TARIFF DISCRIMINATION AGAINST PROCESSED PRODUCTS

Note Submitted by the Delegation of the Federation of Rhodesia and Nyasaland

At the nineteenth session CONTRACTING PARTIES confirmed that governments should consider reducing those tariffs which differentiate disproportionately between processed products and raw materials, bearing in mind that the processing of primary products is one of the most effective ways in which less-developed countries can expand their employment opportunities and increase their export earnings.

The Federal delegation, therefore, wishes to propose that, as a necessary complement to the proposal to reduce tariffs on tropical products, consideration should be given to a programme for reducing the tariff differentials between non-ferrous base metallic ores, metals and semi-manufactures. The existence of these tariff differentials is well brought out in document COM.III/W.15 and constitutes an artificial obstacle to the development of refining, smelting and rolling industries on a sound economic basis in the countries which supply the ore and the industrial countries whose secondary industry consumes the metal and semi-manufactures. This uneconomic distortion is injurious to countries in both categories of countries and is a particularly serious obstacle to the diversification and expansion of the economies of the less-developed supplying countries. A reduction in these tariff differentials would contribute to such diversification in a way which the mere absence or reduction of tariffs on the ores cannot.

The reduction of tariff differentials on non-ferrous ores, metals, and rollings might lead to a change of emphasis in the development of refining, smelting and rolling industries in countries where these industries at present enjoy the benefit of tariff differentials. To take account of this change of emphasis a period of adjustment might be required. It is, however, difficult to envisage that any adjustment is likely to arise with a greater magnitude than those undertaken by the countries which are establishing the European Economic Community for which a transitional period of twelve years was envisaged. The target terminal dates for the reduction of the tariff differentials which are the subject of this note should fall within a period of twelve years from the initiation of the programme.

The principles involved in its proposal are relevant to commodities other than non-ferrous base metals.