM.III/Add.2/Rev.1);
(vi) Austria: ad valorem incidence of full rate of duty - 60 per cent.

B. Examples of revenue duties (see COM.III/7/Add.2/Rev.1):

(i) United Kingdom imposes a duty for revenue purposes (ad valorem incidence of most-favoured-nation duty - 3.7 per cent);
(ii) Switzerland imposes an import duty (13/15 per cent) for revenue purposes;
(iii) Austrian import duty (60 per cent) is also for revenue purposes;
(iv) the common external tariff of the EEC (35 per cent) may be considered as a revenue duty, but this cannot be considered as definitely fixed because of the fiscal aspect of the Rome Treaty (Articles 17(2) and 22 of the Treaty).

For comments by the German delegation see L/1162 and COM.III/7/Add.7/Rev.1.

Preferential rate of duty is "free".
C. Examples of internal fiscal charges:

Federal Republic of Germany, France, Italy, Belgium, Finland, and Austria maintain various internal fiscal charges (see COM.III/7/Add.2/Rev.1).

A considerable reduction in the great difference in the import and sales prices of tea in most State-trading countries, combined with decisions to import larger quantities of tea, could make a significant contribution to the expansion of tea exports from less-developed countries.

Examples: Czechoslovakia and Poland.

IX. COTTON

United States import restrictions and price support

30. The price support programme in the United States and the import restrictions imposed in support of this programme could have harmful effects on the export markets of less-developed countries. Import restrictions on cotton and cotton waste were maintained under Section 22 of the Agricultural Adjustment Act (for government policy see L/1371 and L/1162).

Tariffs and import restrictions

31. There were high tariffs and quantitative restrictions imposed by some countries on imports of raw cotton, although generally, trade in raw cotton was not unduly restricted by tariff barriers and by non-tariff measures.

1A Bill initiated by a political party proposing the reduction of internal consumption taxes on tea is under the consideration by the Parliament of the Federal Republic of Germany (L/1162).

2The United States had reduced, as of 1 August 1960, its support price and had made a corresponding reduction in the rate of its export payment (see L/1162 and L/1321).
Examples of tariffs (see COM.III/7/Add.3/Rev.1):

(i) Italy: the duty of 6 per cent ad valorem is bound under the GATT¹;

(ii) United Kingdom: the duty of 10 per cent full rate is imposed on certain types of cotton²;

(iii) Canada: the duty of 10 per cent (most-favoured-nation) is imposed on cotton, carded or combed³;

(iv) Sweden: the duty of 10 per cent (full rate) is imposed on cotton, carded or combed; the duty is bound under the GATT;

(v) Australia: in addition to a duty of 1½d. per pound (most-favoured-nation), a primage duty of 10 per cent is imposed on cotton linters⁴.

Examples of quantitative restrictions:

(i) United States: import quotas (see L/1371 and L/1162);

(ii) New Zealand: applications for import licences are considered individually (see COM.III/7/Add.3/Rev.1);

(iii) Japan: imports of raw cotton will be liberalized as from April 1961 (see L/1395).

X. TIMBER

Common external tariff of the EEC

32. Increases in tariffs would in general result from the progressive implementation of the proposed common external tariff of the EEC. To date most imports of timber from less-developed countries to the Member States of the EEC had entered free of duty. For certain important species grown only in West Africa the common external tariff which provided for duties of 5 - 10 per cent will operate against the export interests of Ghana and Nigeria.

¹Other Member States of the EEC permit the import of cotton free of duty. The common external tariff (List F) will be "free" (COM.III/7/Add.3/Rev.1).

²Preferential rates of duty are "free", except for cotton, carded or combed, containing man-made fibres.

³Preferential rate of duty on cotton, carded or combed, is 5 per cent.

⁴Rates of duty on raw cotton are "free".

⁵The corresponding preferential rate of duty is 3d/lb. plus primage duty of 5 per cent.
33. Import restrictions, in particular discriminatory import restrictions, were imposed against imports from certain areas often in favour of OEEC countries.

Examples:

(i) France: imports of certain wood products are liberalized only when coming from OEEC countries, the United States and Canada (see L/1133/Add.1);

(ii) Italy: wood in the rough is liberalized from the OEEC area and building board of wood pulp is liberalized from the OEEC and dollar areas (see COM.III/7/Add.8/Rev.1);

(iii) Switzerland: import permits are required for the importation of timber (sawn of broad leaf trees), plywood, blockwood, laminboard, batten-board and veneered panels, reconstituted wood, etc. (see COM.III/7/Add.8/Rev.1);

(iv) Denmark: imports of wood falling under BN No. 44.18 are not yet liberalized (see COM.III/33).

(v) Austria: on 15 July 1960, discriminatory import treatment on practically all imports of timber from non-OEEC and non-dollar sources was removed (see L/1321).

11. TOBACCO

Tariffs, internal fiscal charges and mixing regulations

34. The less-developed countries concerned expressed disappointment that a number of countries imposed severe restrictive measures in the form of high import duties, internal fiscal and protective charges and mixing regulations.

A. Examples of import duties:

(i) EEC: the common external tariff for leaf tobacco (List F) was set at 30 per cent ad valorem. This proposed rate was expected to place tobacco imports from a number of less-developed countries at a great disadvantage in the internal markets of the EEC (see COM.III/7/Rev.1 and L/1321);

(ii) United States: import duties collected on total imports of unmanufactured tobacco in 1958 were equivalent to about 18 per cent of the total import value of tobacco (see COM.III/W.9(b) and COM.III/7/Rev.1);
(iii) Federal Republic of Germany: average ad valorem incidence of import duties on unmanufactured tobacco coming from outside the EEC and AOT's was 31.6 per cent (see COM.III/7/Rev.1);

(iv) Switzerland: ad valorem incidences of full rate of duties on raw tobacco range from 5.2 per cent to 96.8 per cent (see COM.III/7/Rev.1);

(v) Japan: the rate of 355 per cent ad valorem is applied to tobacco including cigarette leaf and manufactured tobacco imported by private individuals with the permission of the Japan Monopoly Corporation. Tobacco imported by the Corporation is exempt from duty (see COM.III/7/Rev.1);

(vi) New Zealand: ad valorem incidence of most-favoured-nation duty on unmanufactured tobacco (to be manufactured into cigarettes, tobacco or snuff) is 66 per cent (see COM.III/7/Rev.1);

(vii) Finland: ad valorem incidence of import duties on tobacco range from 13.5 per cent to 54.5 per cent (see COM.III/7/Rev.1);

(viii) Austria: ad valorem incidence of full rate of duty on unmanufactured tobacco is 34 per cent. Imports by the monopoly are exempt from the duty (see COM.III/7/Rev.1);

(ix) United Kingdom: ad valorem incidence (1957) of duty on unmanufactured, unstripped leaf tobacco containing not less than 10 per cent of moisture is 1,147 per cent (most-favoured-nation) and 1,118 per cent (preferential) (see COM.III/7/Rev.1).

B. Examples of internal charges:

(i) United States: manufactured tobacco products are subject to various internal taxes (see COM.III/7/Rev.1 and COM.III/W.9(b));

(ii) Federal Republic of Germany: turnover equalization tax and consumption tax (see COM.III/7/Rev.1);

(iii) Canada: consumption or sales tax of 11 per cent on unmanufactured tobacco (see COM.III/7/Rev.1 and COM.III/W.9(b));

(iv) Switzerland: processing tax on raw tobacco (see COM.III/7/Rev.1 and COM.III/W.9(a));

(v) Norway: stamp tax (for pipe tobacco 300 per cent of the price on raw tobacco; for cigarettes about 700 per cent of the price on raw tobacco) (see COM.III/7/Rev.1);

(vi) Denmark: tax on manufactured tobacco (see COM.III/33);

(vii) Finland: basic tax and additional tax constitute about 70 per cent of the retail price of tobacco (see COM.III/7/Rev.1);

(viii) Austria: monopoly charge and turnover countervailing tax (see COM.III/7/Rev.1).
C. Examples of mixing regulations:

(i) Switzerland: although no outright mixing regulations are in force, certain tax facilities are granted to promote the use of home-grown tobacco. In the case of cigarettes containing by weight more than 50 per cent of home-grown tobacco, the processing tax is levied at a lower rate (see COM.III/W.9(a));

(ii) Australia: a percentage quota is in force. Manufacturers who use, in cigarettes and cut tobacco, a minimum specified percentage of domestic tobacco leaf are entitled to pay a concessional rate of import duty on the imported leaf (see COM.III/7/Rev.1);

(iii) New Zealand: manufacturers are required to use in their manufacturing process 30 per cent of domestic grown leaf (see COM.III/7/Rev.1).

State monopolies

35. In some cases the activities of State monopolies resulted in absolute protection to domestic producers, and in severe quantitative restrictions on imports of tobacco.

Examples (see COM.III/7/Rev.1):

(i) France: the monopoly is exercised by the SEITA which takes over whole crop and controls manufacture, domestic sale and imports. The price is fixed by the Government.

(ii) Italy: the Tobacco Monopoly covers all stages of marketing from the cultivation and importation of raw tobacco to the distribution of tobacco products;

(iii) Sweden: no special control of the imports when imported by the State monopoly;

(iv) Japan: the Tobacco Monopoly covers production, distribution, sale and import. There is no discrimination as to sources of supply;

(v) Austria: unmanufactured tobacco is imported only by the Monopoly administration.

United States Public Law 480

36. Members of the Committee expressed concern about the effects on exports of less-developed countries of United States sales of tobacco under Public Law 480. The United States Government's view is contained in document L/1162.
Preferential tariffs

37. Some less-developed countries benefited neither from differential tariff systems which were created when there was no world-wide multilateral trading system, nor from the differential tariff treatment being created with the establishment of the common external tariff of the EEC which favoured imports from the associated overseas territories.

Examples:

(i) United States: preferential rates of duty are applied to imports from the Philippines (see COM.III/W.9(b));

(ii) United Kingdom: preferential rates of duty on unmanufactured tobacco coming from Commonwealth countries range from £2. 19s. 7½d. to £3. 0s. 3½d. per pound which are lower than the full rates of duty (see COM.III/7/Rev.1);

(iii) Canada: preferential rates of duty on unmanufactured tobacco coming from Commonwealth countries range from 12 cents to 40 cents per pound which are lower than the most-favoured-nation rates of duty (see COM.III/7/Rev.1);

(iv) EEC: the common external tariff on leaf tobacco is set at 30 per cent ad valorem whereas imports from associated overseas territories will eventually be admitted free of duty (see COM.III/7/Rev.1).

Tariff differentials

38. Differential tariff rates were applied in most industrialized countries against imports of tobacco products as against tobacco.
B. SECOND LIST OF PRODUCTS

XII. BICYCLES

Import restrictions

39. In many countries, including a few industrialized countries, imports of bicycles were subject to quantitative restrictions.

Examples (see COM.III/29/Add.3/Rev.1):

(i) Denmark: Import controls are still in force. ("Global quotas" have been established under Art.10 of the EFTA Convention).

(ii) Austria: Import controls are still in force. Wheels for bicycles are liberalized when imported from the OEEC and dollar areas. ("Global quotas" have been established under Art.10 of the EFTA Convention).

(iii) Finland: Bicycles (except parts) are subject to import control.

(iv) Japan: Quantitative restrictions are applied on a nondiscriminatory global basis. Effective 7 April 1960, electrical bulbs for bicycles were added to the Automatic Fund Allocation System list (see L/1143/Add.1). Imports of bicycle tyres and tubes will be liberalized before July 1961 (see L/1395).

(v) New Zealand: Bicycles are subject to import control.

Tariffs

40. More than one-half of contracting parties applied tariffs of 20 per cent or more on bicycles, and over one-third of contracting parties applied tariffs of 30 per cent or more. High tariffs were considered to be barriers to trade whether they were imposed for protective or revenue purposes. In certain industrialized countries high customs duties appeared to be protecting efficient bicycle industries which no longer required protection at a high level.

Examples (see COM.III/29/Add.3/Rev.1 and Add.1):

(i) United States: M-f-n rates - 11.25 per cent to 30 per cent ad valorem.
(ii) Canada: M-f-n rate - 25 per cent ad valorem. Preferential rate - 18 per cent ad valorem.

(iii) EEC: Common external tariff - 21 per cent ad valorem.

(iv) United Kingdom: Full rate - 20 per cent ad valorem; preferential rate - free; EFTA rate - 16 per cent ad valorem.

(v) Switzerland: Ad valorem incidence of full rate 18 per cent to 20 per cent.

(vi) Denmark: Full rate - 20 per cent ad valorem.

(vii) Austria: General rate - 34 per cent ad valorem.

(viii) Finland: Basic rate - 25 per cent ad valorem.

(ix) Japan: M-f-n rates - 20 or 25 per cent ad valorem.

(x) Australia: M-f-n rate - 45 per cent ad valorem.

(xi) New Zealand: M-f-n rates - 20 per cent to 45 per cent.

Internal fiscal charges

41. There were internal fiscal charges in most important industrialized countries. The effect on prices was particularly marked when high internal charges were levied in conjunction with high tariffs.

Examples (see COM.III/29/Add.3/Rev.1):

(i) Canada: Sales tax (11 per cent).

(ii) Federal Republic of Germany: Turnover equalization tax (4 - 6 per cent).

(iii) France: Turnover tax (20 - 25 per cent).

(iv) Italy: Basic turnover tax (3.3 per cent) plus equalization surcharges (0 - 3 per cent).

(v) Belgium: Transmission tax (5 per cent) and surcharge (5 per cent) on certain parts.

(vi) United Kingdom: Purchase tax on complete cycles (25 per cent).

(vii) Switzerland: Specific turnover tax equivalent to 5.4 per cent.
(viii) Sweden: General purchase tax (4 per cent).
(ix) Norway: Turnover tax (11.11 per cent).
(x) Austria: Compensatory purchase tax (5.25 per cent).
(xi) Finland: Turnover tax (25 per cent).
(xii) Australia: Sales tax (12½ per cent).

XIII. SEWING MACHINES

Tariffs

42. Over one-half of the contracting parties levied tariffs in excess of 10 per cent against household sewing machines and several countries maintained rates in excess of 20 per cent.

Examples (see COM.III/29/Rev.1):

(i) United States: M-f-n rates on certain types of sewing machines - 10 per cent ad valorem.
(ii) Canada: M-f-n rates - 15 per cent (except for attachments)
(iii) EEC: Common external tariff - 12 per cent or 14 per cent ad valorem.
(iv) United Kingdom: Full rates - 15 per cent to 20 per cent ad valorem; EFTA rates - 12 per cent to 16 per cent ad valorem; BP rates - free.
(v) Austria: General rates - 27 per cent or 28 per cent ad valorem.
(vi) Finland: Full rate - 15 per cent ad valorem.
(vii) Japan: M-f-n rate - 15 per cent ad valorem.
(viii) Australia: M-f-n rates - 37½ per cent to 55 per cent ad valorem (plus primage duty of 10 per cent in certain cases).

Import restrictions

43. Quantitative import restrictions were applied by a number of countries and in certain cases industrialized countries had liberalized trade in this
product on an area basis while at the same time retaining restrictions against
imports from many less-developed countries.

Examples:

(i) Federal Republic of Germany: Sewing machines (not industrial) and spare parts and component parts liberalized from OEEC countries. Restricted from other sources.\(^1\)

(ii) Italy: Liberalized from OEEC countries; restricted from other contracting parties (see L/1136/Add.2).

(iii) Japan: Quantitative restrictions are applied on a non-discriminatory global basis (see COM.III/29/Rev.1). Effective 7 April 1960, however, household sewing machines and heads for household sewing machines were added to the Automatic Fund Allocation System List (see L/1143/Add.1).

(iv) New Zealand: Quantitative restrictions are applied on a non-discriminatory global basis (see COM.III/29/Rev.1).

Internal fiscal charges

Sewing machines were subjected to high revenue and internal fiscal charges in a number of important markets. Fairly high tariffs, together with high internal fiscal charges on household machines had adverse effects on demand.

Examples (COM.III/29/Rev.1):

(i) Canada: Sales tax (11 per cent).

(ii) Federal Republic of Germany: Turnover equalization tax (6 per cent).

(iii) Belgium: Transmission tax (5 or 10 per cent) plus 3 or 4 per cent surcharge (see COM.III/29/Rev.1/Corr.1).

(iv) Netherlands: Tax of 5 or 5.5 per cent (see COM.III/29/Rev.1/Add.2).

(v) United Kingdom: 25 per cent purchase tax on domestic sewing machines.

\(^1\) Germany will remove the remaining restrictions on 1 January 1965 (see COM.III/29/Rev.1 and L/1331).
(vi) Switzerland: Turnover tax (equivalent to 5.4 per cent of the value of the merchandise) (see COM.III/29/Rev.1/Add.1).

(vii) Sweden: General purchase tax (4 per cent).

(viii) Finland: Purchase tax (15 per cent) except domestic sewing machines.

(ix) Australia: Sales tax (8 1/3 per cent).

XIV. ELECTRIC FANS

Tariffs

45. More than one-half of contracting parties had tariff rates of 15 per cent or more on electric fans; tariff rates of 25 per cent to 30 per cent were not unusual and in one case the tariff rate was higher than 100 per cent.

Examples (COM.III/29/Add.6/Rev.1):

(i) United States: MFN rate - 17 1/2 per cent ad valorem.

(ii) Canada: MFN rate - 22 1/2 per cent ad valorem; BP rate - 10 per cent ad valorem.

(iii) EEC: Common external tariff - 19 per cent ad valorem.

(iv) United Kingdom: Full rate - 17 1/2 per cent ad valorem; EFTA rate - 14 per cent ad valorem; BP rate - free.

(v) Denmark: Full rate - 15 per cent ad valorem.

(vi) Norway: Full rate - 20 per cent ad valorem.

(vii) Austria: Conventional rate - 22 per cent ad valorem.

(viii) Finland: Full rate - 15 per cent ad valorem.

(ix) Japan: General rate - 15 per cent ad valorem.

(x) Australia: MFN rate on item 179(d)(3)(a) - 57 1/2 per cent plus 10 per cent primage duty; MFN rate on item 179(d)(6) - 45 per cent plus 5 per cent primage duty.
(xi) New Zealand: M-f-n rate - 20 per cent ad valorem; preferential rate - free.

(xii) Brazil: 120 per cent ad valorem.

**Internal fiscal charges**

46. Many countries applied high internal revenue and fiscal charges; more than one-third of all contracting parties levied internal taxes of 10 per cent or more on electric fans. The high incidence of the combined duties and charges was a significant factor in inhibiting sales of electric fans.

**Examples** (COM.III/29/Add.6/Rev.1):

(i) United States: Manufacturers Excise Tax (5 per cent).

(ii) Canada: Sales tax (11 per cent).

(iii) Federal Republic of Germany: Turnover equalization tax (6 per cent).

(iv) France: Turnover tax (23 per cent).

(v) Italy: Basic turnover tax (3.3 per cent) plus equalization surcharges ranging up to 3 per cent.

(vi) Belgium: Transmission tax (10 per cent) and transmission surcharge (4 per cent).

(vii) Netherlands: Transmission tax (5 per cent) plus transmission tax surcharge (3.5 per cent).

(viii) United Kingdom: Purchase tax (25 per cent).

(ix) Switzerland: Specific turnover tax equivalent to 5.4 per cent.

(x) Sweden: General purchase tax (4 per cent).

(xi) Norway: Turnover tax (11.11 per cent).

(xii) Austria: Compensatory Purchase tax (5.25 per cent).

(xiii) Finland: Turnover tax (25 per cent).

(xiv) Japan: Commodity tax (30 per cent).

(xv) Australia: Sales tax (12½ per cent).

(xvi) New Zealand: Sales tax (20 per cent).
Import restrictions

47. More than one-half of all contracting parties including one or two industrialized countries, continued to restrict imports of this item, in some cases on a discriminatory basis to the detriment of less-developed countries.

Examples (see COM.III/29/Add.6/Rev.1):

(i) Austria: Liberalized vis-à-vis OEEC countries, United States and Canada, but not liberalized vis-à-vis all other contracting parties.

(ii) Japan: Electric fans, including ventilating fans have been added to the Automatic Fund Allocation System List with effect from 4 January 1960. Import licences are issued without limit on a non-discriminatory global basis (see L/1143).

(iii) New Zealand: Quantitative restrictions are applied on a non-discriminatory global basis.

Tariffs and tariff differentials

48. Almost one-half of all contracting parties had rates of duty on diesel engines of 15 per cent or more. In many instances the duties were higher on the smaller and simpler engines first produced in less-developed countries than on the larger and complex types. This tariff differentiation, especially when it was applied by industrialized countries which were themselves efficient producers and exporters of all types of diesel engines, appeared to reflect a historical rather than a current need for the protection of domestic manufacturers.

Examples (see COM.III/29/Add.1/Rev.1):

(i) United States: M-f-n rates - 8\(^\frac{3}{4}\) per cent to 17 per cent ad valorem.

(ii) Canada: M-f-n rate - 20 per cent ad valorem; preferential rate - free.

(iii) EEC: Common external tariff - 12 per cent to 22 per cent ad valorem (see "List G" and "Sixteenth Protocol" annexed to the Rome Treaty).
(iv) United Kingdom: Full rate on motor vehicle engines - 30 per cent ad valorem; EFTA rate - 24 per cent ad valorem; BP rate - 20 per cent ad valorem.

(v) Switzerland; Ad valorem incidence - 3 per cent to 16 per cent (see COM.III/29/Add.1/Rev.1/Add.1).

(vi) Denmark: Full rate on item ex 84.06 - 15 per cent ad valorem.

(vii) Norway: Full rate on auto-cycle, motor cycle and automobile engines - 20 per cent ad valorem.

(viii) Japan: M-f-n rates - 15 per cent or 30 per cent ad valorem.

(ix) Australia: M-f-n rates - 7½ per cent to 45 per cent ad valorem.

(x) New Zealand: M-f-n rates - 10 per cent to 50 per cent ad valorem.

**Import restrictions**

49. More than one-half of all contracting parties continued to impose import restrictions on diesel engines.

**Examples** (see COM.III/29/Add.1/Rev.1):

(i) France: All engines for tractors have been liberalized from OEEC countries, United States and Canada (see L/1133/Add.1). Internal combustion engines of less than 12 litre cylinder capacity have been liberalized from OEEC area, dollar area and from countries outside these areas (see Press Release GATT/540). Other internal combustion engines are subject to restrictions.

(ii) Denmark: Engines for cycles with auxiliary engines are subject to import licensing. ("Global quotas" have been established under Art.10 of the EFTA Convention).

(iii) Norway: Diesel engines, less than 700 h.p. but more than 100 h.p. are subject to import control; Global quota has been established. For other diesel engines no import restrictions are in force.

(iv) Austria: Items falling under ex 84.06 B 1a and ex 84.06 B 2 are liberalized when imported from all less-developed countries which granted Austria m-f-n treatment under the General Agreement.

(v) Finland: Import controls are in force.
(vi) Japan: Certain types of diesel engines were added in April 1960 to the Automatic Fund Allocation System List. Import licences are issued without limit on a non-discriminatory global basis. Other types are subject to restrictions (see Press Release GATT/511).

(vii) New Zealand: Import controls are in force.

XVI. ELECTRIC MOTORS (up to and including 50 h.p.)

Tariffs

50. Tariff rates of less than 10 per cent were in force only in less than one-quarter of contracting parties. More than one-half of contracting parties had tariffs of 15 per cent or more and one-quarter applied tariffs of 25 per cent or more. It was recognized that high duties on capital equipment goods such as electric motors, were detrimental not only to trade, but also to economic development.

Examples (see COM.III/29/Add.4/Rev.1):

(i) Canada: M-f-n rate - 22 1/2 per cent; preferential rate - 15 per cent ad valorem.

(ii) EEC: Common external tariff - 12 per cent or 14 per cent ad valorem.

(iii) France: Existing EEC rate - 18 per cent ad valorem; minimum tariff 20 per cent ad valorem.

(iv) United Kingdom: Full rate - 10 per cent or 17 per cent; EFTA rate - 8 per cent or 14 per cent; BP rate - free.

(v) Sweden: Full rate - 10 per cent ad valorem.

(vi) Denmark: Full rate - 12 per cent ad valorem.

(vii) Norway: Full rate - 10 per cent ad valorem.

(viii) Austria: Conventional rates - 16 per cent to 24 per cent ad valorem.

(ix) Japan: M-f-n rates - 15 per cent ad valorem.

(x) Australia: M-f-n rates - 7 1/2 per cent to 45 1/2 per cent ad valorem.

(xi) New Zealand: M-f-n rate - 20 per cent ad valorem.
Import restrictions

51. More than one-half of all contracting parties, including two or three industrialized countries, continued to restrict imports of electric motors.

Examples (see COM.III/29/Add.4/Rev.1):

(i) Denmark: Imports are subject to licensing. ("Global quotas" have been established under Art.10 of the EFTA Convention).

(ii) Austria: Certain electric motors are unrestricted when imported from OEEC countries, the United States and Canada. Imports of electric motors from all other contracting parties are subject to quantitative restrictions. ("Global quotas" have been established under Art.10 of the EFTA Convention).

(iii) Finland: Import controls are in force except for electric motors weighing each more than 1,500 Kgs.

Internal fiscal charges

52. A few countries applied charges on imports of electric motors which were sufficiently high to be a real impediment to the expansion of trade in these markets.

Examples (see COM.III/29/Add.4/Rev.1):

(i) Federal Republic of Germany: Turnover equalization tax (6 per cent).

(ii) France: Turnover tax (20 per cent).

(iii) Italy: Basic turnover tax (3.3 per cent) plus equalization surcharge ranging from 0 to 3 per cent.

(iv) Belgium: Transmission tax (5 per cent) and surcharge ranging from 3 to 6 per cent.

(v) Netherlands: Transmission tax (5 per cent) and transmission tax surcharge (4 per cent).

(vi) Switzerland: Specific turnover tax equivalent to 5.4 per cent ad valorem.

(vii) Sweden: General purchase tax (4 per cent) and special sales tax (20 per cent) on certain types of motors.
(viii) Norway: Turnover tax (11.11 per cent).
(ix) Austria: Compensatory purchase tax (5.25 per cent).
(x) Finland: Turnover tax (15 per cent or 25 per cent).
(xi) Australia: Sales tax (12½ per cent).

XVII. FINISHED LEATHER AND LEATHER GOODS

Tariff differentials

53. Import duties on finished leather and leather products in most markets were generally high compared to the relatively low tariffs on the unprocessed product.1

Import restrictions

54. With few exceptions imports of finished leather were not subject to import restrictions. Leather footwear and other leather products were also relatively free from import restrictions in most industrialized countries.

A. Examples (leather goods):

(i) France: Remaining restrictions on leather gloves were removed in October 1960 (see Press Release GATT/540).

(ii) Items falling under ex 42.02, ex 42.04 B, and 42.06 are liberalized when imported from all less-developed countries which granted Austria m-f-n treatment under the General Agreement. Items falling under 42.03 A 2 and 42.03 A 3 are liberalized vis-à-vis the OEEC countries and the United States only. Global quotas exist only for Member States of the EFTA (see COM.III/29/Add.7/Rev.1/Corr.2).

(iii) Finland: Imports are restricted with certain exceptions (see COM.III/29/Add.7/Rev.1).

B. Examples (finished leather):

(i) Federal Republic of Germany: Only neat leather (ex 41.02 B) is subject to restrictions when coming from outside the OEEC countries (see L/1004, COM.III/29/Add.8/Rev.1, L/1013 and L/1331).

1See COM.III/29/Add.7/Rev.1, Add.1, 2 and 3, and Corr. 1 and 2; COM.III/29/Add.8/Rev.1, Add.1, and Corr.1, 2, 3 and 4; and COM.III/29/Add.9/Rev.1, Add.1 and 2, and Corr.1, 2 and 3.
(ii) Belgium and Netherlands: Only calf leather (ex 41.02) is subject to import controls (see COM.III/29/Rev.1).

(iii) Austria: Certain types of leather are liberalized only when imported from OEEC area countries and the United States and Canada (see COM.III/29/Rev.1/Corr.4).

(iv) Finland: Only sole and insole leather (ex 41.02) are subject to restrictions (see COM.III/29/Rev.1).

C. Examples (leather footwear):

(i) Denmark: Import controls are still in force (see COM.III/29/Rev.1).

(ii) Austria: Items falling under ex 64.03 and ex 64.05 are liberalized when imported from less-developed countries which granted Austria m-f-n treatment under the General Agreement. ("Global quotas" for the items not yet liberalized exist only for Member States of EFT.) (see COM.III/29/Rev.1/Corr.3).

(iii) Finland: Import controls are still in force (see COM.III/29/Rev.1).

(iv) Japan and New Zealand also maintain licensing requirements (see COM.III/29/Rev.1).

Internal fiscal charges

55. Well over one-half of contracting parties, including all principal industrialized countries, imposed internal fiscal charges on certain categories of leather products.

A. Examples (leather footwear) (see COM.III/29/Rev.1):

(i) Canada: Sales tax (11 per cent).

(ii) Federal Republic of Germany: Turnover equalization tax (6 per cent).

(iii) France: Turnover tax (11 per cent - 33 per cent).

Footwear falling under Code No. ex 851 was added to the Automatic Approval System List as from 1 October 1960 (see L/1143/Rev.3).
(iv) Italy: Basic turnover tax (3.3 per cent).

(v) Belgium: Transmission tax (5 per cent) and surcharge (4 per cent). For the item 64.02 b.1 B, transmission tax (5 per cent), plus 5 per cent surcharge (COM.III/29/Add.9/Rev.1/Corr.1).

(vi) Netherlands: Transmission tax (4.71 per cent).

(vii) United Kingdom: Purchase tax (mostly 5 per cent).

(viii) Switzerland: Turnover tax (5.4 per cent).

(ix) Sweden: General purchase tax (4 per cent).

(x) Denmark: Equalization tax (5 per cent).

(xi) Norway: Turnover tax (11.11 per cent).

(xii) Austria: Compensatory purchase tax (5.25 per cent).

B. Examples (finished leather) (see COM.III/29/Add.8/Rev.1):

(i) Federal Republic of Germany: Sales tax (4 per cent).

(ii) France: Turnover tax (25 per cent).

(iii) Italy: Basic turnover tax (3.3 per cent) plus equalization surcharge (0 to 3 per cent).

(iv) Belgium: Transmission tax (5 per cent) and surcharge (0 to 3 per cent, 4 per cent or 5 per cent) (see COM.III/29/Add.8/Rev.1/Corr.1).

(v) Netherlands: Transmission tax (7.5 per cent).

(vi) Switzerland: Turnover tax (5.4 per cent).

(vii) Sweden: General purchase tax (4 per cent).

(viii) Norway: Turnover tax (11.11 per cent).

(ix) Austria: Compensatory purchase tax (5.25 per cent).

C. Examples (leather goods) (see COM.III/29/Add.7/Rev.1):

(i) United States: 10 per cent excise tax on luggage, handbags and similar goods.
(ii) Canada: Sales tax (11 per cent) on some items.

(iii) Federal Republic of Germany: Turnover equalization tax (6 per cent).

(iv) France: Turnover tax (25 per cent – 33 per cent).

(v) Italy: Basic turnover tax (3.3 per cent) plus surcharge (1 per cent, 2 per cent or 3 per cent).

(vi) Belgium: Transmission tax (5 per cent – 13 per cent) and surcharge (3 per cent – 6 per cent) (see COM.III/29/Add.7/Rev.1/Corr.1).

(vii) Netherlands: Transmission tax (8.68 per cent – 9.89 per cent).

(viii) United Kingdom: Purchase tax (gloves and wearing apparel generally 5 per cent; travel goods and domestic receptacles generally 25 per cent).

(ix) Switzerland: Turnover tax (5.4 per cent).

(x) Sweden: General purchase tax (4 per cent); special fur skin tax (20 per cent).

(xi) Denmark: Turnover tax (15 per cent).

(xii) Norway: Turnover tax (11.11 per cent).

(xiii) Austria: Compensatory purchase tax (5.25 per cent).

(xiv) Finland: Turnover tax (25 per cent), except for wearing apparel.

(xv) Japan: Commodity tax (20 per cent).

(xvi) Australia: Whips, thongs, baskets, bags, cases, leather belting are subject to 12½ per cent sales tax. Fancy boxes and baskets for jewellery, etc. are subject to sales tax at 25 per cent.

(xvii) New Zealand: Sales tax (20 per cent).
XVIII. IRON ORE

Technical and financial co-operation

56. The Committee noted that the export of iron ore from less-developed countries was, as a rule, not hampered by tariffs or non-tariff measures but was retarded rather by the lack of the financial and technical means necessary for expanding production.

XIX. ALUMINIUM, ALUMINA AND BAUXITE

Tariffs and tariff differential

57. Although most of the important users of aluminium had either low or zero tariffs on bauxite, a number of highly industrialized countries in Europe, and in other areas of the world had tariffs on alumina and aluminium of 10 per cent or more. This widespread differentiation in import treatment in favour of imports of bauxite was likely to impede the processing of bauxite in the less-developed bauxite producing countries.

Examples (see COM.III/29/Add.10/Rev.1):

(i) Canada: M-f-n rate on aluminium angles, beams, etc. - 22½ per cent ad valorem; m-f-n rate on aluminium powder - 30 per cent ad valorem; m-f-n rate on aluminium ingot - 1.5 c/lb; m-f-n rate on alumina - free.

(ii) EEC: Common external tariff on unwrought aluminium - 10 per cent ad valorem; common external tariff on alumina - 11 per cent ad valorem (see also Twelfth and Thirteenth Protocols annexed to the Treaty of Rome).

(iii) Germany: Existing EEC rate on alumina - 11 per cent ad valorem; existing EEC rate on unwrought aluminium - 7 per cent ad valorem.

(iv) France: Existing EEC rates on unwrought aluminium - 18 per cent or 18.9 per cent, ad valorem; existing EEC rate on alumina - 13.5 per cent ad valorem.

(v) United Kingdom: Full rate on unwrought aluminium (alloys) - 10 per cent ad valorem; full rate on alumina - 10 per cent to 33½ per cent ad valorem.

(vi) Switzerland: Full rates on unwrought aluminium - 13 per cent to 27 per cent (incidence); full rate on alumina - 1 per cent (incidence) (see COM.III/29/Add.10/Rev.1/Corr.2).
(vii) Austria: General rate on granulated aluminium - 15 per cent ad valorem; general rate on alumina - free.

(viii) New Zealand: M-f-n rate on aluminium - 10 per cent ad valorem; M-f-n rate on alumina - 3 per cent ad valorem.

Internal fiscal charges

58. It was emphasized that the high internal taxes imposed by a number of countries on aluminium were likely to increase the price of aluminium and thereby discourage its use.

Examples (see COM.III/29/Add.10/Rev.1):

(i) Canada: Sales tax (11 per cent).

(ii) Federal Republic of Germany: Turnover equalization tax (4 per cent).

(iii) Italy: Basic turnover tax (3.3 per cent) plus equalization surcharge ranging from 0 to 3 per cent.

(iv) Belgium: Transmission tax (5 per cent).

(v) Netherlands: Transmission tax (5 per cent).

(vi) Norway: Turnover tax (11.11 per cent).

(vii) Austria: Compensatory purchase tax (5.25 per cent).

Note: Effective 1 October 1960, Japan has liberalized imports of aluminium ore and concentrates and alumina (see L/1143/Add.3).

Tariffs

59. On a large number of sports goods more than one-half of contracting parties had tariffs of 15 per cent or more and almost one-quarter of contracting parties had duties of 30 per cent or more.

Examples (see COM.III/29/Add.5/Rev.1):

(i) United States: M-f-n rates - 7½ per cent to 20 per cent ad valorem (see COM.III/29/Add.5/Rev.1/Corr.2).

(ii) Canada: M-f-n rates - 20 per cent to 30 per cent ad valorem; BP rates - free to 20 per cent ad valorem.

(iii) EEC: Common external tariff - 19 per cent ad valorem.
(iv) France: Existing EEC rates - 18 per cent to 22.5 per cent ad valorem; minimum rates - 20 per cent to 25 per cent ad valorem.

(v) Italy: Temporary rates - 16.2 per cent or 18 per cent ad valorem.

(vi) Benelux: Existing EEC rate - 16 per cent ad valorem; general rate - 20 per cent ad valorem.

(vii) United Kingdom: Full rates - 10 per cent to 25 per cent; EFTA rates - 8 per cent to 20 per cent; BP rates - free.

(viii) Switzerland: Ad valorem incidence of full rates - 4 per cent to 20 per cent (see COM.III/29/Add.5/Rev.1/Add.1).

(ix) Norway: Full rates - 15 per cent to 25 per cent ad valorem.

(x) Austria: General rates - free to 30 per cent ad valorem.

(xi) Finland: Basic rates - 10 per cent to 25 per cent ad valorem.

(xii) Japan: M-f-n rate - 20 per cent or 30 per cent ad valorem.

(xiii) New Zealand: M-f-n rates - 45 per cent ad valorem; preferential rates - 20 per cent or 25 per cent ad valorem.

Import restrictions and internal fiscal charges

60. Over one-half of contracting parties, including a few of the industrialized countries, continued to restrict imports of sports goods and about one-third had internal revenue and fiscal charges of 10 per cent or more.

A. Examples (import restrictions) (see COM.III/29/Add.5/Rev.1):

(i) Denmark: For items falling under ex 97.03 and ex 97.06 import licences are required. ("Global quotas" have been established under Art.10 of the EFTA Convention).

(ii) Austria: Items falling under 97.06 a, 97.06 B, 97.06 C 7 and ex 97.06 C 2 are liberalized only when imported from the OEEC countries, United States and Canada. ("Global quotas" have been established under Art.10 of the EFTA Convention).

(iii) Finland: Import control is still in force.
New Zealand: Imports are subject to licensing requirements.

Japan: Effective 1 July 1960, sports goods and parts and accessories (except fishing reels and golf balls) have been added to the Automatic Fund Allocation System List (see L/1143 and Add.2).

B. Examples (internal fiscal charges) (see COM.III/29/Add.5/Rev.1):

(i) United States: Most of the items are subject to a manufacturers excise tax of 10 per cent of the sales price (see COM.III/29/Add.5/Rev.1/Corr.2).

(ii) Canada: Sales tax (11 per cent).

(iii) Federal Republic of Germany: Turnover equalization tax (6 per cent).

(iv) France: Turnover tax (25 per cent).

(v) Italy: Basic turnover tax (3.3 per cent) plus equalization surcharge ranging from 0 to 3 per cent.

(vi) Belgium: Transmission tax (13 per cent).

(vii) Netherlands: Transmission tax (5 per cent).

(viii) United Kingdom: Purchase tax (25 per cent).

(ix) Switzerland: Specific turnover tax equivalent to 5.4 per cent ad valorem.

(x) Sweden: General purchase tax (4 per cent).

(xi) Norway: Turnover tax (11.11 per cent).

(xii) Austria: Compensatory purchase tax (5.25 per cent).

(xiii) Finland: Turnover tax (25 per cent).

(xiv) Japan: Commodity tax (10 per cent to 50 per cent).

(xv) Australia: Sales tax (12½ per cent).

(xvi) New Zealand: Sales tax (20 per cent) with certain exceptions.