ACTION BY GOVERNMENTS RELEVANT TO THE PROVISIONS OF PART IV

Addendum

The delegation of the Federal Republic of Germany has provided the following details of action taken in connexion with the implementation of Part IV during the period October 1971-September 1972.

I. Agricultural sector

The following action was taken during the period under review:

1. Elimination of remaining quantitative import restrictions on the following items:

   02.06 Meat and offals of sheep, salted, dried or smoked
   04.01 Milk
   07.05 Seeds
   12.03 Lucern flour
   18.06 Prepared ice-cream and powder for ice-cream
   19.02 Powder for puddings

2. Elimination of quantitative import restrictions on the following item:

   ex 02.01 Offals of sheep, fresh, chilled or frozen

3. Extension of liberalization at world level on

   ex 35.01 Casein, not hardened, for the preparation of foodstuffs and fodder

4. In addition, the liberalization of

   ex 12.10 Lucern flour

will be extended in a few months time.

Thus, in the agricultural sector the Federal Republic of Germany will have fully complied with the recommendations of the Group of Three for the elimination of differential treatment according to country lists A and B.
II. Industrial sector

Since last year's report, there have been the following developments in the industrial sector:

Non-cotton sector

The quotas for developing countries have again been granted in 1972 at the same level within the framework of the global quotas.

Industrial fair "Partners for Progress"

In the context of the industrial fair at Berlin in 1972, "Partners for Progress", special quotas in the amount of some DM 32.2 million have been opened for developing countries.

The other quantitative import restrictions still maintained by the Federal Republic of Germany (ceramics sector) do not affect the export interests of developing countries.

III. Recommendations in the report of the Group of Three to the extent that autonomous action by the Federal Republic of Germany is involved

A. Promotion of exports of developing countries

For a long time already, the policy of the Federal Republic of Germany has been to foster greater use by developing countries of market opportunities resulting from trade liberalization, by means of carefully oriented measures in the field of import promotion. In addition to efforts to eliminate remaining barriers to trade, the developing countries need information, advice and contacts in order to acquire outlets, and technical assistance in order to promote their exports - from the development and presentation of products up to the stage of marketing. In a statement concerning the second development decade, the Federal Government has described export promotion in the following way as being one of the principal aspects of its trade and development policy:

"Extension and diversification of the industrial sector, in particular through the promotion of productive projects for industries at a particularly low level of development, projects that would save or yield foreign exchange, and measures to increase the exports of developing countries, particularly in the field of product development and marketing."

This policy is implemented in co-operation with the German economy:

1. Activities of the "Bundesstelle fur Aussenhandelsinformation" (Federal Office for Foreign Trade Information).

   - The "Bundesstelle fur Aussenhandelsinformation" (BfA), D-5 K o l n, Blaubachstr. 13, informs the German economy about export offers from developing countries. The "BfA" brings together offers or requests from its permanent
correspondents in developing countries, and from Government services in developing countries or firms in the Third World. Each week, these are widely published in the Federal Republic of Germany in the "Nachrichten für Aussenhandel" (NfA) (Foreign Trade News), in particular to all the 81 Chambers of Commerce and Industry. At present an average of 100 information items are published each week.

- A survey of the German trade situation is given in news sheets such as "How to export to the Federal Republic of Germany" and in brochures such as "Foreign Regulations of the Federal Republic of Germany", "German Customs Regulations", and "Les possibilités d'exportation des pays en voie de développement", and "La République fédérale d'Allemagne en tant que partenaire économique".

- The German economy receives regular reports on the economic advancement, business practices and export products of each developing country. Particular attention is given to practical information concerning unused or insufficiently used opportunities to import from developing countries. Lengthy lists of addresses of importers, wholesale and retail undertakings by sectors, and lists of addresses of export firms and organizations complete the range of information material which the BfA offers to developing countries and to the Federal Republic of Germany.

- The BfA is in close co-operation with official services for export promotion in developing countries, for example with the Mexican Foreign Trade Institute and with the export promotion services of Iran, India, Pakistan and Ivory Coast.

- It gives advisory assistance to developing countries for the organization of Government and private services for export promotion.

- Lastly, the BfA is the liaison office for the International Trade Centre UNCTAD/GATT. Bilateral and multilateral action to promote exports of developing countries is supplemented by exchanges of information and co-operation.

2. **Promotion by exhibitions and fairs**

The developing countries can only achieve real success in exporting to the market-economy countries if they make full use of the existing marketing and distribution machinery. Participation in over eighty-five German fairs and exhibitions provides an opportunity for making direct contact with German, European and overseas buyers. The Federal Government supports developing countries by financial assistance with exhibition expenses. It pays for the services of a German expert on foreign trade and fairs, who gives his assistance before, during and after the fair, and arranges contacts with the authorities and with buyers.
The special fair for developing countries known as the "Overseas Imports Fair: Partners for Progress" at Berlin, was held for the second time in 1972. 483 exhibitors took part and in addition, 395 firms and organizations from 52 countries in Africa, Asia and Latin America were represented. According to estimates, orders worth about DM 150 million were taken. Textile goods had the biggest sale, in particular those from South Korea, Hong Kong, Taiwan, Argentina, El Salvador, Mexico, Brazil, Chile and Bolivia. Leather goods, handbags and shoes from Venezuela, Mexico, Colombia, Argentina, Guatemala, Cyprus and Mauritius, showed the competitiveness of the developing countries. Buyers also placed orders for furniture, handicraft and artistic goods, special food products, carpets, jewellery and glassware. The Federal Government facilitates imports of textiles through this fair by special quotas for certain textile products which are still subject to import quotas: in 1972, it granted a special additional quota of DM 32.2 million.

3. Technical assistance for export promotion

The Federal Government contributes to the establishment of export industries in developing countries by means of technical assistance and financial aid for export promotion - from the development of the product up to the marketing stage; up to 1971, projects worth about DM 19 million had been financed.

4. Training of trade experts from developing countries

For the training of foreign trade experts from developing countries, special programmes are carried out with additional practical work as trainees with German firms and banks. From 1960 to 1970, 697 foreign trade specialists and supervisory staff took advanced training courses in the Federal Republic of Germany.

In 1970, the Federal Republic of Germany made available public funds for about 10,400 trainees, among whom 4,600 specialists and supervisory staff, from over eighteen developing countries, took advantage of this opportunity to advance their professional knowledge.

The "Deutsche Stiftung für Entwicklungsländer (DSE)" (German Foundation for Developing Countries) is also concerned with the training and further education of specialists from developing countries. In the three central services of the DSE at Berlin, Mannheim and Feldafing, about 1,000 specialists and supervisory staff, and their opposite numbers from developing countries, received a theoretical and practical training in their professional fields in 1971.

In addition, export promotion personnel from developing countries are sometimes able - e.g. through the "Zentralstelle für Arbeitsvermittlung" (Central Employment Office) at Frankfurt-am-Main - to study for a few days, or even a few weeks, the organization and work of the Bmt. (Federal Office for Foreign Trade Information) with a view to using the experience thus gained for similar institutions in their own countries. The same applies to groups of visitors on "export study tours" in the Federal Republic of Germany.
5. Import promotion by the German economy and import trade

In view of the permanent change in market conditions and the numerous offers received from developing countries, direct co-operation between the economy and trade in the industrialized countries and in the developing countries is essential. In addition to trade contacts, which are also usual vis-à-vis industrialized countries - the German economy and trade have set up additional machinery for the promotion of imports:

The "Bundesverband des Deutschen Gross- und Ausserhandels" (BGA) (German Wholesale and Foreign Trade Federation) has established a liaison service for the promotion of imports from developing countries. It assembles the offers of supply from the Third World and transmits them quickly and without red tape to German firms and importers.

These activities are centred on semi-finished and finished products. They facilitate exploitation of access to the improved market through Customs preferences. The activities over two years also show that requests for imports by German importers are assembled and transmitted to developing countries. In view of the positive results obtained by the liaison service, the German Chambers of Commerce and Industry have opened their own clearing office which has been in operation since the beginning of 1972.

B. Excise duties on coffee and tea

The Federal Government has always considered that the German excise duties on coffee and tea did not constitute a major obstacle to trade or consumption. As far as is known at present, the elimination or reduction of the excise duty on coffee, in particular, would not be likely to cause an appreciable increase in sales in the German Federal Republic.

It must not be forgotten, however, that the annual revenue from the excise duty on coffee is about DM 1.2 billion. Consequently, the excise duty on coffee and tea could not be eliminated without serious budgetary difficulties.

As a result of the efforts of the European Community to harmonize excise duties, the problem of abolishing the excise duty on coffee and tea has taken on a new aspect. The question whether the German excise duty on coffee and tea is to be abolished or not will be finally settled by the adoption of a basic directive by the Council of Ministers of the European Community. However, the elimination of these excise duties presupposes that the resulting loss of tax revenue would be covered by additional revenue from other taxes. Consequently, it will probably not be possible to abolish the excise duties on coffee and tea until the European excise duties have been harmonized, in particular as to rates.
C. A and B lists of countries under the Federal law on economic relations with foreign countries

As to the suggestion made in the report of the Group of Three that the provisions relating to the lists of countries should be deleted from the Federal law on economic relations with foreign countries, the Federal Government takes the liberty of referring once again to the position it took during the consultations with the Group of Three. Since its accession to GATT, the Federal Republic has constantly pursued a policy of liberalization. It has progressively abolished quantitative restrictions on imports. In view of the special situation at the outset, this had to be done on the basis of different lists of countries. As a result of these liberalization efforts, at the present time List B -- as compared with List A -- includes only fifteen tariff items in the textile sector, four in the ceramics sector and two in the agricultural sector which are subject to import permits. In the industrial sector, only 4 per cent of all the goods listed are still subject to permits. Liberalization of the two items in the agricultural sector is to take place shortly. In addition, however, the imports requiring permits are not in all cases restricted, since for most of the countries on List B there are no quantitative restrictions. Consequently the present lists do not constitute material discrimination against the developing countries on List B. In the very few cases in which there are still quantitative restrictions on imports, these are for the protection of the economic sector concerned, which is absolutely essential at the present time for reasons relating to the internal economy.

Thus although it can be said that for most of the countries on List B the adoption of lists for imports has lost all material significance, it must not be forgotten that the formal difference in treatment of the imports from countries on List B can no longer, in the view of the Federal Government, constitute a satisfactory solution.

The Federal Government considers that the present system of regulation by lists of countries is not yet a final solution, but rather a problem remaining to be solved. The Federal Government has therefore decided to intensify its efforts as progress is made in trade policy, with a view to reaching a satisfactory solution of all the problems still standing in the way of a final settlement in regard to the lists of countries.

The Federal Government will continue in the future to attach special importance to the interests of developing countries, as it has in the past. In this connexion it should be noted that thanks to its liberal trade policy, the Federal Republic of Germany ranks third among the buyers of finished and semi-finished products from developing countries. Imports in this sector have recently (between 1962 and 1969) increased at an annual rate of 18 per cent. This is considerably higher than the average, i.e., the rate of increase of imports of finished and semi-finished products by all countries of the world, which is about 12 per cent. In addition, the Federal Government has recently placed much emphasis on the need for fixing rates as liberally as possible and for early introduction of the system of the generalized preferences which -- contrary to the view of other countries -- would also apply to products of great material importance for the retention of List B.