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Introduction

1. The present note covers developments in trade policies and related matters in the period 1 April 1985 - 30 September 1985, and is a revision of the secretariat note (C/W/485) prepared as a basis for the review of developments in the trading system by the Council at its special meeting held on 5 November 1985. 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. Inclusion of a measure in this document should not be taken to imply any judgement on its legal status under the General Agreement.

2. The document follows the pattern set by its immediate predecessors. Section A provides a broad survey of major developments, brings together information on measures affecting certain important sectors of trade, and also draws attention to 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. Some introductory remarks on bilateral trade agreements have been added to this section so as to give focus to the listing that appears in the related Appendix IV. 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 records developments in the area of dispute settlement. Appendix IV details bilateral trade agreements reported during the period, and Appendix V lists restraint arrangements that have been recently concluded or that remained in force during the period under review. Appendix VI lists briefly all other measures of a trade-limitative nature which, to the best of the secretariat's knowledge, are currently in effect. A new Appendix VII provides the detailed information on anti-dumping and countervailing developments which previously appeared in section B.IV.

1Since 1980, the Council has held periodic special meetings to review developments in the trading system. Initially, such meetings were related exclusively to the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance (BISD 26S/210). 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) 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. In 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".

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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 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.

A. MAJOR AND SECTORAL DEVELOPMENTS IN TRADE POLICY

Overview

4. An index of global protectionist pressures, if it existed, would almost certainly have registered a further increase from already-high levels during the past six months. New trade restrictions were comparatively few. But equally, there are few liberalizing actions to report, and ample further evidence of the continuing trend towards bilateral trade relations, managed trade and competitive subsidization of exports. The major trade policy development events of the period have been the multiple and continuing pressures in the United States Congress for trade restrictions, an important restatement of trade policy by the US President, new market-opening measures announced by Japan, continuing repercussions of the debt crisis on the trade policies of a number of developing countries and - at the very end of the period - moves to initiate new multilateral negotiations in GATT.

5. These developments cannot be assessed in isolation from their economic background. As noted in the recent GATT report "Prospects for international trade" (GATT/1374 of 19 September 1985), last year's strong but imbalanced economic recovery has been followed by a marked slowdown in the growth of world output and trade. Unemployment remains high. Major current account imbalances continue to contribute to protectionist pressures, especially in the United States, whose record 1984 trade deficit of $123 billion will be comfortably exceeded in 1985. Many heavily indebted developing countries which were helped by booming demand for their exports in 1984 found themselves in renewed difficulties in the first half of 1985: as their export earnings fell, they were forced to cut back on imports, with consequent depressing effects on the exports of their developed trading partners. At the same time, growth has continued to lag in Western Europe; it has slowed down in Southeast Asia; both the exports and imports of the OPEC countries have fallen sharply; and the US dollar prices of developing-country commodity exports (other than oil) were 13 per cent lower on average in the first half of 1985, compared with a year earlier.

6. Preliminary estimates suggest that the volume of world trade in the first six months of 1985 was about 3 per cent above the first half of 1984 - a better performance than in the earlier years of the decade, but only one-third the growth rate recorded in 1984. For 1985 as a whole the volume of trade seems likely to be less than 4 per cent higher than in 1984.

7. In the monetary and financial field, the major events have been a resurgence of the debt difficulties of several countries, especially in Latin America, and a significant reduction in the level of the US dollar exchange rate against many currencies. It seems generally agreed that the lower dollar will have little impact on the US trade balance in the near future. However, its
fall of some 14 per cent in trade-weighted terms between February (when it reached its peak) and August, followed by a further sharp drop after the Group of Five meeting in September, holds out some hope that if the decline should be supported by appropriate fiscal policies there will be an eventual easing of the competitive pressures on US producers which are currently fuelling demands for protection of the American market.

8. Later sections of this report record a wide variety of trade policy actions around the world. Attention in recent months has, however, centred on the vigorous domestic debate on trade policy in progress in the United States. The significance for the trading system of the policies adopted by the country whose imports alone accounted for more than half the 1984 growth in world trade must be obvious. Within the US Congress, some 300 bills that would affect trade policy have been tabled. While this figure is misleading - the great majority of bills are of minimal significance for trade and are in any case unlikely to progress far - there remain several of great importance on which decisions are expected before the end of the year. The Textile and Apparel Trade Enforcement Act (the "Jenkins Bill") would require large-scale cutbacks in textile and clothing exports by developing countries to the United States. An alternative version of the bill, less draconian in its envisaged limitations on textile imports, would add restrictions on footwear and is hoped by its sponsors to obtain still wider support. The proposed Trade Emergency and Export Promotion Act would impose a 25 per cent surcharge on certain countries with a large bilateral trade surplus with the United States: Japan, the Republic of Korea, Brazil and Taiwan have been identified as its principal targets. Other bills with broad support include the Natural Resource Subsidy Act (which would classify as subsidized, and therefore countervailable, goods based on natural resources for which the producer pays a below-market price), a proposal for a tariff surcharge to finance worker adjustment, and a number of bills designed to require reciprocity in market access for particular groups of products.

9. It must be emphasized that none of this proposed legislation has been approved, and that it is not supported by the Administration. Indeed, the refusal of the President of the United States to accept an ITC recommendation for protection for the US footwear industry was among the most striking trade policy actions of the past six months. On the other hand, there has been a perceptible and general shift in the terms of US policy discussion, underlined by the President's statement, in his trade policy speech, that the United States would explore bilateral and regional trade arrangements if multilateral co-operation could not be carried forward, and would establish a "war chest" to match the subsidized export credits of other countries. "Fair trade" has replaced "free trade" as the agreed theme of policy debate and action.

10. The tendency to stress "fair trade" (usually defined to include only alleged malpractices of one's trading partners) and imbalances in bilateral trade flows is of course neither new nor confined to the United States. Combined with the emotive impact on public opinion of job losses attributable to import competition, it appears to be an increasingly important factor in decisions by successful exporting companies in Japan (and, to a much lesser extent, in certain other Asian countries) to set up manufacturing plants in Western Europe and North America.
11. Many of the comments made in the "Overview" of the corresponding secretariat document of six months ago (C/W/470/Rev.1) could be repeated without alteration. On the positive side, the changes reported in GSP schemes include some improvements, certain individual countries (developed and developing) have continued in difficult circumstances to pursue liberalized trade policies, and Japan has announced a number of market-opening initiatives. Discussion of possible new multilateral trade negotiations has been brought into the GATT, and at the end of the period a special Session of the CONTRACTING PARTIES agreed that a preparatory process for the proposed negotiations had been initiated, and took steps to further this process.

12. Against this, there were few signs indeed of any easing of problems in the troubled sectors of agriculture, steel, textiles, clothing, footwear, automobiles or electronics. A number of new disputes developed. There were several striking examples of large bilateral agreements for the subsidized sale of temperate agricultural products and overall there seems to have been an appreciable increase in the use of subsidized export credit. And in the areas of steel, textiles and clothing, in particular, market-sharing trends were carried further with the negotiation of further agreements aimed at blocking "loopholes" in existing restraint arrangements. There has also been a further increase in the number of countertrade transactions recorded. For the first time, however, there was evidence that some of the countries - especially the oil producers - which have relied increasingly heavily on countertrade in the past year or two were reassessing the merits of this strategy.

13. Supplementary comments on developments in particular areas of trade and trade policy during the period 1 April to 30 September 1985 will be found in the introductory paragraphs of later sections of this report.

I. Tariffs

II. Generalized system of preferences

14. Details of specific changes in tariffs and in preferential arrangements are given in Section B.

III. Regional developments

15. Finland has given notice that, after having been an associate member for 24 years, it will shortly apply for full membership of EFTA.

16. Spain and Portugal formally signed, in June, treaties governing their accession to the European Community; once ratified by the twelve member States they will become operative as of 1 January 1986. The entry terms permit an overall transition period of ten years for the full implementation of the EC's Common Agricultural Policy, a seven years grace period for the alignment of industrial duties with the Common External Tariff (the Spanish steel industry, Portugal's capital movements together with the automobile sector will all be subject to special arrangements), implementation of the EC's fisheries policy, though immediate for the two countries, contains special restrictive provisions that will separately govern Spanish and Portuguese fisheries; in a number of other areas special sectoral arrangements have also been agreed to.
17. On the side of the EC, the treaties of accession provide for a staged reduction in various import tariffs over a period ranging from two to ten years for Spanish fruit, vegetables and citrus exports, as well as for Portuguese exports to the Community of fortified and other wines plus shipments of tomato paste.

18. In consequence of its impending accession to the EC, Portugal has announced its withdrawal from the EFTA effective 31 December 1985.

19. In the context of the Caribbean Basin Recovery Act (see C/W/470 Rev.1, para. 22), the Bahamas have been made eligible for duty-free treatment on their exports to the US market.

20. The Caribbean Economic Community (CARICOM) had previously agreed to drop barriers to trade among its thirteen members and to introduce a common external tariff régime (see C/W/470/Rev.1, para. 28), as of 1 January 1985. The original target date was subsequently replaced by 1 June. As of that date, only five countries had agreed to implement the agreed changes. Only three more have signified their acceptance as of the third deadline, 31 August 1985.

21. The United States-Israel Free Trade Area Agreement took effect on 1 September with the first in a series of tariff reductions. Most items traded between the two countries will be eligible for immediate duty-free treatment; remaining sensitive products will be phased in over a ten-year period ending 1 January 1995. (see C/W/470 Rev.1, para.25).

22. The Canadian Prime Minister announced in September his Government's decision to seek closer trade relations with the United States. His statement followed publication of the report by the Royal Commission on the Economic Union and Development Prospects for Canada which recommended that Canada should move towards free trade with the United States over a ten-year period starting in 1987.

23. It was reported in September that the European Commission would hold ministerial level discussions with the Gulf Co-operation Council. The high-level meeting follows two years of preliminary talks about a possible trade and investment accord.

24. Angola signed the Third Lomé Convention on 30 April 1985, thereby becoming one of the ACP countries benefiting from its provisions.

25. The member countries of the P.T.A. ( Preferential Trade Area), which groups eighteen counties in Eastern, Central and Southern Africa, plan to establish a common market over the next five years in accordance with the Lagos Plan of Action. At a meeting in Zambia, in June, a programme of action was approved which, inter alia, demarcated the activities of member countries in the agricultural sector for the period 1984 to 1990.
IV. Sectoral developments

26. A sectoral analysis of recent trade policy developments shows no reversal of the evident drift toward managed trade. Pressures on governments for import restrictions remain extremely strong. Market-sharing agreements and arrangements have continued to proliferate as have demands for legislation to tighten, even further, existing bilateral and multilateral restraints. A striking example is provided by the calls for limitations on imports of shoes into the United States: the decision of President Reagan to refuse protection to the footwear industry was one of the most clear-cut and liberal trade policy actions by any government during the period under review, but it was immediately followed by renewed industry efforts to obtain restrictions, this time acting through the US Congress.

(i) Agriculture

27. On 16 July, the European Commission agreed to put forward a proposal to the Council of Ministers for handling farm imports from Mediterranean countries with whom the EC has association agreements, once the entry of Spain and Portugal takes place in January 1986. According to the proposal, guaranteed (though limited) access will be granted for the key agricultural goods they will be allowed to export to the EC. In addition, concessions will be given on the reference prices and customs duties for these goods. Under the Commission's proposal, customs duties on imports from the Mediterranean countries would be progressively reduced in parallel with the removal of similar tariffs on farm produce from Spain and Portugal, during the transition period - seven to ten years according to the type of produce - before the latter two countries enter fully into the Common Agricultural Policy.

28. In view of the failure by the EC Council of Agriculture Ministers on 12 June to agree on a proposed 1.8 per cent cut in cereals and colza prices in the 1985-86 marketing year, the Commission adopted on 19 June interim measures with effect from 1 July or 1 August (depending on marketing year) which will have the same effect as a 1.8 per cent price reduction. The measures were essentially approved by the Council on 16 July, but, by shortening payment delays on grain sales to Community stores, their impact has been substantially reduced.

29. According to a number of press reports, the European Commission has abandoned its internal guideline of a maximum of 14.5 million tonnes of cereal exports for the 1984-85 marketing year. The European Commission is also reported to have agreed to increase the proposed guaranteed price for the 1.3 million tonnes of raw sugar imported into the EC from ACP countries; the new price is to be backdated to cover shipments sent to the EC since late May. The Communities' Beef Management Committee decided, in July, to authorize new subsidies on beef exports to Burma, China, Hong Kong, Indonesia, North Korea, Pakistan, the Philippines, Sri Lanka, Thailand and Vietnam.

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1 The countries in question are: Algeria, Egypt, Israel, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey and Yugoslavia.
30. In July 1985, the European Commission published a Green Paper entitled "Perspectives for the Common Agricultural Policy". A series of tentative proposals focus on several basic options for the future development of the EC's agricultural policy including direct income aids, balancing agricultural markets and the elaboration of a more market-oriented policy. The consultative document is being considered by the EC's Council of Ministers.

31. A three-year agreement has been concluded in June between Egypt and Irish beef export agencies whereby the latter would supply 50,000 tonnes of beef and up to 20,000 head of cattle each year to the Egyptian market.

32. The United States announced, in May, a programme of export subsidies for agricultural products. The scheme, known as the Bonus Incentive Commodity Export Program, (BICEP), might permit up to US$2 billion to be used between October 1985 and September 1988 to support exports of agricultural products (cereals in particular), on certain specific markets. Under the scheme, foodstuffs held by the Commodity Credit Corporation (CCC), the Federal storage body, will be given to exporters for mixing together with the "commercial" quantities they are going to sell to their clients in order that these sales can, accordingly, be made at lower prices. Apart from assisting US farm shipments, the bonus scheme is also intended to target those areas where the US considers that its exports have been eroded through unfair practices on the part of its competitors.

33. On 13 September, the United States Department of Agriculture announced the sale under the BICEP scheme of 175,000 tonnes of subsidized wheat flour to Egypt for delivery in November and December.

34. Also on 13 September, the Department of Agriculture announced the new US global sugar quota for the ten month period beginning 1 December 1985. Including all the items covered, it totals approximately 1.85 million short tons, raw sugar equivalent. The previous quota, which covered a 14 month period ending in November 1985, was for approximately 2.7 million short tons, raw sugar equivalent. The new quota, when adjusted for the shorter period of its duration, is almost exactly equivalent to the level of last year's quota taken on a monthly basis, or about 190,000 short tons, raw sugar equivalent, per month.

35. As of 17 May, the United States modified its existing decision to impose quotas on certain sugar-containing articles (see C/W/470/Rev.1, para. 33) by deleting from the original list several product categories which only contain small amounts of sugar. The quotas on the remaining items will remain in effect until the President has acted upon a report that was prepared by the International Trade Commission. The original US action is being examined by a panel in GATT.

36. By Presidential proclamation signed 15 August, the United States deferred any increase in US duties on pasta imports from the EC until 31 October 1985. The decision was taken in order not to compromise settlement of the long-standing US/EEC disputes over pasta and citrus. At present specific rates of duty apply equal to 0.12 € lb (TSUS 182.35) and 0.10 € lb (TSUS 182.36) giving an ad valorem equivalent of less than 1 per cent; as a result of the Tokyo Round of negotiations such rates will be abolished as of 1 January 1987.
37. In August, India announced that it would abolish controls on minimum prices for tea exports which were introduced last November. There is no change, however, in the export ceiling for the current year of 220 million kg. as the Government is continuing its policy of limiting the volume of tea exported in order to help hold down domestic retail prices. According to the latest reports, the Indian Government early in October scrapped all restrictions on tea exports.

38. Japan announced on 16 April that its new quota governing imports of apple juice will be 2,000 tonnes for fiscal year 1985. The new quantity is twice as large as the minimum annual quota decided on in the External Economic Measures of 27 April 1984.

39. It has been reported that Indonesia is ready to buy manioc from Thailand in order to enable the former to fill its export quota to the European Community. Both countries have export limitation agreements with the EC. Indonesia's quota which amounts to 825,000 tonnes per annum is rarely filled totally; Thailand's 4.9 million tonnes, which was set in the EEC/Thailand Manioc Agreement of 1982, and which expires at the end of 1985, is considered too small by the Thai authorities. The proposed arrangement has yet to be accepted by the EC.

40. As part of its campaign against foot and mouth disease, the European Commission has decided to ban, as of 15 May, all imports into the EC of offal and lungs of bovine animals from Argentina. It was reported that the EC has sold, 30 September, 200,000 tonnes of wheat to Algeria; a special refund of ECU 78 a tonne will apply to these shipments.

41. In May, the Philippines announced that, in order to save foreign exchange, it would ban imports of vegetable seed for commercial cultivation.

42. In a communication dated 20 September, the Chilean Government announced that it would invoke the provisions of Article XIX of the General Agreement with respect to imports of wheat (see also following section B III (d)).

43. During the period under review, Sweden signed a five-year agreement with the USSR whereby the former would supply 5,000 tonnes of beef beginning 1986; a five-year agreement allowing for annual exports of 5,000 tonnes of butter to the USSR was also signed by the Swedish authorities.

44. Effective 9 June, Austria withdrew from the International Dairy Products Arrangement of the GATT.

45. The minimum export price levels under the International Dairy Arrangement of the GATT were reduced, on 5 June, as follows: the minimum price for whole milk powder has been lowered from US$950 to US$830 per ton, the minimum price for anhydrous milk fat from US$1,440 to US$1,200 per ton, and that for butter from US$1,200 to US$1,000 per ton. In an important decision, the International Dairy Products Council also authorized, in a derogation that will be in force from 5 June to 31 December 1986, the sale of butter that is more than 18 months
old, at prices lower than the new minimum prices that have just been decided. Contracts have to involve a minimum of 100,000 tonnes of butter (or 50,000 tonnes of fat derived from butter). At the same time the IDPC rescinded the resolution of 16 November but some sales notified before 1 June 1985 were allowed but would have to be completed by 30 June 1986, at the latest (see also C/W/470/Rev.1, page 52, No. 5).

46. Several developments have taken place in the meat sector. The EC has decided to extend beef export subsidies on shipments to nine Far Eastern countries. The United Kingdom ended its embargo on imports from Argentina, and certain voluntary export restraint arrangements were extended. Details are given in Appendix II under the Arrangement Regarding Bovine Meat.

47. During the period under review, the Agricultural Committee of the GATT gave further attention to such matters as access, subsidies affecting trade, sanitary and phyto-sanitary measures, as well as policies and measures affecting trade in agriculture. This was in the context of considerations aimed at bringing trade in agriculture more fully into the multilateral trading system.

(ii) Steel

48. Discussions are reported to be under way between officials of the European Commission and the United States (which takes two-thirds of the EC's total steel exports), on the possible extension of the Carbon Steels Accord of 1982, which runs out at the end of 1985 as well as the 1985 Arrangement on Consultation Products. The existing arrangements that are at issue are the following:

(a) Carbon Steels Accord (1982-1985) which covers shipments of most basic steels to the American market. A percentage share of the domestic market was allocated thereby to ten product categories which averaged out at 5.4 per cent of the US market. The agreement, which is administered by the EC through export licenses, runs out on 31 December 1985.

(b) Consultation Products (1985): for a further 17 products, the EC agreed that the US could call for consultations should it identify sudden surges from within this group or where product categories were being switched from the "controlled" to the "consultation" list. As a result of consultations called last February by the US, an agreement for a temporary restraint period was reached in August whereby the EC agreed to hold back shipments of 16 of those products (now grouped into a list of 11), to a total of 198,000 short tons between August and 31 December 1985.

(c) Pipes and Tubes (1985-1986): an ad hoc accord was reached whereby the EC agreed to keep its sales of pipes and tubes to not more than 7.6 per cent of the US market and a sub-ceiling for oil country tubular goods of 10 per cent. The limitation period for these items ends 31 December 1986.
49. Steel imports into the EC continue to be regulated for 1985 through bilateral export restraint agreements worked out between the Community and some fifteen supplying countries. As in previous years, the export restraint agreements, which are reinforced by a system of surveillance and import licences, are based on maintaining traditional levels of trade in steel; the rate of abatement for supplies in relation to the reference year 1980 has been set at 10 per cent for the current year, as compared to 12.5 per cent in recent years.

50. Steel imports into the United States are governed by the framework of a five-year plan which contemplates the negotiation of a series of bilateral steel arrangements. It is expected that after the programme is fully implemented that import penetration will decline to about 18.5 per cent of US domestic consumption (see also C/W/470/Rev.1, para. 39). The import penetration target under the steel plan is to be achieved through a set of 5-year voluntary agreements retroactive to 1 October last year. Apart from the seven undertakings reported on in the preceding period, a further seven countries - Czechoslovakia, German Democratic Republic, Finland, Hungary, Poland, Romania and Venezuela - have agreed to curb their exports to the US. By the middle of 1985, however, the six months' share of imports in the US market reached 26 per cent.

51. Japan agreed on 14 May, through an exchange of notes, to restrain voluntarily certain steel exports to the United States for the period 1 October 1984 through to 30 September 1989. The products covered have been divided into six categories each of which is limited by an export ceiling. In addition, a limit of 100,000 tons per annum (unless otherwise stipulated in the Arrangement) has also been accepted by Japanese shippers both for semi-finished and also for fabricated structuralis (for bridges, towers, etc.). The agreement is subject to review at the end of the current year and again in September 1987.

52. It has been reported that the Canadian authorities have taken steps to prevent Canada being used as a conduit for third country shipments of steel pipes and tubes destined ultimately for the American market. To this end, iron or steel pipes and tubes when imported into Canada will have to be clearly marked with their country of origin.

53. Canada: the Canadian Import Tribunal (CIT) ruled, 27 June, that South Korea's exports of steel products were being sold at less than fair prices on the Canadian market. Under the ruling, the Canadian Government imposed an 8.7 per cent anti-dumping duty on Korean products (alloy tool steel bars, plates and forgings).

(iii) Petroleum

54. During the period under review the crude oil market continued to be marked by over-quota production by OPEC members and, consequently, further sales at discounted prices. The refining industry, also characterized by over-capacity, saw refined product prices under pressure which, in turn, affected prices for crude. With a large proportion of crude oil now being traded on the spot markets, OPEC's official market prices have less significance than they once had.
55. OPEC. At their consultative meeting on 7 July, OPEC Oil Ministers reached an agreement, in principle, to end market "malpractices" (unofficial direct and indirect price discounting) and to phase-out present arrangements. This is said to mean, in particular, that current barter deals are to be phased-out by the year-end.

56. OPEC. After their 74th meeting OPEC Oil Ministers announced, on the 25 July, their decision (with Algeria, Iran and Libya dissenting) to lower the price of Arabian heavy crude (27 degrees) by 50 cents a barrel and that of medium crude (13 degrees) by 20 cents a barrel; the price of light crude has been left unchanged. As a result, the official weighted average OPEC crude oil price will drop by around 14 cents a barrel, or by 0.5 per cent.

57. Saudi Arabia: according to reports, Saudi Arabia has negotiated, though not signed as yet, draft agreements which link the price of Saudi crude to that of the products which can be refined from it. The deals, with Exxon, Mobil, Chevron and Texico, would, if signed, result in effective discounts of US$3 per barrel on Saudi oil.

58. Japan's Petroleum Council recommended, 12 September, that Japan should change its policy on imports of gasoline. Although Japan is one of the world's largest importers of petroleum products, gasoline has not been imported so far. The Council's report stated that the Government should make efforts to establish the necessary arrangements to enable imports to take place at the earliest possible moment. The report did not suggest what quantities of such products might be imported.

59. The EC has introduced a 13.4 per cent duty on imports above the GSP tariff quota of polyethylenes from Saudi Arabia into the European Community.

(iv) Motor vehicles

60. Japan and Canada are to replace the export forecast system governing passenger car imports, which was made operative in 1981 and which expired last March, by an "understanding". According to the "understanding" announced on 3 July, Japanese passenger car exports for the twelve-month period ending 31 March 1986 are to be limited to about 18 per cent of the anticipated total Canadian new car market so as to avoid disruption of the Canadian market.

61. Members of JAMA (Japanese Automobile Manufacturers Association) and their counterparts in the United Kingdom (Society of Motor Manufacturers and Traders - SMMT), agreed, in late April, that Japan would continue to implement its prudent marketing policy with respect to shipments to the UK. In effect, this will mean that Japan will restrict its exports, as it has done since 1980, to no more than 11 per cent of estimated UK car sales in 1985. The Japanese "prudence" will also extend to sales to the light commercial vehicle sector.

62. After the expiry of the voluntary export restraint arrangement between Japan and the United States concerning Japanese passenger car exports on 31 March 1985, Japan has announced new temporary and transitional export ceilings to regulate shipments. The new self-limitations are regarded by the Japanese as an exceptional step directed towards the goal of free trade. In
May, MITI set quotas for permitted export sales by eight leading domestic motor manufacturers, amounting to 2.3 million passenger cars for the period April 1985/86; in the preceding year Japanese exports were held to 1,850,000 units. Essentially, the new quotas only affect passenger cars; truck shipments are not limited as such, and Japanese shipments of mini-vans, while included under the passenger car allotment, are small.

63. Uruguay: effective 18 April, the Ministry of Industry and Energy passed a decree establishing regulations aimed at developing the motor vehicle industry. Among the provisions are: compensatory exports on imports of CKD kits for local assembly and compensatory exports at 70 per cent for imports of made-up vehicles.

64. Under Article 115, which deals with the freedom of circulation of merchandise within the EEC, the European Commission has authorized Italy to take safeguard action suspending, once the quota ceiling of 2,500 units has been reached, all indirect imports of Japanese motor cycles. A temporary suspension of both direct and indirect passenger car imports from Japan has also been authorized under the same authority.

(v) Footwear

65. The United States International Trade Commission concluded its second investigation within a year into allegations of unfair sales of imported non-rubber footwear in the United States by recommending a five-year import quota. In its previous report the ITC unanimously determined that, contrary to the petition, shoe imports were not seriously injuring the industry. On 28 August, the President rejected the ITC's recommendation saying, inter alia, that quotas would cost the American consumer nearly US$3 billion. (See C/W/470/Rev.1, para. 51)

66. The EC announced in April that all quota limitations on footwear with uppers of textile material would be removed in the countries of the Benelux group; similar restrictions affecting sports footwear would also be eliminated on imports (except from countries in the ETA) into Italy.

67. Canada's Import Tribunal reported last July that the five-year quantitative restrictions which had been imposed on imports of footwear should be rescinded, except for those applying to women's and girls' shoes. With respect to the latter, the Tribunal recommended that these quotas be phased out over a three-year period (L/5854).

(vi) Electronics

68. The European Commission has been authorized to notify the GATT of the Community's wish to raise customs duties on video-recorders from 8 to 14 per cent and to offer certain tariff reductions in compensation (e.g. the tariff on semi-conductors would be reduced from 17 to 14 per cent; agreement has yet to be reached on other possible products). Other tariff concessions which are under consideration cover cassette tapes and players, radio alarms and portable radios, black and white television, cameras, and electronic
calculators. The proposed increase in tariffs on video-recorders is intended to replace the self-limitation agreement applied by the Japanese (through the means of export forecasts) since 1983, and which is due to expire on 31 December 1985. Existing Japanese undertakings towards the EC market with respect to cathode ray tubes, colour televisions, hi-fi equipment and quartz watches are not affected by the current proposal (see C/W/470/Rev.1, para. 52).

69. Safeguard action under Article 115 of the Treaty of Rome was authorized to France by the EC during the period under review with respect to indirect imports of quartz watches and radio receivers. Italy was also allowed, under the same provision, to suspend indirect imports of Japanese tuners.

70. The Government of India has announced a new policy on electronics, setting a target of local production to the value of Rs 10,000 crores by 1989-90. With respect to computers, duty-free imports will only be allowed for maxi-computers involving high technology and costing Rs 1 crore approximately, or more. Imports of mini- or micro-computers will be permitted but a basic duty of 200 per cent has been fixed on these imports.

71. Japan: two leading Japanese exporters were reported in July to have announced that they will voluntarily hold down their shipments of semi-conductors to the United States. Other major shippers from Japan are said to be likely to do the same.

72. The Government of Japan was reported to have agreed, in principle, to unilaterally remove tariffs on computer parts, peripherals and central processing units as a result of the "MOSS" meeting held earlier between Japanese and United States officials.

73. The United States Trade Representative accepted, as of 11 July, a petition calling for an investigation into the American Semi-conductor Industry Association's allegation that Japan engages in unfair trade practices against US electronic component makers.

74. The United States President has directed the US Trade Representative to undertake unfair trade practice proceedings, under Section 301 of the 1984 Trade and Tariffs Act, into Brazil's import restrictions on products containing digital instruments. With respect to the aforegoing it may be recalled that the matter was the subject of bilateral consultations under Article XXII of the General Agreement between Brazil and the United States last June.

(vii) Textiles

75. Though the textiles sector continued, for the period under review, to be the focus of restrictive action and further pressures on several supplying countries to exercise additional restraint in their shipments to certain import markets, there were some cases of liberalization of previous restraints. A number of unilateral actions were taken and, because of the number of requests it received from parties concerned to defer its review of such actions, the Textiles Surveillance Body had occasion to remind participants involved that there was a mandatory period set by their Multi-Fibre Arrangement during which
it had to consider such cases. Bangladesh became the first least-developed country to become the subject of restraint actions by the EC; Turkey, linked to the EC with a preferential agreement (and for which there is no agreement governing textiles), was subject to such action under the preferential agreement. The United States has also imposed restraints on Turkey under Article 3:5 of the MFA. Considerable concern continued to be expressed regarding the Textile and Apparel Enforcement Bill, commonly known as the "Jenkins Bill", which was recently passed by the House of Representatives by a large majority and sent to the Senate.

76. Japan: According to a number of reports, Japan has asked several countries to moderate their textile and clothing exports to Japan in the light of the difficulties facing some of her textile markets and the consequential hardships of the Japanese industries. Requests for voluntary restraints have been made to Pakistan (essentially, regarding cotton yarn exports), Republic of Korea and Taiwan (knitwear), and China (cotton garments and other products).

77. The Republic of Korea informed GATT that Japan has called for an extension of voluntary restrictive arrangements (1983-1986) on cotton yarns.

78. Japan is reported to have expressed its wish, on several occasions, that China should voluntarily limit its export of textiles to the Japanese market given their rapid growth in recent years, and to have indicated that, in the absence of such an undertaking, restrictive measures might be taken against such exports. According to Chinese sources, China has long been implementing an export licensing system for shipments of cotton and cotton polyester yarn, and on cloth made from cotton and cotton/polyester, and does not expect growth on any substantial scale given the quantitative control that is being exercised by the Chinese authorities.

79. In the context of its cotton yarn exports to Japan, Pakistan reported that discussions had taken place between the two countries' authorities and that Japan had indicated that it would be in the long-term interests of Pakistan to devise some mechanism so as to ensure that its cotton yarn exports did not disrupt the Japanese market.

80. The United States was reported to be pressing Portugal, a non-member of the MFA, to agree to quotas, which could be reviewed annually, for cotton sheets, pillow cases and some type of shirts. The United States subsequently took action (under Section 204 of the Agriculture Act) on the imports in question. Portugal has recently requested discussions under Article XXIII of the General Agreement in order to consider the unilateral restrictions taken by the American authorities on 17 July, following the earlier breakdown of consultations between the two parties under Article XXII (L/5859).

81. Portugal: under the terms of its accession to the European Economic Community, Portugal has accepted "guidelines" on their textile exports to the EC for a three-year period beginning 1 January 1986.

82. Following the establishment of a national committee that will chart the future direction of Egypt's textile industry, the Ministry of Industry announced, in August, that all imports of cloth and garments are to be halted.
83. Turkey: it has been reported that after the failure of recent negotiations on clothing between Turkish garment export associations and the European Commission, unilateral import quotas have been imposed, under the safeguard clause of the preferential agreement, effective 21 September 1985. The new restrictions concern imports of T-shirts, pullovers, trousers and shirts, and bed-linen. Specific limits have also been drawn up for Turkish sales of underwear and dresses to the UK, socks and underwear to West Germany, and on dresses to France. Turkey is the only country with a preferential agreement linking it with the EC for which no administrative co-operation agreement has been reached on textiles between the two parties.

84. Australia: quota levels are to be adjusted upwards in 1986 for most textile categories under restraint according to a recommendation by the Advisory Committee for Australia's Assistance Plan for the Textiles and Clothing Industry; the proposal was accepted by the Government last June.

85. Tunisia: has again undertaken to moderate its textile and clothing exports to the EC. The administrative co-operation arrangement of 11 June, first agreed to in 1979 and subsequently extended in 1982, covers the period 1985 to 1986. A similar arrangement has already been concluded with Morocco (see C/W/470/Rev.1, para. 60).

86. Bangladesh's garment exports (shirts) have been restrained by quantitative restrictions to the EC. The limitation, which came into force in August, allows Bangladesh to export a total of 1.8 million shirts to France and 2.2 million to the United Kingdom until the end of 1985; for 1986 the limits have been raised by 6 per cent. Bangladesh's clothing exports are also constrained under a bilateral agreement with the United States.

87. Mauritius: a non-participant in the MFA, has concluded a six-year textile restraint agreement with the United States for the period ending 30 September 1990.

88. Malta, also a non-participant, has concluded a new bilateral agreement with Norway valid for the twelve months ending 31 December 1985.

89. Under the existing bilateral agreement, the EEC has authorized the United Kingdom to set quantitative limits for 1984-86 on imports of certain women's, girls' and infants' outer garments originating in Thailand. The European Commission has also, following a request from Thailand, adjusted the distribution of 1984 quotas between member States for certain cotton and man-made fibre fabrics, and certain knitted gloves and mittens. The former quota distribution was again adjusted in 1985. The new quotas are effective from 11 November 1984. Under Article 115, the European Commission also authorized the United Kingdom to suspend diverted shipments of artificial fibres originating in China; the import ban runs to the end of the year. A similar ruling also allows Ireland to stop imports into its territory of pyjamas and night-dresses, also until end 1985. In addition, Brazil has been requested to limit, for a provisional period of three months starting 12 September 1985, its "category 4" exports to Italy to 400,000 pieces pending consultations.
90. The Textile and Apparel Enforcement Bill of 1985, first proposed in the United States House of Representatives in March, was approved by the trade sub-committee of the Ways and Means Committee of the House in September and by a majority of the House of Representatives early in October. The Bill, which is strongly opposed by the US Administration, would cut back imports from a number of suppliers and set growth limits to US textile and apparel imports from exporting countries. The proposed limits (1 per cent growth from 1986 for the principal exporting countries and all sensitive categories and 6 per cent for the smaller suppliers) will, it has been estimated, fall most heavily on the top three exporters: Taiwan, South Korea and Hong Kong; followed by China, Japan, Pakistan, Indonesia, India, the Philippines, Thailand, Brazil and Singapore. Excluded from the bill are imports originating in Canada, the EC and Mexico. A different version of the proposed legislation was also under study in the Congress: it would bear less heavily on exporters below the top three, and would also provide for restrictions on footwear imports.

V. Other trade policy developments

91. In July, Costa Rica made an application for provisional accession to the General Agreement.

92. Effective 7 May, the United States banned all mutual trade with Nicaragua. The US trade measures, which have been justified by the US under Article XXI of the General Agreement (the national security exemption) are to be examined by a panel set up under the GATT.

93. The trade embargo which the United Kingdom has maintained with Argentina since 1982, was removed on 8 July.

94. Australia, Canada, Denmark and the Netherlands announced, during the period, sanctions of a commercial and financial nature against South Africa.

95. In response to a Government request, Finnish industry groups announced in August voluntary bans on fresh and preserved fruit, canned foods and metals, when imported from South Africa.

96. It was reported in September that the Swedish Government intends to propose to Parliament legislation banning trading in Krugerrands as well as prohibiting all purchases of agricultural produce from South Africa.

97. On 9 September, the United States President ordered the imposition of a set of limited economic sanctions against South Africa. They include a ban on the export of computers and nuclear technology and all loans except those for projects clearly beneficial to all races. A ban on the import of Krugerrands into the US was also proposed, and was put into effect early in October.

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1 The Bill was passed by 262-159 votes, below the two-thirds majority which would be needed for any possible override of a Presidential veto. The Senate voted 60-39 for a Bill that would place a severe limit on textile and footwear imports.
98. Japan/United States/EEC. The Japanese Government announced, on 3 June, an emergency import programme estimated at some $2-3 billion (including purchases for their rare-metal stockpile); the programme is aimed at reducing Japan's surplus in trade with the United States and the EEC.

99. The United States President has, for the first time, directed the US Trade Representative to initiate or accelerate (under Section 301 of the Tariffs and Trade Act of 1984) unfair trade practice proceedings. The initial list includes Japanese import restrictions on leather and leather footwear; EC canned fruit subsidies, Brazil's import restrictions on micro-electronic products, South Korean insurance policy barriers and Japanese tobacco restrictions. A further list of unfair trade practices is also reported to be under consideration.

100. In the absence of Congressional disapproval, the United States Administration has extended most favoured nation treatment to Romania for a further twelve-month period starting 30 June 1985.

101. On 30 July, Japan announced the outline of its latest Action Programme for improved market access. The six main points (some of which have already been referred to in more detail in other sections of this report) concern tariffs, import restrictions, certification and standards, government procurement, services and the promotion of imports, and opening up the country's financial and capital markets. On the tariff side, the Government's pledge to reduce or eliminate tariffs on some 1,850 items out of around 2,300 items currently subject to tariffs will, once they have been effected, lower Japan's average tariff to an estimated 3 per cent. With respect to import restrictions for 22 agricultural products subject to quotas, the Government said it would be prepared to discuss questions of market access under GATT as well as through consultations with the countries concerned. The largest section of the programme deals with standards, certification and import procedures. Some 88 measures have been listed in this area. Under government procurement, the number of contracts awarded through competitive bidding is to be increased; qualification procedures for bidding are to be simplified, etc. Among other proposals, imports are to be promoted, inward direct investment by foreign companies is to be encouraged while steps are to be taken in a number of areas to further liberalize financial and capital markets. Commensurate legislation to implement the Action Programme is to be introduced before the next regular session of the Japanese Diet, beginning towards the end of 1985 (L/5858; for earlier announcements see also, C/W/470/Rev.1, para. 64).

102. In Mid-September, the Mexican Government prohibited the import of 311 luxury items in a further attempt to conserve foreign exchange. The new measure came only a short while after a decision had been taken to eliminate certain commercial barriers to foreign products. Exceptions to the ban will be authorized only when the product in question is not produced in Mexico and is considered necessary either for industrial activities, education, export programmes, or the tourist sector.

103. Argentina's Economic Minister announced, early in August, certain measures aimed at boosting industrial exports and thereby generating additional foreign exchange. To this end the 6 per cent export tax on a wide range of manufactured goods has been eliminated while export taxes on other industrial goods have been significantly reduced. The Government also intends to be more active in promoting special export programmes, exempting trading companies from taxation, and reducing interest rates for export financing loans.
104. Export procedure simplification measures were announced by the Republic of Korea's authorities and took effect on 1 September. Merchandise exports of less than US$10,000 in value will be exempted from mandatory quality inspection and export licence, and companies importing raw materials for re-export purposes will no longer have to deposit "collateral funds" with the banks.

105. As of 1 October 1985, the South African Government has decided to disinvite the provisions of Article XXXV of the General Agreement with respect to Japan.

106. In August, China imposed new import taxes on passenger cars, motorcycles, mini-buses, and off-road vehicles, video-cassette recorders, large screen colour television projection sets, mini-computers and peripherals, processed polyester yarn, synthetic chemical fabrics and other, unspecified items. The circular from the State Council announcing the new taxes did not state the amount of the levy, which is in addition to existing customs and other charges. The new taxes are also intended to apply to the four special economic zones and to Hainan Island.

VI. Other developments relevant to trade policy including currency movements

107. Foreign exchange rates: the first part of Section VI details changes in parities as reported in the economic and financial press. The following listing records only officially announced alterations in exchange rates among countries whose currencies are pegged to a specific currency such as the US Dollar or the Pound Sterling, or whose currency is linked to a trade-weighted basket of currencies. Countries which practise a managed floating of their currencies are not included.

108. In comparison with the previous period, when seventeen changes were noted, only nine have come to the attention of the secretariat. The most significant development in currency markets has been the reversal in the US dollar, which, since its late-February peak had fallen by 14 per cent in trade-weighted terms by the end of August 1985. Over the same period, the dollar's decline registered 10 per cent against the Japanese yen and 25 per cent against sterling. A further sharp fall followed the Group of Five's statement of willingness to consider possible concerted intervention action to lower the exchange value of the US dollar: in the week following the September announcement the dollar fell 5 per cent in trade-weighted terms, with a fall of 10 per cent against the yen.

- Bolivia: on 16 May, the Government devalued the peso on a mid-point basis by 33.1 per cent. The buying rate for the US dollar moved from $b 45,000 to $b 67,000 to the dollar; the Central Bank's selling rate shifted to $b 74,330 and $b 75,000, respectively. The previous devaluation dated from 22 November 1984. (See also C/W/470/Rev.1, page 16)

1 At a meeting in New York on 21-22 September, Finance Ministers of the Group of Five (France, Japan, the United Kingdom, the United States and West Germany) agreed that "exchange rates should play a rôle in adjusting external imbalances" ... and that "some further orderly appreciation of the main non-dollar currencies against the dollar is desirable". To this end they jointly agreed that they would "stand ready to cooperate more closely to encourage this when to do so would be helpful".
- **Botswana**: with effect from 3 August, the pula was revalued by 3 per cent against all currencies included in the "basket" to which the currency is linked; on 9 January 1985 the pula had been devalued.

- **Chile**: effective July, the Government reduced the value of the peso by 7.8 per cent, from 155.72 to 168.9 to the US dollar. The last downwards adjustment took place in February 1985. (See C/W/470/Rev.1, page 16)

- **Egypt**: visitors to the country have been required to change a minimum of US$150 into Egyptian pounds on arrival. From 1 August, the rate of exchange for this requirement will, henceforth, be calculated at the preferential rate issued daily by the Central Bank and not at the old official rate of exchange (which was 83 piastres to the US dollar). The preferential rate fluctuates in accordance with the money market; at the time when the announcement was reported it was 125 piastres to the dollar.

- **Israel**: beginning 1 July the Israel Government announced a currency devaluation of 15.8 per cent. The exchange rate for the shekel was reduced from IS 1,262 on 28 June to IS 1,500 to the US dollar.

- **Italy**: following the request for a realignment by the Italian monetary authorities, the EEC member countries agreed on changes within the European Monetary System (EMS) of -6 per cent for the lira and +2 per cent for the seven other participating currencies, with effect from 22 July. In terms of the ECU, the lira central rate was adjusted downwards by 7.7 per cent, and the central rates of the other currencies upwards by 1.5 per cent. As a result of the realignment, the negative EEC Monetary Compensatory Amounts for Italian farm products were subsequently raised, on 24 July, by 3.7-3.8 percentage points; the MCAs of the other EMS participants remain unchanged.

- **Malawi**: effective 2 April, the kwacha was devalued by about 15 per cent. Since 17 January 1984, the kwacha's external value has been linked to a basket of seven currencies (US dollar, pound sterling, South African rand, deutsche mark, yen, French franc, and the Dutch guilder).

- **Mexico**: effective 11 July, the so-called "free" exchange market was abolished. As of 25 July, the Government has devalued the "controlled" rate of the peso from 233 to 280 to the US dollar; a devaluation of 17 per cent. The "controlled" rate accounts for about 80 per cent of Mexico's foreign dealings, including debt servicing and repayments. On 5 August, a new system of managed floating for the "controlled market" came into effect. For the previous change see C/W/470/Rev.1, page 16.

- **Peru**: as of 28 July, the Peruvian authorities announced that the sol would be devalued by 10.7 per cent against the US dollar. The exchange rate was shifted from S/.12,449 to S/.13,943 per US dollar on a mid-point basis. The authorities have also set up a free exchange market, on a temporary basis, to be known as the "Financial Market in Foreign Currency".

- **Sierra Leone**: according to information which missed the previous report (Section VII, C/W/470/Rev.1) the leone was devalued by 58 per cent from Le 2.5 to Le 6 to the US dollar. The authorities have also de-linked the leone from the US dollar and pegged it to the SDR.
On 27 June the Bank of Sweden decided to publish, for the first time, the permissible foreign currency index deviations for the krona exchange rate. At the same time, while leaving the index benchmark unchanged at 132, the Bank narrowed the intervention limit from 2.25 to 1.5 per cent, with a minimum of 130 and a maximum of 134.

Other developments

- United States. Pursuant to a 1984 study, the Government announced on 8 July that it would reduce its stockpile of 42 essential non-fuel strategic defence materials from $16.3 to 6.7 billion. As a result, $2.5 billion worth of surplus stocks are to be sold over the next 5 years. On 1 October, the General Services Administration (GSA) which manages the stockpile announced that it is ending sales of surplus commodities because proceeds now exceed a $250 million ceiling set by Congress.

- under regulations recently adopted by the United States Department of Commerce, with effect from 24 July, trade by licensed exporters of sensitive goods and their foreign distributors will be subject, henceforth, to internal rather than external control.

- the United States Congress agreed on a new 4-year Export Administration Act (EAA) which will enter into force on 1 October; it replaces the EAA 1979, which expired at end-September 1983. Its chief proposal is to concentrate and tighten controls on exports of high-technology goods for national security or foreign policy reasons, and to reduce controls on lower-technology goods. Inter alia, the new Act authorizes the President to block imports by any party that abuses US national security controls or, after consultation, agreements of the Co-ordinating Committee Controlling East-West Trade (CoCom), and orders the prompt integration of militarily critical items into the control list.

- the United States Federal Court of International Trade ordered the US International Trade Commission to re-examine the Californian wine growers claim that EC wine exporters have been engaged in unfair trading practices in their sales to the United States. On 21 October, the ITC ruled that imports of table wines from Italy, France and West Germany were not such as to cause injury to US wine producers and wine-grape growers.

- Japan. Among the details announced on 30 July by the Japanese Government with respect to its new package of market-opening measures are: an easing of Japanese standards, certifications and other procedures, and increased acceptance of foreign test data concerning 88 import items; a more competitive bidding for government contracts and the creation of further semi-government agencies inviting tenders by foreign suppliers; and a decrease in the Japan Development Bank's interest rates on loans promoting foreign direct investment in Japan. There is also a provision, in operation until March 1987, for low-interest loans from the Export-Import Bank of Japan, including the re-opening of a foreign currency lending programme, to importers of manufactured goods.
the International Cocoa Agreement which has been in force since 1980 has been extended until September 1986 by the Governing Board of the International Cocoa Organization. This will give the organization time to negotiate, under the aegis of UNCTAD, a more effective arrangement for supporting cocoa prices.

the International Coffee Organization approved, beginning October, major price and export quota decisions without the approval of the United States. Although the US did not approve the ICO's latest extension, the existence of implementing legislation by Congress valid until next September means that the United States is committed to honour the agreement ceteris paribus.

VII. Prospective developments and current discussion on trade policy matters

109. Australia has announced that, under the existing Assistance Plan for the Footwear Industry, tariff quota levels will be increased, as of 1 January 1986 to take account of assessed market growth as well as of the increase which occurs automatically each year under the Industry Assistance Arrangements. The overall increase in footwear quotas for 1986 will be about 12 per cent. Pricing parameters (which help to determine whether or not a tariff quota is to be applied to most footwear imports) will also be raised upwards by varying margins, as of the same date.

110. In April, the Industries Assistance Commission in Australia proposed that action should be taken to raise tariff rates and sales tax on such items as personal computers, videos, and stereo equipment when brought back into the country by Australian tourists.

111. The European Commission has proposed to the Council of Ministers the extension of the STABEX system, up to now restricted to A.C.P. countries, to all 36 least-developed countries listed by the United Nations. Of the 36 countries on the list, only 9 are not signatories of the Lomé Convention. The proposal was approved on 1 October by the EEC Foreign Ministers.

112. The President of the United States addressed a number of elements of US trade policy in a speech on 23 September. In it, the President restated the commitment of the United States to free trade, to resist any legislation which would commit the United States to a protectionist course, and to take the necessary steps to get Congressional authority to participate in a new round of multilateral trade negotiations. The President also indicated that the US commitment to free trade must be matched by its trading partners' willingness to abide by the GATT rules. He emphasized that free and open trade must be on a fair basis. The President instructed the US Trade Representative to monitor the practices of US trading partners, to identify those which constitute unfair trade practices, and to indicate such steps as may be necessary to obtain their removal; he required the Secretary of State to seek time limits on [bilateral] talks to liberalize specific product sectors in Japan. The President also proposed amending US anti-dumping and countervailing duty laws to make them more effective in dealing with trade with non-market economies and that a fund of US$300 million be established to support through grants up to US$1 billion in tied-aid credits so as to counter similar grant aided-exports by America's trade competitors. Among the various other points in the speech are the possibility of bilateral and regional trade agreements that would promote more open trade and serve United States' economic interests and proposals to ensure that "free and open trade is fair trade."
113. Some 300 trade bills are before the US Congress. Several are the focus of especial concern. The "Textile and Apparel Enforcement Act of 1985" (see also Section IV(vii)) has attracted sponsorship by a majority of both Houses. The "Trade Emergency and Export Promotion Act of 1984" would impose a 25 per cent surcharge on imports from those countries that have both large trade surpluses with the United States and protectionist measures of their own and is seen as being likely, if enacted, to affect Brazil, Japan, Korea and Taiwan. The "Natural Resource Subsidy Act" would amend countervailing law so that a subsidy would be deemed to exist when a foreign government grants the right to remove a natural resource at a price below the market value. Other proposals under study include legislation to counter injurious foreign government action to build up an industry at the expense of existing comparable US sectors (including aircraft and aerospace manufacturing); a bill that would require the President to pursue equal access in foreign markets for the US telecommunications industry; legislation that would require the President to seek compensation for increased passenger car imports from Japan (i.e. if there were no reciprocal market-opening moves then the Administration would have to impose restrictions on imports originating in Japan); and a small surcharge (perhaps 1/4 of 1 per cent) on imports to finance retraining and resettlement of workers displaced by imports. None of these legislative proposals is supported by the Administration.

114. According to reports made current in July, the EC and Switzerland have agreed to suspend tariffs, on a reciprocal basis, as of 1 January 1986, on imports from each other of sauces, condiments and soups.

115. The President of Ecuador has stated that Ecuador will withdraw from the Andean Pact by the end of this year if obstacles to foreign investment were not eliminated. Legislation, he said, would also be introduced so as to overhaul the country's tariff structure. For example, the list of banned imports would be reduced from 900 to 650 items; set duties on imported goods with local equivalents would be fixed at 21 to 90 per cent, as compared to 45 per cent under the Andean Pact; luxury goods are to pay duties of 50 to 80 per cent, as against 50 per cent under the Andean Pact's tariff schedule; finally, all goods imported by the State's ENPROVIT, the government's officially designated distributor would be exempted from duties, as long as such goods were destined for the under-privileged sectors.

116. The New Zealand Trade and Industry Minister announced on 10 September proposals that would lead to the virtual removal of the country's import-licensing system by mid-1986. Under the new policy, all items for which the premiums bid on the tenders in the wake of last year's move were 7.5 per cent or below will move to "licence on demand" - i.e. licences will be issued automatically for all imports sought. Once items have been licensed on demand for one year, they will become licence-free. Items still under licence next year will be subject to a minimum 5 per cent additional quota increase from 1 January 1987. All imports should become licence-free by 1988 except for some still subject to industry development plans. The principal industries subject to such plans are motor cars, textiles and clothing, footwear, plastics and ships. Even for these industries targets have been set for eliminating licensing (see also Section B III(a) following).
117. At the 18th ASEAN Ministerial Meeting, a joint Communiqué was issued on 10 July 1985. Among the main points was the conviction that an open international trading system was fundamental for the continued economic progress of all countries. The Foreign Ministers also stated in the Communiqué that "ASEAN welcomed the launching of the new round of multilateral trade negotiations. Towards this end, they stressed the need to initiate preparations expeditiously. They reiterated the need to fulfil the past commitments of the Tokyo Round, the relevant elements of the 1982 GATT Work Programme and to take into account the interests of ASEAN and other developing countries." (L/5848)

118. EC: The Commission have put forward proposals to the Council of Ministers in respect to the 1986 GSP scheme. Among the major points are suggestions for withdrawal of GSP benefit on a selective product/supplier basis established according to objective criteria reflecting past trade performances in the EC market. The countries affected would be Hong Kong (12 products), South Korea (10 products), and Brazil and Singapore (2 products each). The Commission has also proposed a series of quantitative improvements and more liberal access for poorer developing countries; overall, the new package represents a substantial increase in access over the GSP offer available in 1985, both in terms of increases in preferential limits and liberalization of the number of products subject to strict controls.

119. It is reported that Japan might be considering to extend GSP beneficiary status to Hungary. Such an act, which would be subject to legal procedures, would only take effect from the next fiscal year, beginning 1 April 1986.

120. At their May meeting in Vienna, the EFTA ministers issued a statement which said that "EFTA countries support the idea of new comprehensive trade negotiations in GATT. They believe that a new round is necessary to maintain, strengthen and enlarge the multilateral system for open trade with GATT as the cornerstone".

B. NEW TARIFF AND NON-TARIFF MEASURES

121. The following section provides details of specific measures, falling within the ambit of the General Agreement, of which the secretariat became aware for the period 1 April to September 1985.

I. Tariffs and related matters

122. The EC also announced that, as of 1 July, tariffs on tuna imports for industrial manufacture would be suspended. Duties have been likewise suspended for a number of industrial items for a six-month period beginning 1 July 1985. On the other hand, the EC decided to reimpose its normal 13.4 per cent tariff on imports of low-density Saudi Arabian polyethylene because shipments of the product exceeded a ceiling set in the EC’s preference scheme for developing countries (GSP).
123. Japan: effective April 1985, tariff cuts on 33 agricultural, forestry and fishery products of export interest to developing countries, and on 1,132 industrial and mining products were brought forward by two years and those on 40 other agricultural, forestry and fishery products by one year. The decision was taken in the context of the agreement to advance tariff reduction instalments negotiated during the Tokyo Round. In addition, the 15 per cent duty on certain bovine and equine leather was rescinded. On 30 July, Japan also announced that measures would be taken under the Action Programme to eliminate or reduce tariffs on about 80 per cent of the total dutiable items at the earliest possible moment in 1986 (in April 1987, for some products). In this context, due consideration would be given to the requests of other trading partners. The tariff rates on a total of 72 agricultural and industrial products will also be eliminated or reduced. Tariff rates on a total of about 1,800 processed agricultural and industrial products are to be reduced, in principle, by 20 per cent. Approximately, thirty-two products with concession rates at or below 2 per cent are also scheduled for elimination with a view to implementation by 1 April 1987. However, disappointment has been expressed by some of Japan's trading partners that certain products in which they have a strong interest - such as paper products, rice and other grains, beef, confectionery and chocolate, cheese, etc., do not figure on the list.

124. Turkish import duties on certain agricultural products falling within eighteen tariff headings have been reduced, including milk and cream, cheese, certain plants, shellac gums and resins, vegetable saps, fatty acids and alcohols, glycerol, certain oils and fats, vegetable waxes, sugars and syrups, etc. Duties on a few other agricultural products (including maize, leguminous vegetable flour and meal, mustard, etc.) have been partially increased (AG/FOR/TUR/2/Add.1).

125. The stamp duty maintained by Turkey since 1963, under a regularly extended waiver from obligations under Article II of the General Agreement, has been increased from 1 to 4 per cent in June 1985. The present extension of the waiver permits maintenance of the stamp duty of 1 per cent until 31 December 1985. In granting the extension the Decision of the CONTRACTING PARTIES of 21 November 1983 (BISD 30S/11) took note of Turkey's assurances that fiscal reform would soon enable it to eliminate the stamp duty and stated, inter alia, that the rate of the stamp duty should not exceed 1 per cent of the value of the imported goods and that the continued application of the stamp duty should be accompanied by commensurate efforts by the Government to replace it by alternative measures (BOP/252). The incidence of the stamp duty had been reduced from 25 to 1 per cent in 1981.

126. Uruguay has increased import duties by 5 percentage points with effect from 14 June 1985 until 31 December 1986. Current duties range from 15 to 60 per cent. The measure does not apply to goods under "temporary admission", precious metal coin, some agricultural inputs and products exempt from the minimum duty within the framework of LAIA, etc. (L/5824).
The following non-notified tariff measures have also come to the attention of the secretariat:

127. As a result of the introduction of a new Australian commercial tariff concession system on 1 July 1983, the commercial by-laws for imports of power lifting suits, fencing breeches and jackets, martial arts suits and ice hockey pants lapsed on 30 June 1985 and these goods became subject to import duties and tariff quotas from 1 July 1985. The concessions previously permitting imports of loggers' safety trousers and bullet-proof armoured vests at minimum rates of duty have been revoked following the commencement of local production. These goods have also become subject to import duties and tariff quotas.

128. Under the seven year sectoral assistance arrangement for the textiles, clothing and footwear industries introduced on 1 January 1982 there are 29 global "base" tariff quota categories and 23 global "tender" quota categories. Most apparel is excluded from eligibility for commercial tariff concessions.

129. A series of resolutions of the Customs Policy Council of Brazil, published in the Diario Oficial da Uniao of 1 March, 7 March, 3 May, 22 May, 25 June, 24 July and 19 August 1985, introduced customs duty amendments in respect of a large number of products. The majority of the amendments are import duty reductions, temporary reductions and temporary duty exemptions.

130. Burkina Faso imposed a special tax on imports of beverages, ranging from 500 F CFA for non-alcoholic drinks to 5000 F CFA for champagne in bottles of 5dc to 1 litre.

131. By Ordonnance No. 85/034/CNR/PRES of 8 July 1985, Burkina Faso also introduced substantial fiscal duty increases on about a dozen tariff items ranging from tariff chapters 2 to 92.

132. Chile announced tariff cuts from 30 to 20 per cent. A supplementary tariff of 5 per cent is imposed on imports of refrigerators, floor polishing machines, juice presses and steel cables, as of May 1985. Other measures included a 15 per cent surcharge on certain dairy products (Finance decree No. 639 and 784 d. of 20 June 1985 and 24 September 1985), a 7 per cent surcharge on singlephase electric meters (decree No. 601 d. of 12 August 1985), surcharges on several textile products singled out in decree No. 611 d. of 12 July 1985, while minimum customs values applicable to dairy products (customs resolution No. 2601 d. of 19 July 1985) were reduced.

133. China imposed an import regulatory tax in addition to customs duties on certain items (passenger cars, motor cycles, synthetic fabrics, etc.)

134. Colombian Ministry of Finance Decree 3127 instituted a 2 per cent import duty on machinery for the prevention of environmental pollution.

135. The European Community withdrew GSP treatment from imports of low-density polyethylene from Saudi Arabia, and applied its mfn tariff of 13.4 per cent to such imports.
136. The EC, effective July 1985, has deepened by some 5 per cent its tariff cuts on imports of beef from ACP member countries.

137. Under its 1985/86 budget Ghana exempted raw materials for the production of agricultural machinery, tools and fishing nets from import duties and taxes. Imported cigarettes and beverages have become subject to a new tax which varies from $20 per package of 20 cigarettes and $25 for non-alcoholic beverages (1 litre) to $190 per litre of alcoholic beverages. Imported textile fibres are subject to a tax of 100 per cent or $150 per m².

138. On 22 July 1985, Ghana imposed a 10 per cent special tax on the cif value of imported goods.

139. The Government of India published its new import policy which covers the three-year period from 1 April 1985 until 31 March 1988. The following increases in import duty were announced: item 27.09 to 20 per cent; item 84.51/55 (sub-heading 2) to 200 per cent; item 84.62 (sub-heading 1) to 100 per cent plus Rs 100 per bearing, (sub-heading 2) to 200 per cent plus Rs 100 per bearing, (sub-heading 3) to 200 per cent plus Rs 100 per bearing. The auxiliary import duty on crude petroleum, falling under heading 27.09 was increased to Rs 300 per ton.

140. India reduced customs duties on certain items of equipment for jewellery and gems to 40 per cent ad valorem against the previous duty ranging from 81.5 per cent to 164 per cent. Furthermore, import duties on mechanical and quartz analogue watch components were reduced to 40 and 60 per cent, horological machinery to 40 per cent and horological raw materials to 15 per cent ad valorem. Glass shells and glass bulbs were exempted from customs and excise duties when used in the manufacture of television picture tubes. Customs and excise duties on certain types of film, when used in the manufacture of electric capacitors, have also been exempted.

141. India also reduced import duties on 87 types of machines for shoe production from 81.5 to 35 per cent. Imports of machinery, equipment, components and raw materials were exempted from basic customs duty in excess of 40 per cent ad valorem and the whole of the additional duty. Denatured ethyl alcohol for industrial purposes of 94.68 per cent V/V strength has been exempted from the whole of customs duty and additional duty leviable under the Customs Tariff. Soda ash of dense and light varieties has been exempted from basic customs duty in excess of 15 per cent ad valorem and 35 per cent ad valorem respectively.

142. The Ministry of Finance of India issued Notifications reducing customs duties on sugar (heading 17.01) to 65 per cent ad valorem and natural rubber (heading 40.01/04) to 50 per cent ad valorem. Alpha pinene and turpentine (chapters 39 and 38) have been exempted from basic customs duty in excess of 35 per cent ad valorem.

143. Under Decree No. 336/KMK.01/1985 of the Ministry of Finance of Indonesia, import duty, value added tax, and sales tax on imports of luxury goods will be applied at uniform rates in the entire customs territory of Indonesia.
144. By Ordonnance No. 85.172 the authorities of the Ivory Coast have modified the customs tariffs and taxes applicable to a large number of products, ranging from tariff chapter 15 to chapter 90. Furthermore, Decree No. 84.1234 of 8 November 1984, which introduced tariff surcharges on a number of industrial products, was modified by circular No. 478 of 15 March 1985, issued by the General Directorate of Customs. Decree No. 84.1236 of 8 November 1984, which imposed tariff surcharges on imports of certain industrial sectors, was modified by the same circular.

145. By Ordonnance No. 85.319 of 23 April 1985 the authorities of the Ivory Coast have modified the list of products which, in the framework of the Finance Law of 1983, had been exempted from import duties and taxes. In accordance with Article 2, Annex 2, or Ordonnance No. 84-813 the import duties and taxes applicable on parts for the assembly of motor vehicles were newly determined for the period of 12 March 1985 to 12 March 1986.

146. Under Decree No. 85.398 of 23 May 1985, the authorities of the Ivory Coast changed the list of products which are subject to an import surtax.

147. Under its 1985/86 budget Kenya reduced import tariffs on raw materials and intermediate capital goods from 25 to an average of 12 per cent.

148. Budget proposals for 1985/86 include the reduction of duty on imported and locally assembled passenger cars; the sales tax applicable to passenger cars has been raised.

149. Under the Customs and Excise (Tariffs) (Amendment) No. 3 Order, 1985, the authorities of Malawi have reduced the import tariffs on tariff items 27.10.02 other gasoline for motors and 21.10.21 gas oil, fuel oil, etc.

150. The authorities of Malaysia increased import duties on vibratory road rollers from 20 per cent to 35 per cent. The tariff on heading 85.04.121 and 122 (electric accumulators) has been increased from 30 per cent to 35 per cent and the surtax has been decreased from 5 per cent to nil.

151. Effective April 1985, Malaysia increased the import duty on tapioca flour (11.04.320) from $110.23/ton to 30 per cent or $130/ton, whichever is higher, and on mild steel link chain (73.29.100) from 30 per cent or $350/ton to 30 per cent or $500/ton, whichever is higher.

152. Under its 1985/86 Finance Act, Mauritius increased the import levy imposed on the cif value of imported goods from 13.2 to 17 per cent. The import levy is applied on products subject to an import permit for goods which were imported as of 28 June 1985.

153. By a Decree of 20 March 1985, the government of Mexico introduced substantial changes in its customs tariff as of 30 March 1985. Most of the changes, which cover the tariff chapters 03 to 99, were reductions of the import tariff.
154. Niger has issued modifications on import duties applicable to passenger cars. New and used motor vehicles under 1300 cc (BTN 870211 and 870251) become subject to the overvalued production tax when power rating exceeds 7 fiscal HP French equivalent. Vehicles over 1300 cc are subject to the overvalued production tax unless their rating is under 7 fiscal HP French equivalent. The overvalued production tax on motor vehicles amounts to 28 per cent.

155. Under a circular issued by the Central Bank of Nigeria (ECD/AP/52/85), dated 27 March 1985, customs duties are payable in advance effective from 1 April 1985.

156. The Peruvian Government Supreme Decree 141-85-EF, published on 11 April 1985, adjusted the import duty on tariff item 39.01.01 to 46 per cent.

157. Spain also suspended, temporarily, certain import tariffs during the period under review: those governing eggs for the period up to 29 June; and up to mid-September for duties on imports of chicken, clothing and shoes.

158. Customs duty increases and decreases by South Africa were published in the South African Government Gazette from 29 March to the present. Under the South African budget 1985/86 ad valorem import duty on fully assembled passenger vehicles (sub-item 87.02.10.90) was increased to 125 per cent, and on video cassette recorders to 15 per cent. A 10 per cent ad valorem excise duty was imposed on office machines and certain electronic devices.

159. As of 23 September, South Africa imposed a temporary 10 per cent surcharge on all imports of products not bound under GATT schedules; an estimated 55 per cent of all imports are affected by the measure.

160. Effective 3 July through to 8 January 1986, the Board of Investment of Thailand imposed a temporary import surcharge of 20 per cent on imports of log fibre pulp and wastepaper derived from chemical pulp and of 5 per cent on imports of paper of different kinds. Thailand has set up a quota of 10,000 tons of superior quality jute. If the need arises, additional imports will be permitted.

161. Under the terms of Ordonnance No. 85/7 Togo replaced its lump-sum tax (tax forfeiture) and the local tax applied to imports by a single transaction tax. This tax varies according to the type of product imported.

162. By Decree No. 84-359, Tunisia suspended import duty on imports of soybeans.

163. Under Law No. 85.48 of 25 April 1985, equipment, products and raw materials for the construction of renewable energy installations can be imported into Tunisia free of import duty, production tax and consumption tax.

164. Turkey extended to the end of 1985 the duty-free concession for import of pharmaceutical raw and auxiliary materials not manufactured domestically and used solely in medicinal preparations. Other pharmaceuticals not produced locally may be imported free of duty during 1985 subject to approval of the Ministry of Health and Social Welfare.
165. By Decision No. 85/94.76 the Turkish Government changed the import tariff rates of a number of products. For many of the goods concerned the rates were reduced to zero. The measure entered into force on 18 May 1985.

166. Zambian Act No. 1 of 1985 changed the import tariff rates and excise duties on the following products: Ex 01.05, Ex 24.02, Ex 25.01, Ex 27.10, Ex 28.01, Ex 28.38, Ex 28.40, Ex 38.11, Ex 82.05, Ex 84.23, Ex 84.63.

167. Under its Customs and Excise Amendment (No. 2) 1984 the authorities of Zimbabwe have increased the import tariffs on items Ex 22.03, Ex 22.07, Ex 24.02, Ex 27.07 and Ex 27.10. Increases of the excise duty were imposed on beer, ethyl alcohol, cigars, cigarettes, pipe tobacco and gasoline.

Other related matters

168. On 10 June 1985, a large number of countries (including the EC) signed the Harmonized System Convention thus bringing the total number of signatories up to thirty-four. Of the total, Jordan and Mauritius signed without reservation of ratification thereby automatically becoming contracting parties; only fifteen more contracting parties are now needed for the Convention to become effective. So far, thirty-four developing countries have either taken steps to utilize the Harmonized Commodity Description and Coding System, or have indicated their readiness to adapt their customs schedules accordingly.

II. Generalized system of preferences

169. The following section describes changes in GSP schemes that have come to the attention of the secretariat.

170. Pending parliamentary approval of the budgetary legislation which proposes some amendments to the GSP Scheme, Canada has extended on a de facto basis, effective 24 May 1985, duty-free treatment in respect of three tropical products - hand-rolled cigars (main beneficiary suppliers are Cuba, Honduras, Dominican Republic, Brazil and Mexico), field hockey sticks and timber, lumber and mouldings of wood. These were previously subject to GSP rates of US$cents 96.67 per lb. plus 6.5 per cent, 2.5 per cent, and 5 per cent, respectively. These items are among those in respect of which developing countries have been requesting elimination or reduction of existing barriers, in the context of consultations on tropical products held in connection with the 1982 GATT Ministerial Work Programme.

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1 Algeria, Argentina, Australia, Belgium, Burundi, Denmark, Finland, France, Germany (Fed. Rep. of), Ghana, Greece, Haiti, Hungary, Iceland, India, Ireland, Israel, Italy, Jordan, Liberia, Korea (Rep. of), Luxembourg, Mauritius, Morocco, the Netherlands, Norway, Portugal, South Africa, Spain, Sweden, Switzerland, Syria, the United Kingdom, and the European Community.
171. Canada will also apply a new General Preferential Tariff of 6 per cent (calculated on the basis of one-third off the mfn rate rather than the British Preferential Tariff rate of duty-free) to imports of automobiles falling under tariff item 43803-1, with effect from 1 January 1987. The general rule for the Canadian GSP rate has been the BPT rate (applicable to Australia and New Zealand and all Commonwealth developing countries, beneficiaries of the GSP), or most favoured nation rate reduced by one-third, whichever is the lower. The current BPT rate being zero, imports of this item now enter free of duty. New GSP rates, calculated on the same basis as that for automobiles (rather than the BPT rate of zero), will also apply to imports of certain automotive parts falling under eight tariff lines; however, imports from developing countries, under the Automotive Products Agreement with the United States, will continue to be eligible for duty-free entry. Moreover, following the withdrawal of the 10 per cent BPT, imports of Red Lake C pigment dyestuff will be subject to mfn rates of 13.1, 12.8 and 12.5 per cent respectively in 1985, 1986 and 1987 (L/4027/Add.22). The General Preferential Tariff on rubber inner tubes (tariff item 61815-1), not including inner tubes for bicycles, has been withdrawn for a three-year period with effect from 1 May 1985 in order to provide protection to the domestic industry. The main beneficiary country suppliers of rubber tyres and tubes to the Canadian market are the Republic of Korea, Brazil, Yugoslavia, Malaysia and Singapore (L/4027/Add.21).

172. Effective 1 May 1985, Djibouti, Equatorial Guinea, Sao Tomé and Principe, Sierra Leone and Togo have become eligible to receive the benefits of the preferential tariff applied to least-developed countries by Finland. From the same date, imports from Hong Kong (with the exception of products under 21 tariff headings imports of which remain subject to import duties) are entitled to preferential tariff. In addition, imports under ex 03.01, ex 15.07 and ex 20.05 (including red mullet, crude palm oil and coconut oil and certain preparations of fruit) from all beneficiaries and ex 58.02 (certain carpets of jute and other textile bast fibres) from the least-developed countries are now eligible for preferential treatment (L/3694/Add.16).

173. Japan has introduced further improvements and modifications in its GSP Scheme. GSP ceiling quotas for industrial products in the 1985 fiscal year have been increased by about 8 per cent, effective 1 April. However, preferential tariff rates on eight tariff lines - certain prepared or preserved meat or meat offal, shell-fish (imports from beneficiaries accounted for 58 per cent of total imports of the product in 1984/85 fiscal year), vegetable juices, peanut butter (beneficiaries accounted for 73 per cent of total imports in 1984/85 fiscal year), bulk wine, and champagne and other sparkling wines - are reduced. Imports under six more tariff lines including yarn of man-made fibre, dolls, jute woven fabrics, textile materials prepared for use in making wigs and the like, etc., are to be subject to zero duty. (In 1984/85 fiscal year, about 99 per cent of the total imports of the last two items originated in GSP beneficiaries). In addition, ceiling limitations on woven fabrics of jute, etc. (CCCN 57.10) from least-developed countries have been eliminated. A further improvement of the GSP scheme has been the extension of preferential privileges to Oman and Greenland, thus increasing the total number of beneficiaries to 146 (L/4351/Add.8).
174. Within the framework of the "Action Programme for Improved Market Access" announced in July, Japan intends to extend the GSP coverage to five more tropical and agricultural products (edible fungus and oak leaves at zero-duty, blood ark shell, jelly fish and papaya) and reduce GSP rates on nineteen items including bananas, seaweeds, preserved fruits and vegetables, food preparations and palm and ho oils. The package of market-opening measures to be implemented also includes a 20 per cent cut on 115 items in line with the across-the-board mfn rate tariff reductions. Japan has notified that these measures will generally take effect on 1 April 1986 (L/4351/Add.11). According to press reports, the tariff reductions originally scheduled for 1 April will be moved forward to 1 January 1986.

175. Also as part of the Action Programme, and with the intention of equalizing the benefits among countries covered by its GSP Scheme, Japan will improve the ceiling system and expand the quotas for industrial and mining products, with the aim of implementing these changes as from April 1987. Japan has also stated that it intends to take the initiative in proposing to other major donor countries the need to make fundamental improvements in the GSP with respect to industrial and mining products, in accordance with the principle of international joint action advocated in the Action Programme. In relation to the implementation of the announced across-the-board cuts for some 1,800 tariff lines (see Section B I), Japan will also proportionately reduce GSP duty rates.

176. 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 has made certain changes to its GSP Scheme with effect from 1 July 1985. Countries whose per capita GNP exceeds 70 per cent of New Zealand's per capita GNP no longer qualify for GSP treatment; an annual review of countries' eligibility will be conducted on this basis. Kuwait, Saudi Arabia, Singapore and Trinidad and Tobago were among the countries excluded as a result of the adoption of the 70 per cent per capita GNP threshold. These countries may nominate individual tariff items for consideration of reinstatement of GSP rates. From the same date, New Zealand has included Hungary in the list of beneficiaries, thus increasing the total number of beneficiaries to 147. In addition, it intends to provide the thirty-six least-developed countries with duty-free access for all products. For the moment, 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. New Zealand's total imports from GSP beneficiaries in 1983/84 amounted to $NZ 403.7 million. (L/4366/Add.15 and 16).

177. As of 1 January 1985, positive GSP rates of Switzerland in respect of certain agricultural products, textiles and clothing, footwear, umbrellas, unworked aluminium and dry-cell batteries have been lowered in step with the implementation of the seventh accelerated reduction of mfn rates agreed to in the Tokyo Round. Imports under the Swiss scheme amounted to Sw F 6,925 million in 1984, an increase of 16 per cent over the previous year (L/4020/Add.11).
178. United States: thirty-two least developed countries have been exempted from all "competitive need limits" criteria. For a number of listed countries 42 products have been reinstated for preferential benefit and 129 products have been deleted from the GSP when originating in certain beneficiaries. In addition, 35 items have been newly excluded (according to competitive need criteria) from enjoying US preferences when imported from a group of countries. As of 1 July, the United States has also added four new products to its scheme, and deleted one from it.

179. For the first time in five years, the conclusions of the annual review of the Generalized System of Preferences held in the UNCTAD were adopted by all the regional groups. Among the main points agreed to were: the need to liberalize and harmonize the rules of origin and for special measures for least developed countries, and that donor countries should pay special attention to any products, whether in the industrial or agricultural sectors, which were not sufficiently covered as yet in their respective GSP schemes.

Other preferential arrangements

180. The conference of developing country trade ministers on a Global System of Trade Preferences (GSTP), in New Delhi last July, agreed to consider an across-the-board tariff cut of up to 10 per cent in order to promote trade among their countries. Their declaration, adopted by 71 developing countries, set 1 May 1987 as a target date for completing the various stages of tariff negotiation on the GSTP.

III. Quantitative restrictions and other non-tariff measures

(a) Changes notified in licensing arrangements

181. The Republic of Korea liberalized a list of 235 import items with effect from 1 July 1985, including shell-fish, sugar, cocoa, aluminium ingots, computers, colour television sets, fur products and woollen knitwear. As a result, a total of 6,945 items out of 7,915 CCCN tariff lines at the eight digit level are free from import restrictions, thus increasing the ratio of import liberalization from 84.7 per cent in 1984 to 87.7 per cent during the second half of 1985; 308 import items to be liberalized in 1986 have also been announced (in accordance with the Advance Notice System), to enable domestic industry and foreign export interests to prepare themselves. Korea aims to bring its import liberalization ratio to 95.2 per cent in 1988 (NTM/W/12/Add.4).

182. The New Zealand Government has decided to shift gradually from an import régime based largely on import licensing to a tariff-based system. As notified in NTM/W/12/Add.8, import of a number of ceramic products will be liberalized in 1986, writing instruments in 1987, plastic goods in 1988, tyres, glass-ware and starch products in 1989, rubber goods in 1990, and canned fruit in 1991. Since 1971, import licensing requirements have been gradually relaxed and only about 24 per cent of New Zealand's total imports by value are currently subject to licensing. (See also Section A VI, previously.)

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1 See also import restrictions notified as being applied for balance-of-payments purposes in the following sub-section (c).
183. As from 1 August 1985, imports into Norway from South Africa are subject to automatic import licensing (L/5640/Add.23).

184. South Africa has further liberalized its import control regulations for some 2,400 products and product groups, effective 1 July 1985. Among the items removed from import licensing are minerals, metallic ores, chemicals, tanning and dyeing extracts, soap, waxes, leather, and leather articles, wooden articles, paper and paper board, yarn of man-made fibres, woollen yarn, man-made fibres, textile articles, glass and glass-ware, copperware, articles of metal, mechanical appliances, machinery, motor vehicles, sound recorders, furniture, etc. Two further lists of items being considered for removal from import control were published in January and February this year. Government Notice No. 1163 of 30 May 1985 lists the items (about 630) remaining under import control (Notifications to the Group on Quantitative Restrictions and Other Non-Tariff Measures, June and August 1985).

185. Several agricultural products falling within fifty-seven tariff headings, previously prohibited for import into Turkey can now be brought in with the authorization of the Secretariat of State for the Treasury and Foreign Trade; imports subject to licensing include live swine and poultry, meat offals, smoked meat, certain vegetables, nuts, fruit, starches, wheat gluten, animal fat, fish, sugars and syrups, sugar confectionery, chocolate and cocoa products, jams and jellies, fruit juices, mustard, certain alcoholic beverages, etc. Imports of a few other products falling within certain sub-headings of 19.02 and 21.02 (malt extract, and extracts and essences of coffee, tea and maté) which had been liberalized in 1984, have been made subject to licensing (AG/FOR/TUR/2/Add.1).

(b) Non-notified changes in licensing arrangements

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

187. Under Resolution No. 413 the Argentine authorities shifted on 12 August 1985 products contained in 34 tariff items from the list subject to import authorization to the list containing goods subject to automatic import authorizations.


189. Burundi states in its budget report for 1985 that the policy of selective authorization of import licences is to be continued with priority being reserved for industrial raw materials and construction equipment.

190. The CARICOM member countries Antigua, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent and Trinidad and Tobago have made the following imports subject to prior import licensing: cars and parts, biscuits, chemicals and fertilizers, furniture, packaging materials, printed and paper products, timber products, electrical appliances and equipment, confectionery, pharmaceuticals and carpets.
191. **Egypt** withdrew the licensing requirements for imports of frozen meat, offals, poultry and fish. In its place the Ministry of Supply introduced retail prices based on "world prices" and an exchange rate based on the official exchange rate plus 10 per cent.

192. **Fiji** has made imports of canned mackerel subject to import licensing.

193. Under its 1985 budget, **Ghana** imposed a 50 per cent tax on Special Unnumbered Licences. On 22 July 1985 this tax was reduced to 30 per cent; 20 per cent is to be paid when the licence is being issued and 10 per cent to customs on arrival of the goods.

194. In a Notification to Importers No. 001-MC/SC/D1, published in the Official Journal on 4 May 1985, **Madagascar** added 29 items to the automatic licensing list. Importers still require a prior authorization from the Ministry of Commerce.

195. **New Zealand** exempted thirty-three food and beverage items from import licences. Parts of radios and televisions (85.15.121 and 85.15.221) and television picture tubes (85.21.001) were also exempted from import control.

196. Supreme Decrees 059-85 and 060-85 of 15 March 1985 added thirteen tariff items to the list of goods subject to prior import licensing by **Peru**, and Supreme Decree No. 093-85, published in the Official Journal on 28 April 1985, added a further fifteen tariff items. Peru also extended the list of motor vehicles which are subject to a suspended import requirement (Legislative Decree No. 338).

197. On 12 August 1985 the Official Journal of **Peru** published Supreme Decree No. 104.85 which added 1,780 products to the list of goods subject to prior import licensing.

198. The Ministry of Commerce of **Senegal** issued Decree No. 85.145 which made imports of honey in packages of more than 20 grammes subject to prior authorization.

199. **Sierra Leone** increased import licence fees and invoice entry fees from 30 to 40 per cent ad valorem on luxury items including wines, spirits, perfumes, cosmetics and toiletries, carpets, video recorders, tape recorders, washing machines and television sets.

200. **Trinidad and Tobago** published Legal Notice 111 - Notice to Importers 5 of 1985 - which cancels the original negative list and presented a new negative list outlining 36 categories of goods for which importers are required to obtain specific licences. All import licences which extend beyond 13 June 1985 were cancelled for imports of peas, beans, corn, carrots, beets and potatoes.

201. On 15 July 1985 the Government of **Tunisia** adopted new import restrictions which make the imports of all products, with the exception of medical products and spare parts not produced in Tunisia, subject to prior import licences.
202. The United States made imports from any country except Canada of certain honey-bees, hives, bees-wax pollen for bee feed, and honey for bee feed subject to import permits.

203. As of April 1985 importers in Zaire are required by commercial banks to deposit 150 per cent of the value in zaires of the goods intended for import in order to obtain an import licence and open a letter of credit.

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

204. By CACEX Communiqué No. 133, which replaces the previous notified CACEX Communiqué No. 105 of 20 September 1984, the authorities of Brazil have deleted two items - sandals and slippers of leather or composition leather and articles consisting of synthetic diamonds - from the list of products for which the issuance of licences is temporarily suspended; wallpaper will be subject to a temporary import ban (L/5857).

205. Under Resolution Nos. 010, 017 and 020 of 8 February, 9 April and 31 May 1985 of the Foreign Trade Council, the Colombian Government has made several amendments to its import licensing régime. Products falling under 711 tariff lines which were previously prohibited can now be imported subject to prior import licensing; the list includes certain live animals, certain meat and edible meat offals, fish, dairy products, vegetables, edible fruits and nuts, oils and fats, beverages, cosmetic and toilet preparations, certain articles of leather, wood and wooden articles, paper and paper board, certain knitted and crocheted goods, footwear, ceramic ware, articles of iron and steel, etc. Furthermore, imports under 719 tariff lines previously subject to prior licensing can now be imported freely; the liberalized list includes oil seeds and oleaginous fruit, certain mineral products, a wide range of chemicals, pharmaceutical products, fertilizers, certain optical, photographic, cinematographic and measuring instruments, etc. (L/5542/Add.4 and Add.5).

206. Israel has abolished its import deposit scheme, with effect from 1 July 1985. The scheme, which covered a wide range of consumer goods and industrial supplies (about 485 items) had been in force since 1 June 1983. As far as the special import deposit is concerned its rate has been reduced with effect from 1 July to 45 per cent ad valorem; it will continue to be reduced by 3 percentage points the first of each month and its abolition is scheduled for 28 February 1986 (L/5855).

207. In line with the Import Liberalization Programme of the Philippines, being carried out through the modification of existing tariff rates and the simplification of import procedures, the Government has adopted several measures aimed at facilitating wider access of trading partners to the Philippine import market. Central Bank Circular No. 1060 dated 22 May 1985 authorizes the sale of foreign exchange for the importation of 46 non-essential and unclassified consumer goods without prior approval of the Central Bank; the importation of wheat and fertilizers has been deregulated in May 1985; Executive Order No. 1038 dated 9 July 1985, has lowered the import duties on imported rayon articles from 20 to 10 per cent; and Central Bank Circular No. 1074, dated 14 August 1985, allows the importation of dairy products and certain empty bottles and containers without prior approval (BOP/253/Add.1).
208. Due to the improvement in the balance of payments, (mainly in the trade balance), the Portuguese Government has liberalized quantitative restrictions, introduced in 1977, on certain consumer goods. Import quotas on electro-mechanical domestic appliances, certain radio-broadcasting and reception apparatus, firearms, furniture, and certain toys have been eliminated as from 1 April 1985; since June, imports of refrigerators and deep-freezers are no longer subject to quotas. Government Order No. 171-A/85 of 30 March 1985 extends the quotas on the few remaining products, including certain fruits and nuts, non-electrical stoves and motor cycles, until the end of this year. A further Decree (number 188/85) published on 7 June sets out a number of import quotas to be eliminated in 1985. Portugal intends to eliminate all balance-of-payments restrictions taken during 1975-1977 - import surcharges and the quota system on unassembled vehicles - by 1 January 1986, the time of its intended accession to the European Communities. A large number of products have been eliminated from the schedule of products subject to the 10 and 60 per cent surcharge and certain goods formerly subject to the 60 per cent surcharge are now subject to 10 per cent (L/5543/Add.2, BOP/254). The value of quotas for 1985 on imports of completely knocked down motor vehicles having a kerb weight up to 2,000 kg. has been increased by 14.2 per cent. The quota system on unassembled vehicles was originally introduced in 1977 for balance-of-payments reasons, and the quotas are applied by make of vehicle (L/5558/Add.2). Portugal consulted with the Committee on Balance-of-Payments Restrictions on 8 October.

209. On 17 May 1985 a list of 127 products which were not previously permitted for importation into Turkey was transferred to the list of items subject to import authorization by the Undersecretariat for the Treasury and Foreign Trade. The list excludes narcotic products, arms, ammunition and parts, and products imports of which are explicitly prohibited under individual laws. Prior approval of other ministries in the case of products subject to import authorization is no longer required except for medicaments and pesticides and raw materials used in their production, which are controlled by the Ministry of Health and Social Aid, and the Ministry of Agriculture, Forestry and Rural Affairs, respectively (BOP/252).

210. Turkey's non-interest-bearing guarantee deposit rates have been reduced by 75 per cent and 50 per cent, respectively, on 1 April and 1 August of this year. The import deposit rates at the beginning of 1985 were 15 per cent of the value of the foreign exchange requested for commercial importers and 7.5 per cent for imports by industrialists, public institutions and departments, and export trading companies, with a special rate of 1 per cent on imports of fuel, corn, sugar, coal, fertilizers, raw materials for fertilizers, electric energy, vegetable oils, pharmaceuticals and raw materials, films for x-rays, tractors, harvesting machinery, trucks, buses and inputs for the car assembly industry. A further reduction of 25 per cent is foreseen on 1 December 1985. The sums deposited are refundable after customs clearance of the goods except where goods are not imported within the given time period, in which case 10 per cent of the value is transferred to the Fund for the Promotion of Exports (BOP/W/89).

(d) Notifications on emergency action

211. Australia suspended part of a binding in its GATT Schedule and increased tariffs on imports of certain non-electrical domestic refrigerators and freezers, with effect from August 1983, to make them dutiable at the same rate as electrical refrigerators and freezers. This action was taken to prevent a
circumvention in duties by importers of electrical refrigerators. As a result of the negotiations under Article XXVIII:5 (modification of concessions), the Article XIX action has now been terminated (L/5529/Add.2).

212. The Canadian Import Tribunal on its enquiry into the local footwear industry has recommended the removal of import quotas on all categories of shoes, except women's and girls' dress and casual footwear (where the Tribunal found that existing quotas should be maintained because some producers would still be vulnerable to competition from imports). These restrictions will be phased out over the next three years, by increasing the quota level by 10 per cent each year and by progressive reductions in the price points above which footwear is exempt from quotas. Originally, import restrictions on non-leather footwear were imposed in December 1981 and on leather footwear in July 1982, on the basis of a finding by the Anti-dumping Tribunal that increased imports were causing or threatening serious injury to local producers. The restrictions were intended to provide local manufacturers with a reasonable period to develop and implement necessary restructuring plans. Canada shortened the quota period by four months to 30 November 1985 and increased quotas in December 1984, and lowered the price points above which leather footwear was exempt for quotas in May 1985 (L/5584).

213. Decree No. 923 of 27 November 1984 has provided for a specific duty (in addition to the prevailing ad valorem duty of 20 per cent) or ad valorem duty reduction in respect of imports of wheat into Chile. A specific duty of US$0.21 per ton is applicable on wheat imported at a price equal to or less than US$147 per ton f.o.b. The specific duty increases progressively to a maximum of US$66 per ton if the international price falls to US$100 per ton f.o.b. Similarly, the 20 per cent customs duty decreases progressively starting with an international price equal to or higher than US$172 per ton f.o.b.

214. Starting from a price equal to or less than US$131 per ton (the current prices are below this level) the applicable specific duty is equivalent to more than 15 per cent ad valorem. The duty on wheat being bound in Schedule VII (Chile) at a level of 35 per cent, the application of the specific duty means that the level of protection will be in excess of the bound amount. Therefore, the Chilean authorities have invoked the provisions of Article XIX. These measures are intended to prevent further serious injury to domestic producers from the continued deterioration of international prices of wheat and the resultant increases in imports (L/5861/Add.1).

215. Effective 18 June 1985, imports from non-member countries into the EEC of certain Morello cherries (CCCN ex 08.10D, ex 20.03 and ex 20.06 BII(a), (b), (c) 1 and 2) below the minimum prices indicated in Regulation (EEC) No. 1626/85 (ranging from 48.20 to 67.10 ECU per 100 kg.) are subject to a countervailing charge in order to protect Community production. Production of Morello cherries during the 1984/85 marketing year is reported to have fallen by more than 20 per cent compared with the previous marketing year whereas imports have increased significantly causing disruption in the marketing of Community products (L/5841).
216. Pursuant to the South African Government's decision to increase import duties on malic acid, in order to provide tariff protection to the local industry against disruptive competition from imports, the GATT binding on this product has been temporarily suspended. As of 9 August 1985, the revised rate of duty is 15 per cent ad valorem or R 2.40 per kg. less 85 per cent ad valorem (L/5860).

217. Following a finding in June 1985 that increased imports of certain non-rubber footwear were causing or threatening serious injury to local producers, the United States International Trade Commission (USITC) recommended to the President that import relief in the form of a five-year quota (of 474 million pairs on imports of non-rubber footwear within a customs value of over US$2.50 per pair) be provided to the domestic shoe industry (L/5828). The recommendation followed a complaint by the footwear manufacturers who sought a five-year global import quota restricting imports to 55.2 per cent of the domestic market, arguing that this would allow local producers time to modernize plants and take other actions to improve their competitiveness. About 75 per cent of the footwear sold in the United States last year reportedly came from foreign countries including the Republic of Korea (accounting for 16.6 per cent of the total non-rubber footwear sales in the United States), Taiwan, Brazil, Italy, Mexico and Spain. The President refused (in August) to implement the recommendation.

218. The President of the United States, citing national security reasons, imposed a total trade embargo and other economic sanctions against Nicaragua with effect from 7 May 1985 (L/5802, L/5803). Approximately 13 per cent of Nicaragua's exports were directed to the United States; about 20 per cent of imports, including some consumer goods as well as intermediate goods needed for agricultural and industrial production, originated in the United States. Although exports to the United States - mainly bananas, beef, shell-fish, coffee, sugar and tobacco - have been declining rapidly since 1981, it still remained Nicaragua's major trading partner. In particular, bananas, shell-fish and meat, which together accounted for more than 90 per cent of Nicaraguan exports to the US in 1984, were products sold almost entirely in the US market. On the import side, Nicaragua bought US$111 million worth of goods - mainly machinery, tallow and edible oil - in 1984. The Nicaraguan private sector, which has large stocks of US-made machinery such as tractors and harvesting machines is expected to be the most affected by the trade embargo.

219. The President of the United States has modified Proclamation 5294 of 28 January 1985 which imposed import quotas on certain sugar-containing articles (sweetened cocoa, pancake flour and mixes and certain edible preparations), to exempt from the quota the following, with effect from 19 May 1985: items in retail packages that are not dry mixes and dry mixes that contain 10 per cent or less sugar by weight; bulk items with 10 per cent or less sugar by weight; certain cake decorations with less than 65 per cent sugar; finely ground coconut meat or juice; and minced seafood preparations containing 20 per cent or less sugar by weight (L/5787/Add.1). It is understood that the US
International Trade Commission has initiated an investigation (under Section 22 of the Agricultural Adjustment Act) of whether the importation of certain sugar-containing articles threatens the price support system for sugar cane and sugar beets. (For earlier reference to this measure, see C/W/470/Rev.1, para. 164.)

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

220. 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 mentioned about the same number of import measures were taken as during the corresponding period of last year.

221. Under Public Notice No. 1 (85/86) Import, the Government of Bangladesh prohibits, during the period 1985-1986, imports of goods contained in the following tariff numbers: 06.01/02, 08.05, 09.04/06-10, 12.07, 15.12, 19.02, 25.15, 27.15, 32.13, 38.19, 39.07, 40.11, 41.02-05, 42.05, 48.01/05/15/18, 49.01/02.05, 51.04, 55.05/06, 56.07, 58.05, 60.06, 70.07, 71.16, 73.13.18/29/31/34, 74.15, 82.03, 83.01, 84.06/08/10-12/45/51/62, 85.01/03/05/09/16/25, 87.02/12, 91.01/02/04/05/07-09, 94.02, 96.01, 97.03/04/06/07, 98.03-06, 98.08/11.

222. Under a regulation issued by the Monetary Board of Ecuador import bans were lifted from 200 tariff items.

223. The Ministry of Industry of Egypt announced that Egypt's cloth production is sufficient for the country's needs and, consequently, that imports of cloth and garments will no longer be allowed.

224. The Economy and Foreign Trade Ministry of Egypt has lifted restrictions on the import of 110 items, mainly capital and intermediate products. They were placed on a list of goods subject to approval by a rationalization committee.

225. The European Community opened a tariff quota of 200 tons of polyester films (ex. 39.01 C III a) with a Common Customs Tariff totally suspended within the tariff quota from 23 July to 31 December 1985.

226. The European Community opened a tariff quota of 4,000 tons of cod of the species 'gadus morhua', whole or headless, salted (ex. 03.02 A I b) and 2,500 tons of fillets of cod, salted (ex. 03.02 A II a), with the CCC totally suspended within the tariff quota from 1 September to 31 December 1985.

227. A quota of 300,000 tons of manioc, arrowroot salep and other similar roots and tubers (07.03 A) with an import levy fixed at a maximum of 6 per cent ad valorem has been opened by the European Community for third countries which are not members of GATT.

228. The import quota for silk yarn spun entirely of waste silk other than noie not put up for retail sale (sub-heading 50.05 A) has been increased by the European Community from 250 to 420 tons.
229. The European Community authorized Denmark to apply intra-Community surveillance to imports of tomatoes originating in Spain which have been put into full circulation in the other member states.

230. The European Community authorized Italy to extend intra-Community surveillance in respect of imports of bananas originating in certain third countries and put into full circulation in the other member states.

231. The European Community, under Commission Regulation (EEC) No. 2558/85 of 11 September 1985, opened a tariff quota for 2,000 tons of fresh or chilled tomatoes (ex 07.01 MI) originating in the African, Caribbean and Pacific States and overseas countries and territories for the period 15 November 1985 to 30 April 1986.


234. Ghana has banned imports of palm oil since January 1985 because of improvements in local production.


236. Korea decided to liberalize imports of the following marine products from the second half of 1985: fresh or refrigerated puffer, skipjack, non-breeding live crab, fresh or refrigerated oysters, smoked bai tap shell and smoked pond-snail.

237. On 19 September 1985 Mexico prohibited the import of 311 luxury products in order to preserve foreign exchange. The goods include wines, perfumes, china and electrical appliances.

238. Peru imposed an import ban on some 200 items, which are essentially luxury goods such as domestic electrical products, drinks, cigarettes and clothing.

239. The Philippines Ministry of Agriculture and Food imposed a ban on imports of seeds for vegetables such as radishes, lettuce, mustard, eggplant, tomatoes, pepper, cucumber and others. Excluded are the seeds needed for breeding and research and those not available locally.

240. Imports of cement into Rwanda have been temporarily suspended as of 12 March 1985, in pursuance of Article XVIII, paragraphs 1, 2, 3 and 4a, in order to encourage a newly established cement works.

241. According to Decree No. 84.1374 Senegal has prohibited until 23 February 1987, imports of jute sacks (62.03.01,11,19,31,41,49). Jute tissues are subject to an import authorization by the Ministry of Commerce.
242. **Thailand** has set up a quota of 10,000 tons of superior quality jute. If the need arises, additional imports will be permitted.

243. **Trinidad and Tobago** imposed restrictions on the importation of garments for 18 months. The restrictions apply mainly to extra-regional imports, but there is also to be a control over CARICOM imports.

IV. **Subsidies, anti-dumping and countervailing action**

244. Seven notifications have been received so far (from Austria, Australia, Chile, South Africa, Spain, the United Kingdom for Hong Kong, and Yugoslavia) in response to L/5768 which invited contracting parties to submit notifications of the changes which have occurred in their subsidy measures since their last full notifications in 1984. As for the new and complete notifications that were requested in January 1984, notifications have been received only from twenty-five (out of ninety) contracting parties, as indicated in the tabulation in Annex I to Appendix I; while Cameroon, Chile, Czechoslovakia, Romania, the United Kingdom for Hong Kong, and Uruguay have notified the absence of any subsidies within the meaning of Article XVI:1 of the General Agreement, others have notified various agricultural and industrial subsidy programmes.

245. Information at present available to the secretariat is insufficient to identify recent trends in the use of subsidies affecting trade.

246. Interpretation of trends in the use of anti-dumping and countervailing action is, in any case difficult, since an increase may reflect a rise in the incidence of dumping or subsidization itself, increased sensitivity of domestic industries (perhaps because of a deterioration in the market), more vigorous enforcement of anti-dumping and countervailing regulations, or a combination of factors, and vice versa.

247. Appendix VII provides a summary of cases where anti-dumping and subsidy investigations have been opened, and provisional and final anti-dumping and countervailing actions taken, during the period under review.

248. The number of anti-dumping and countervailing duty investigations opened by all countries has fallen by around 22 per cent in April-September 1985 compared with the previous period (total cases: October 1984-March 1985 - 92, April-September 1985 - 71). In the EEC, the absolute number of investigations that were opened fell by nearly 41 per cent, from 34 to 20, of which only four are investigations involving iron and steel products (as against 12 in the previous period). The United States initiated only 26 investigations (as against 42 in the previous six-month period), of which 19 are cases in the steel sector (21 in the previous period); iron and steel products nevertheless continued to account for more investigations than any other single sector and the number of cases was about the same as in the previous period (total cases on iron and steel products: October 1984-March 1985 - 33, April-September 1985 - 39). Canada initiated only seven cases (down from 21 and 10 respectively in the two previous periods). In contrast, the number of cases initiated in Australia
shows an increase (from 6 to 17) of which 10 are investigations in the steel sector. A lower level of cases may also be noted in the chemical sector where the number of investigations opened fell from 7 to 5 (as against 19 in April-September 1984). There has also been a higher level of "provisional duty" cases, and a lower level of "definitive duty" cases, and preliminary and final findings of dumping/subsidization, compared with the previous period. (See C/W/470/Rev.1, pages 32 to 36.)

249. The number of investigations notified on products from developing countries shows a substantial decrease during the period covered by this review (reduced to 45 as against 58 in October 1984-March 1985), of which 17 are in the EEC and 18 in the United States. However, as in the two previous periods, the majority of actions are still directed at the developing nations. Although exports from Japan (with 9 investigations) figure highest in the list of dumping/subsidization cases, it is followed by the Republic of Korea (6 cases), Romania (5 cases), Poland and Venezuela (4 cases each), and China and Thailand (3 cases each). Brazilian exports, which in the previous period had been involved in 14 complaints, were involved only in three cases during the period under review.

C. NEW TRADE ARRANGEMENTS

I. Export restraint arrangements

250. The following section provides a systematic survey of the various forms of export restraint arrangements which have been noted by the secretariat during the period under review. Many are also discussed in Section A and, especially under A IV (Sectoral Developments).

251. There was a further increase, during the period under review, in number and trade coverage of export restraint-type arrangements such as voluntary export restrictions, orderly marketing arrangements, export forecasts, etc.

252. Trade flows particularly affected are steel exports to the United States. A significant liberalization (24 per cent increase in export quota) has taken place under Japan's voluntary quota system on exports of cars to the United States (see C/W/470/Rev.1, second item, page 38).

253. The number and trade coverage of ERA's newly agreed upon during the period under review is smaller than in the previous period. The following major export restraint arrangements have been concluded, or modified, during the six months ending 30 September 1985:

- United States/European Economic Community: The United States and the European Economic Community worked out last August the product mix of the newly-negotiated steel restraint agreement on the so-called "consultation products" that were not formally covered in the US-EEC steel accord signed in 1982. It was agreed that between 1 August and the end of 1985 about 198,000 tons of 11 categories of steel products can be brought into the US from

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1 According to the Korean authorities twelve anti-dumping investigations had been brought against Korean exports during the period under review.
the EEC. The arrangement allocates the 198,000 tons as follows: (1) alloy wire rod: 9,241 tons; (2) round and flat wire: 73,090 tons; (3) wire products: 5,164 tons; (4) black plate: 23,856 tons; (5) electrical sheet and strip: 10,870 tons; (6) tin-free steel: 17,498 tons; (7) cold-rolled strip: 13,393 tons; (8) cold-finished and other bar: 32,275 tons; (9) bar shapes under three inches: 9,212; (10) concrete reinforcing bars: 780 tons; and (11) rail products: 2,538 tons.

- United States/German Democratic Republic, Hungary, Romania: the German Democratic Republic, Hungary and Romania have agreed in principle to curb their steel exports to the US market. Export limits are expressed in terms of a fixed tonnage for the period October 1984 - October 1989, rather than the percentage shares of the US market allocated to other major suppliers. They are: GDR - 110,000 - 120,000 tons; Hungary - 34,000 tons; and Romania 150,000 tons.

- In 1984 the GDR exported to the US almost 274,000 tons of steel, Hungary 41,000 tons and Romania 272,000 tons.

- Japan: As of 1 April the Japanese Government increased permitted shipments of passenger cars to the US by 24 per cent for the year ending 31 March 1986. The shipments permitted under the present voluntary quota system amount to 2.3 million passenger cars. The previous quota system, whose renewal was not sought by the United States, had limited shipments in the preceding twelve months to 1.85 million passenger cars.

- United States/Venezuela: Negotiations between the United States and Venezuela on limits on Venezuelan steel exports to the US market were reported to be close to completion. It is understood that Venezuela agreed to a 200,000 tons annual limit on steel exports. In 1984 Venezuela exported 491,000 tons of steel to the US market.

Two export restraint arrangements have been concluded by member countries participating in the Arrangement Regarding International Trade in Textiles with a non-participating country: United States/Mauritius: 1 October 1984 - 30 September 1990, and Norway/Malta: 1 January 1985 - 31 December 1985.

II. Countertrade and compensation trade

During the period April to September 1985 there was a further growth of countertrade in several sluggish commodity markets and in trade with indebted countries. The largest countertrade operations over the last six months have been linked to oil supplies, and there has been a striking increase in the quantity of crude oil offered in these operations. The OPEC, nevertheless, has agreed in principle, in a decision communicated on 7 July, to phase-out current barter deals by the end of 1985; the decision is believed to reflect severe strains placed on the international oil market pricing structure by countertrade arrangements involving crude oil.

Among the oil-exporting countries, Iran, Iraq and Nigeria made the largest use of countertrade, but Algeria, Angola, Egypt, Libya, Mexico, Saudi Arabia and Syria, have also been involved in large countertrade operations.
257. Recent oil-for-goods barter arrangements entered into by Iran include a government-to-government agreement with Taiwan under which $300m - $400m worth of Iranian crude oil is to be exchanged for weapons; countertrade agreements were also concluded with Uruguay ($250 million) and Zimbabwe ($16 million). A number of large countertrade contracts have been agreed to with companies located in Sweden (Volvo; $250 million), the United Kingdom (Talbot Motor Co.), Turkey (Baytur), Japan, Brazil, the Federal Republic of Germany, and Australia. Iran was also reported to have agreed, in July, to provide oil against 12,000 tons of frozen mutton to be supplied by an Australian contractor.

258. Nigeria concluded new oil-for-goods arrangements with companies from Brazil ($850 million), France ($500 million), Italy ($400 million), Austria ($200 million) and was reported to have finalized negotiations on an agreement linking sales of $1 billion worth of Nigerian oil to purchases of Canadian goods worth a similar sum. According to recent press reports, however, Nigeria intends to make less use of countertrade in future.

259. Iraq was reported to have concluded important oil-instead-of-cash contracts with Brazilian, Indian and Yugoslavian suppliers. It was also exploring the possibility of a trade agreement, worth $900 million a year with Canada, to run for three years from January 1986.

260. Saudi Arabia was reported to have signed a Memorandum of Understanding with the United Kingdom with a view to purchasing military aircraft. It is also reported that this would be paid for in crude oil.

261. Many developing countries continued to offer, during the period under review, bulk commodities as countertrade goods. Products most frequently countertraded have included sugar, rice, coconuts, coffee, tea, bananas, vegetable oils, fish, cotton, jute and tobacco. Although no precise statistical data on countertrade are available, there seems to have been an increase in countertrade of agricultural raw materials in East Asia (especially in trade with the Philippines and Indonesia).

262. Press reports have also noted a deal between American fertilizer suppliers and the Indian Minerals and Metals Trading Corporation. Under the arrangement, the latter will provide 100,000 tonnes of diammonium phosphate and urea against 50,000 tonnes of napha.

263. Several countries of the Eastern Trading Area are reported to have multiplied their offers to buy raw materials from developing countries (e.g. oil, phosphates and agricultural products) in exchange for industrial and consumer goods.

III. Bilateral Trade Agreements

264. Recent bilateral trade agreements are described in detail in Appendix IV. The listing includes only arrangements reported on between April and September 1985, and may not be exhaustive. The following paragraphs are intended to draw attention to some broad trends.
265. Bilateral trade agreements have primarily been the instrument for trade between the countries of the Eastern Trading Area and between the Socialist countries and developing countries. Most of the bilateral trade agreements listed in recent special Council documents fall into this category. However, because of the difficulties arising for many developing countries from their foreign exchange and balance-of-payments situation, an increasing number of bilateral agreements are being concluded to encourage the growth of their mutual trade.

266. While the number of bilateral trade agreements listed in Appendix IV is smaller than in previous periods, it nevertheless appears that trade conducted on a bilateral basis and outside the framework of GATT seems to be increasing. The agreements noted by the secretariat are largely additional to those agreements listed in previous special Council documents, many of which continue to be in force, often for a number of years.

267. Among the agreements noted in Appendix IV, the majority involve at least one Eastern Trading Area country. However, bilateral trade agreements are also being used as instruments for commencing trade transactions between certain developing countries which, up to now, have hardly traded with one another, or by countries which are in a state of war and require assured supplies of products in exchange for a guaranteed market for their major export product (e.g. petroleum). Bilateral agreements involving temperate zone agricultural products have also been concluded during the period.
APPENDIX I

NOTIFICATIONS RELATED TO PARAGRAPH 2 OF THE UNDERSTANDING

In paragraph 2 of the Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance, 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 April 1985-September 1985 with respect to Articles II, VI, IX, X, XI, XVI, XVII, XVIII:A, XVIII:C, XVIII:D, XXII, XXIII, XXIV, XXVIII:1, XXVIII:4, XXVIII:5, XXX 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, it may be noted, 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

As from 3 October 1985, Canada requires the country of origin be stamped, cast, etched, engraved or stencilled in paint on imported iron or steel pipes and tubes, in order to reduce the potential for pipes and tubes entering Canada to be diverted to the United States as products of Canadian origin. Small diameter pipes and tubes are allowed to be tagged in bundles. These products previously were exempted from such requirements. The new administrative
guidelines also contain provisions relating to goods in transit to Canada or bundled before the effective date. The Canadian Government is prepared to consult with contracting parties having a substantial interest in these products (L/5869).

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 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

In 1985, the Group has carried work further in the areas of action outlined in the Group's 1984 Report (L/5713) as adopted by the CONTRACTING PARTIES in November 1984. The Group is carrying out a multilateral review of progress made in achieving the objectives laid down by the Ministers (L/5713, paras. 44(i) and 65(g)), taking into account written proposals received from contracting parties (L/5713, paras. 44(h) and 65(f), and NTM/W/12 and Addenda 1-12). The Group is also reviewing progress made on measures affecting products of export interest to developing countries (L/5713, paras. 44(j) and 65(h)). The Group is to present a report containing its findings and conclusions for consideration by the CONTRACTING PARTIES at their 1985 Session.

(b) Licensing

Document L/5640/Rev.1 (24 April 1985) includes the status of notifications with the date of the latest information received on licensing procedures. GATT/AIR/2149 (2 May 1985) invited contracting parties to notify by 30 September 1985, any changes in their licensing systems. Since April 1985, notifications have been submitted by Australia, Chile, the Dominican Republic, the EEC, Finland, India, New Zealand, Norway, Pakistan, Portugal, South Africa, Sweden, Switzerland, the United Kingdom on behalf of Hong Kong, the United States, Yugoslavia, Australia, Finland, India, Pakistan, Portugal and Sweden.

Article XVI - Subsidies

On 9 January 1985, contracting parties which presented full notifications in 1984 (L/5603 and Addenda) were requested to submit notifications of the changes which have occurred in their subsidy measures since their full notifications (L/5768).

As for the new and complete notifications that were requested in 1984, notifications have been received only from twenty-five (out of ninety) contracting parties.

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 requested to submit notifications of the changes which have occurred in their state-trading measures since their full notifications (L/5765). As for the new and complete notifications that were requested in 1984, notifications have been received only from thirteen (out of ninety) contracting parties.

Annex II contains a table showing notifications received since 1978.

Article XVIII:A,C,D - Modification of concessions

No notifications have been received; and none were registered in the previous six month period.

Article XXII - Consultations

In July 1985, Nicaragua requested consultations with the United States, concerning the trade embargo and other economic sanctions imposed by the President of the United States against Nicaragua with effect from 7 May 1985 (L/5847). In May, Nicaragua had requested the establishment of a dispute settlement process to review the restrictions (C/W/475), which the United States maintained were taken for national security reasons under Article XXI. The Council agreed in July to authorize its Chairman to carry out consultations on possible terms of reference and the role of a panel, in the light of the issues raised in the Council (C/M/191).

Article XXIII - Nullification or Impairment

In May 1985, the United States, having recourse to Article XXIII:2 of the General Agreement, requested that the Chairman of the Council schedule consultations to assist the CONTRACTING PARTIES in making suitable efforts in order to find an appropriate solution to the matter raised in a Panel Report adopted by the Council in May 1984, concerning certain restrictions found to be inconsistent with Article XI maintained by Japan on imports of leather. The United States expressed its disappointment at the slow progress in implementation of the Panel's recommendations and maintains the tariff reduction on wet blue leather and other measures taken by Japan to be insufficient to bring it into conformity with the recommendations of the Panel (C/W/474).

In July 1985, the United States, pursuant to Article XXIII:2 of the General Agreement, requested that the CONTRACTING PARTIES apply the conclusions of the leather panel (paragraphs 44 and 46 of the Leather Panel Report, L/5623) to the Japanese leather footwear quota, and recommend that Japan eliminate its quantitative restrictions on imports of leather footwear. The United States which had consultations under Articles XXII and XXIII:1 maintains that the same administrative and legal scheme is used in Japan to restrict imports of leather footwear as is used for leather, and therefore believes that the same conclusions have to apply to Japan's leather footwear restrictions (L/5826). The Council agreed in July to establish a Panel.

¹See also matters listed under Dispute Settlement (Appendix III).
In August 1985, Portugal requested consultations under Article XXIII concerning certain quantitative restrictions, unilaterally adopted by the United States, on exports of cotton pillow cases and bedsheets from Portugal for a twelve-month period, from 29 March 1985. Portugal considers that there is no legal or economic basis for this unilateral action by the United States (L/5859).

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

Israel and the United States distributed to the contracting parties the text of the Agreement on the Establishment of a Free Trade Area, signed on 22 April 1985, which entered into force on 19 August 1985 (L/5862 and Add.1).

Article XXV - Joint action by the CONTRACTING PARTIES

See Appendix II (b) Waivers.

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 termination date of the three-year period referred to in Article XXVIII:1. The current three-year period will terminate 31 December 1987.

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

While the adoption of the Harmonized System (See A.T. previously) and the necessary transposition of national tariffs will require negotiations under Article XXVIII, no precise date has, as yet, been suggested.

(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 thirty-two 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 XXXV - Non-application of the Agreement between particular CONTRACTING PARTIES

The South African Government has withdrawn the invocation of provisions of Article XXXV with respect to Japan with effect from 1 October 1985 (L/5873).

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 June (Canada and Switzerland) and in October (Australia and New Zealand).

Border tax adjustments

No notifications have been received.

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". Renewed requests for notifications were made in December 1984 and July 1985.

Twenty-nine out of thirty notifications received so far (from Austria, Cameroon, Canada, Chile, Colombia, Congo, Cuba, Ghana, Hungary, India, Indonesia, Ireland, Ivory Coast, Jamaica, Malawi, Nigeria, Norway, Pakistan, Peru, Poland, Romania, Singapore, Sri Lanka, Spain, South Africa, Thailand, Turkey, Uruguay 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. Since 30 September a notification has been received from the EC Commission containing information on legislation regarding domestically prohibited goods in the EC (Belgium, Denmark, Germany, Fed. Rep., France, the Netherlands and the United Kingdom).
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1.No notifications have been received from other contracting parties since 1978.

2.This 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.

3.Full notification; Indonesia acceded to the Subsidies Code on 4 March 1985.
ANNEX II TO APPENDIX I

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

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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

323. This Appendix reviews notifications during the period 1 April–30 September 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

- **Egypt - Consolidation of Economic Development Tax:** The CONTRACTING PARTIES' Decision of 25 November 1980 allows the Government of Egypt to maintain in effect on bound duties the temporary "Consolidation of Economic Development Tax" at rates not exceeding those in force on the date of its Protocol of Accession (27 February 1970), until 31 December 1985, by which time, if the tax is still in effect, it shall be reviewed by the CONTRACTING PARTIES. Egypt has notified its wish to maintain the tax, which it considers essential for the financing of the renewed Five-Year Development Plan, for a further period of five years, until 31 December 1990 (L/5866).

- **Hungary, paragraphs 4(c) and 6(b):** Paragraph 4(c) of the Protocol of Accession stipulates that contracting parties shall notify, before the consultations between Hungary and the CONTRACTING PARTIES provided for in paragraph 6 of the Protocol, discriminatory prohibitions and quantitative restrictions still applied to imports from Hungary. GATT/AIR/2192 invited contracting parties to submit such notifications by 1 November 1985, to serve as a basis for the sixth consultation with Hungary.

- **Poland, paragraphs 3(b) and 5:** No notifications have been received.

- **Romania, paragraphs 3(b) and 5:** Notifications by contracting parties on restrictions on imports from Romania were circulated in document L/5770 and addenda. Romanian foreign trade statistics were circulated in L/5799. The Working Party set up in November 1984 is conducting the fifth consultation provided for in the Protocol of Accession.

- **Switzerland, paragraph 4:** the Working Party has conducted the sixth triennial review (1981, 1982 and 1983) of the application of the provisions of paragraph 4 of the Protocol of Accession and the draft report (Spec(85)22) circulated in May 1985.

(b) Waivers

- **India - Auxiliary duty of customs - Request for extension of waiver:** On 3 June 1985, a further extension of the CONTRACTING PARTIES' Decision of 15 November 1973, which waived the application of the provisions of Article II of the General Agreement to the extent necessary to enable India to apply the auxiliary duty of customs on the items included in Schedule XII - India, was granted, until 31 March 1986 (L/5816).
Pakistan - Renegotiation of schedule: By Decision of the CONTRACTING PARTIES of 27 November 1979, Pakistan was authorized to maintain particular rates of duties pending the completion of negotiations on certain tariff concessions before 31 December 1979. The time limit for the completion of such negotiations was extended by subsequent Decisions, until 31 December 1985. Pakistan, which has notified that negotiations have been completed with two contracting parties and have advanced with others but that it will not be possible to conclude these negotiations and consultations by the date specified, requests a further extension of the waiver, until 31 December 1986 (L/5875).

Turkey - stamp duty: Turkey has raised the stamp duty, maintained under a waiver from the provisions of paragraph 1 of Article II of the General Agreement, granted by the CONTRACTING PARTIES in 1963 and extended by nine subsequent Decisions until 31 December 1985, from 1 to 4 per cent ad valorem in June 1985 (BOP/252).

Uruguay - Import surcharges: A request for a further extension of the CONTRACTING PARTIES' Decision of 24 October 1972 which waived the provisions of Article II of the General Agreement, to allow Uruguay to maintain certain import surcharges in excess of bound duties was considered by the Council in July. By Decision of 8 July 1985, the CONTRACTING PARTIES extended the time limit of the waiver for another year, until 30 June 1986 (L/5844).

United States: Imports of automotive products: In accordance with the provisions of the Decision of the CONTRACTING PARTIES of 20 December 1965, authorizing a waiver of Article I of the General Agreement, to permit the United States to accord duty-free treatment to certain automotive products imported from Canada under the United States - Canada Automotive Products Agreement, the fourteenth annual report covering 1983 was submitted in May and was circulated in L/5807.

(c) Committee on Trade and Development - Part IV Consultations: Consultations with respect to Part IV implementation took place in June 1985 with Canada and Switzerland. New consultations are to take place in October 1985 with Australia and New Zealand.

(d) Protocol relating to Trade Negotiations among Developing Countries: The twelfth annual report of the Committee of Participating Countries will be considered at the November 1985 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): The following actions have been notified between April and September 1985 to the Textiles Surveillance Body.
1. Austria - A new agreement with Egypt on cotton yarn.

2. Canada - Modifications of agreements with Malaysia, Sri Lanka, Singapore and Thailand. Agreed restraints were introduced on blouses, shirts and acrylic yarn in the agreement with Malaysia; on winter outerwear in the agreement with Sri Lanka; on underwear in the agreement with Singapore; and on underwear and sweaters in the agreement with Thailand.

3. EEC - A modification of the consultation agreement with Bangladesh by the introduction of agreed restraints effective 1985 on imports of shirts into France and the United Kingdom.

4. Norway - All transitional measures notified under Article 2:1 phased out by 1 July 1985, and replaced by bilateral agreements concluded under the MFA (Czechoslovakia, Hong Kong, Hungary, India, Macao, Malaysia, the Philippines, Poland, Romania, Singapore, Sri Lanka, Thailand, Korea and Yugoslavia). An agreement with China will take effect on 1 January 1986, to replace an existing Memorandum of Understanding between the parties.


6. United States - Bilaterally agreed solutions (agreed restraints or rescission of restraints) with respect to cases previously referred to the TSB under Article 11:4: all cases referred by Hong Kong and Indonesia; all but two cases referred by China, and all but one case referred by India. New agreements with Bangladesh and Peru to replace previous actions taken under Article 3:5. Actions taken under Article 3:5 on four categories when imported from Turkey. Agreed modifications of agreements with Brazil, Hungary, Japan, Korea, Romania, Singapore, Sri Lanka, Thailand and Yugoslavia, which included new agreed restraints and/or increases in consultation levels.

(g) MTN Agreements and Arrangements

The following major developments relating to MTN Agreements and Arrangements took place during the period April-September 1985.

The CONTRACTING PARTIES, in November 1984, invited each Committee or Council concerned to examine in special meetings the adequacy and effectiveness of the agreements adopted in the Tokyo Round, and obstacles to their acceptance which contracting parties may have faced.

1 Agreements with India, Macao and Sri Lanka have not as yet been notified for review by the TSB.
In March, April and May 1985 all of the Committees and Councils concerned held special meetings in accordance with this decision. The secretariat consolidated the observations made and conclusions reached in the special meetings in document MDF/12. The report of the Working Group, (L/5832/Rev.1), which examined the secretariat's consolidation, was adopted by the Council in July 1985.

Divergent views were expressed on the overall adequacy and effectiveness of the MTN Agreements. Many members were of the view that the Agreements have, on the whole, worked satisfactorily and have contributed to an increase in trade policy disciplines and thereby to a strengthening of the trading system. Another view was that the Agreements had not slowed the trend towards protectionism and, in some cases, had even contributed to it. Lack of sufficient flexibility for developing countries (in the case of the Agreements on Government Procurement and Import Licensing), complexity of the technical matters raised and the administrative changes required (in the case of the Agreement on Technical Barriers to Trade), differing interpretations of various sections of certain agreements and commitments required of newly acceding members (in the Subsidies Code) and administrative burdens arising from the agreements were identified as some of the obstacles to their acceptance. It was also accepted that the lack of interest of some countries in adhering to the Agreements was explained to a large extent by the fact that the benefits of the MTN Agreements accrued also to non-signatories, and by unwillingness to assume the additional disciplines imposed by the Agreements.

(1) Agreement on Technical Barriers to Trade:

During the period under consideration, the Committee continued its discussion on harmonization of testing and inspection procedures at the multilateral level.

The third meeting on Procedures for Information Exchange was held on 7 May, where the participants reported on recent developments in their respective countries relating to standards information programmes aimed at efficient servicing of the needs of national and foreign interested parties, and procedures followed to determine which draft technical regulations should be notified. The Committee also considered a proposal on handling of comments on proposed technical regulations and rules of certification systems.

In May, the Committee also held an information meeting with developing country signatories and non-signatories 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 facilitate acceptance by other developing countries. The Committee is proceeding with the preparations for the sixth annual review; the second three-year review of the operation and implementation of the Agreement will be held at the October meeting.
(2) Agreement on Government Procurement:

Much of the Committee's work was concerned with the negotiations relating to improvements to the Agreement provided for in Article IX:6(b) during the period considered. However, the targeted date of mid-1985 for conclusion of negotiations could not be met. The Informal Working Group, set up in May 1985, continued its work of drafting texts on less controversial issues and of narrowing down differences on more controversial points; the Group is expected to report to the Committee in December 1985. A fourth revision of the "Consolidated List of Suggestions Made for Improvements of the Agreement" (GPR/W/56) was circulated in July 1985.

The Committee also continued to explore the possibilities of expanding the coverage of the Agreement to include service contracts. Pilot studies on architectural and consulting engineering services, insurance services, management consulting and on freight forwarding services related to government procurement, have been submitted by several Parties.

During the period considered, certain purchasing practices relating to computers and related equipment under the French "Computer Literacy Program" were of substantial concern to the United States; the Committee, at its meeting in June, agreed to set up a working party to examine questions relating to computer procurement practices. The Committee published a "Practical Guide to the Agreement" in April 1985.

(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):

The semi-annual reports covering the period January-June 1985, submitted by Australia, Canada, Chile the EEC and the United States were circulated in documents SCM/66/Add.2 - 6, Brazil, Egypt, Finland, Indonesia, Japan, Republic of Korea, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom for Hong Kong, Uruguay, and Yugoslavia have notified that they have not taken any countervailing duty action during this period. Notices on countervailing actions have been submitted since April 1985 by Canada and the United States. Lists of these reports appear in documents SCM/W/90, 92, 93 and 95.

The national legislation related to countervailing duty procedures of Canada, the EEC, New Zealand, and the United States was examined by the Committee during April-September 1985.

Brazil announced the elimination of its IPI credit premium and the completion of its phase-out programme as of 1 May 1985.

On 19 August 1985, Israel acceded to the Subsidies Code; its acceptance was accompanied by a declaration which included, inter alia, its intention to eliminate export subsidy elements in four programmes (SCM/67).
(4) **Arrangement Regarding Bovine Meat:**

No major developments have been officially notified under the Arrangement during the period being reviewed.

A number of noteworthy events have, nevertheless, been reported on and are included here as having relevance to the meat sector. First, the EC decided, last July, to extend subsidies for beef exports to nine Far Eastern countries in a move aimed at finding new outlets for its surplus stocks. According to the Commission, the decision to extend beef export refunds did not break the spirit of an understanding reached between the EC and Australia earlier this year.

Secondly, following the UK Government's announcement that it has lifted its embargo on imports from Argentina as of 8 July, Argentine beef (excluding offals) may now be imported from export entities which are currently approved by the European Community. The prohibition on imports of processed meat products will be maintained for a further period pending a veterinary inspection of those plants for which export approval is requested by the Argentine authorities, to assess compliance with the UK public health requirements laid down in the Imported Food Regulations 1984.

Finally, information received with respect to certain VERs affecting this sector indicate that the New Zealand Meat Board and its Australian counterpart have agreed that no shipments of lamb from New Zealand would be made to Australia for the whole of 1985. Argentina has decided to continue with its VER with respect to mutton and lamb exports to France and Ireland; the arrangement which began in 1980 expired last March.

(5) **International Dairy Arrangement:**

The Protocol Committees which considered proposals for the modification of the minimum prices and other current problems facing the Arrangement, reduced the level of minimum prices for whole milk powder, anhydrous milk fat and butter to US$830 (from US$950), US$1,200 (from US$1,440), and US$1,000 (from US$1,200) respectively per metric ton, effective 5 June 1985.

A decision was also adopted on a derogation to permit, subject to certain conditions and safeguards for other participants, sales of butter, older than eighteen months, at prices below the minima in the Protocol Regarding Milk Fat.

Subsequently, on the basis of these agreements, which took effect on 5 June 1985, the International Dairy Council decided to rescind the Resolution of 16 November 1984 on the understanding that deliveries from previous sales concluded under the Resolution should be completed by 30 June 1986, at the latest, and that no further sales could take place under its provisions.

The Committees also considered the possibility of future adjustments of minimum prices in accordance with fluctuations in the exchange rate of the US dollar. However, no conclusions could be reached on this matter and it was felt that a system for automatically adjusting minimum prices following US$ exchange rate fluctuations would be difficult to apply.
The September 1985 review of the market situation for dairy products, undertaken by the Committees of the Protocols and the Dairy Products Council revealed a certain amount of optimism; while the situation for some products, such as milk powders and cheese, was expected to improve slightly in 1985 and 1986, the situation in the butter market continued to be of concern.

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

During the period considered, the Committee took stock of the situation concerning the application of the Committee Decisions on the treatment of interest charges in the customs value of imported goods and valuation of carrier media bearing computer software.

(7) **Agreement on Import Licensing Procedures:**

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

(8) **Agreement on Trade in Civil Aircraft:**

The elimination of duties on the thirty-two new categories of civil aircraft products, included in the Annex to the Agreement as from 1 January 1985, was implemented by the United States on 29 April 1985.

The Technical Sub-Committee, which is continuing its examination of draft Harmonized System Language, has made progress in narrowing the differences of product coverage between current CCCN, TSUS and CTS lists in the Annex, in terms of HS 6-digit items.

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

The semi-annual reports covering the period January-June 1985, submitted by Australia, Canada, the EEC, Spain, and the United States were circulated in documents ADP/24/Add.2 to 6). Brazil, Czechoslovakia, Egypt, Finland, Hungary, Japan, Norway, Pakistan, Poland, Romania, Singapore, Sweden, Switzerland, United Kingdom for Hong Kong, and Yugoslavia state that they have not taken any anti-dumping action during this period. Notices on anti-dumping actions have been submitted since April 1985 by Australia, Canada, the EEC, and the United States. Lists of these reports appear in documents ADP/W/98-103.

The Committee will revert at a subsequent meeting to the anti-dumping legislation of Australia, Canada and the United States.

No major developments falling within the scope of this report took place during April to September 1985.
APPENDIX III
DISPUTE SETTLEMENT

The following disputes have been before the Council (A) or other GATT bodies (B) during the period 1 April 1985-30 September 1985.

A. Matters taken up under Article XXIII

(i) Canada; measures affecting the sale of gold coins: recourse by South Africa (L/5711). In May 1983, the Provincial Government of Ontario announced that the Canadian Maple Leaf gold coin would be exempted from the 7 per cent Ontario retail sales tax, while this tax would remain in force for other gold coins, in particular for the South African Krugerrand. Since bilateral discussions between South Africa and Canada did not yield satisfactory results. The Council decided in November 1984, at the request of South Africa, to establish a Panel. The Panel's report (L/5863) came before the Council in October 1985.

(ii) 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. Consultations on the terms of reference and membership of the Panel have been suspended pending the outcome of discussions on the substantive issues by the parties concerned.

(iii) 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 this dispute sent its report to the parties in July 1984. It suggested 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 discussed by the Council at its meetings in March, April, May, June and July. At the July meeting, the EEC maintained that it was not in a position to agree adoption to all of the report but was ready to discuss reductions in the aids in question with the United States. The Council agreed to revert to the matter at its next meeting.

1 For minutes of Council considerations of these disputes see C/M/187 (Council of 30 April and 1 May 1985), C/M/188 (Council of 29 May 1985), C/M/190 (Council of 5-6 June 1985), C/M/191 (Council of 17-19 July 1985).

2 See also the matters listed under Article XXII - Consultations (Appendix I).
iv) 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 by the Panel released in February 1985 concluded that the preferential tariffs on fresh oranges and lemons impaired United States citrus trade with the EC and upset the competitive relations between the US and Mediterranean suppliers. It recommended that the EC consider limiting the adverse effect of the preferences on US exports of fresh oranges and lemons and it made a specific proposal on how this could be achieved. The Council discussed the Panel's report at its several meetings, but the Community did not agree to an adoption of the report. It is understood that consultations between the two parties on the substantive issue are being held.

v) Japan: measures on imports of leather: recourse by the United States. In May 1984, the Council adopted a report by a 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 Council meetings in November 1984 and in March, April, June and July 1985. During the discussions, a number of contracting parties expressed their disappointment at the slow progress in implementation of the Panel's recommendations by Japan. The July Council agreed that it could revert to this matter at a future meeting.

vi) Japan: quantitative restrictions on imports of leather footwear: recourse by the United States (L/5826).

At the June 1985 Council meeting, the representative of the United States declared that the bilateral consultations which had been held with Japan under Article XXII and XXIII:1 regarding its system of quantitative restrictions on imports of leather footwear had not produced a satisfactory resolution. He said Japan's system of import restrictions on leather footwear was identical to that on imports of certain types of leather which had been found to be inconsistent with Article XI (see above). At the request of the US delegation, the July Council agreed to establish a Panel pursuant to Article XXIII:2 and paragraph 20 of the 1979 Understanding regarding Notification, Consultation, Dispute Settlement and Surveillance.

vii) 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. In October 1984, Council established a Panel to examine the Finnish complaint. The Panel found that the anti-dumping duties imposed on imports of electrical transformers from Finland were not consistent with Article VI:6(a), and recommended that New Zealand revoke the anti-dumping determination and reimburse the duties paid. The Panel report was adopted by the Council at its July meeting. New Zealand implemented the Panel's recommendation before the adoption of the report by the Council.
viii) United States: trade measures affecting Nicaragua: recourse by Nicaragua. At the May 1985 Council meeting, Nicaragua stated its view that the United States trade embargo and other restrictions on trade with Nicaragua, which had taken effect on 7 May 1985, violated the General Agreement. The United States maintained that the US measures had been taken for national security reasons and that they fell within the national security exception of the General Agreement as contained in Article XXI, specifically its paragraph (b)(iii). The issue was extensively debated at the May Council meeting but neither the debate nor the informal consultations convened by the Chairman resulted in a consensus on how to deal with the issue.

At the July Council meeting, Nicaragua, supported by a number of representatives, asked for establishment of a panel to review this case and to report to the contracting parties. The Council authorized its Chairman to carry out consultations on possible terms of reference and the role of such a panel. The panel was established on 10 October.

ix) 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 did not result in a satisfactory adjustment of the matter. Following Canada's request for a panel, the Chairman of the Council was authorized to draw up, in consultation with parties concerned, the terms of reference of the Panel and to designate its chairman and members. These consultations have, however, been temporarily suspended since the two parties are having bilateral discussions on the matter of the dispute.

B. Other matters

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:

i) 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.

ii) 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. This report is still before the Committee.

iii) 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. This report is still before the Committee.
iv) 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. Agreement has been reached on the composition of the Panel; the terms of reference, on which agreement was not reached in the Committee, were finally decided by the Chairman of 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. (See also C III - New Trade Arrangements).

Australia - Ethiopia

Australia and Ethiopia signed their first trade and economic co-operation agreement. The trade agreement entered into force in 1985.

Austria - Soviet Union

Austria and the Soviet Union agreed to renew until 1995 three major agreements on trade and payments, scientific, technical and economic co-operation.

Bangladesh - Soviet Union

The 1985/86 trade protocol, which entered into force on 1 July 1985, projected the total turnover of goods to £66.4 million, which is £10.4 million more than last year's trade protocol.

Bulgaria - Algeria

A trade agreement was signed to expand two-way trade to $100 million in 1985 and to $200 million in 1986.

Czechoslovakia - Guinea

Under the trade agreement, Czechoslovakia will export to Guinea motor cycles, ceramics and machine tools in exchange for bauxite, coffee, oil seeds, and other products.

Czechoslovakia - Tunisia

An economic co-operation agreement was signed on 12 February 1985.

Egypt - China

On 4 August 1985 a long-term trade agreement was signed between the two countries.

Egypt - Ethiopia

Under the trade agreement signed for 1985, bilateral trade is to increase to $45 million after $20 million in 1984. Egypt will export steel, iron, clothing and medical products in exchange for fresh and frozen mutton, leather, coffee and sugar.
Egypt - Hungary

Under the trade agreement, Egypt will export to Hungary textiles and leather goods and import, in return, vegetable oil and livestock.

Egypt - Iraq

On 27 June 1985, economic, cultural and scientific agreements were signed between the two countries. For 1986 trade worth $100 million is envisaged, under which Egypt will supply textiles, technical expertise in agriculture and construction and, according to an earlier agreement, will also supply metal sheets, aluminium parts, carton paper, fabrics, ropes and water pumps. Iraq will in return supply electrical equipment, cement and other goods.

Egypt - Jordan

Under an agreement made, mutual trade will rise to $250 million in 1986, up from a target of $150 million in 1985. The products envisaged for exchange are cement, aluminium, fluoride and agricultural products.

Egypt - Soviet Union

The trade agreement signed for 1985 provides for increased Soviet deliveries of machinery, equipment, coal and other raw materials in exchange for Egyptian cotton, textiles, citrus fruit and oils. The 1985 trade is to amount to $806 million.

EEC - China

The EEC and China signed a new agreement on trade and economic co-operation. The agreement, which replaces that of 1978, was concluded for five years, after which it will be renewed by mutual agreement on an annual basis. The agreement entered into force on 22 September 1985. Community exports to China amounted to ECU 3.5 billion in 1984, while imports from China amounted to about ECU 3.2 billion.

Hungary - China

Hungary and China signed a trade agreement for the 1986-1990 period. Hungary will import from China rice, beans, canned fruit and vegetables, tea, cotton, clothing, knitwear, shoes and machines. It will export to China steel and aluminium products, fertilizers, trucks and medical instruments. It is planned to double trade during this period in comparison with the previous period. In 1981-84, trade between the two countries amounted to 647.56 million RMB.

Hungary - United States

Hungary and the United States signed a trade protocol on 10 April 1985. Hungary exports to the United States spare parts for cars, canned meat products, confectionery, aluminium semi-products, bulbs and pharmaceuticals, while the US exports to Hungary spare parts for the machine industry, chemicals, soya and basic pharmaceutical products.
Hungary - Zimbabwe

On 5 June 1985, Hungary and Zimbabwe signed a five-year trade agreement. Under the agreement, Hungary exports equipment, medical products and electrical bulbs in exchange for tobacco and asbestos.

Iceland - Soviet Union


India - Congo

India and the Congo signed a five-year economic, scientific and technical agreement under which joint ventures will be undertaken; trade, oil drilling, energy, infrastructure projects, agriculture and training are also to be covered.

India - Soviet Union

India and the Soviet Union signed a new long-term trade and co-operation agreement which will cover the period up to the year 2000. In 1984, Soviet exports to India were worth over Rs 1.5 billion and imports from India about Rs 1.3 billion.

Indonesia - Zanzibar

Under a trade agreement signed between the two countries, Indonesia will import from Zanzibar 6,000 tons of cloves, worth about $25.8 million, while Zanzibar will import 15,000 tons of rice from Indonesia.

Nicaragua - Soviet Union

On 29 April 1985, Nicaragua and the Soviet Union signed an agreement on trade, economic and scientific-technical co-operation.

Nigeria - China

On 29 June 1985, Nigeria and China signed an agreement to increase bilateral trade. The products to be traded are mainly Chinese light industrial products, chemicals and textiles and Nigerian cocoa beans and cashew nuts. Trade in 1984 amounted to $3 million.

Nigeria - Malaysia

Nigeria has signed an agreement to buy 90,000 to 100,000 tons of palm oil from Malaysia. The deal is reported to be worth $77 million; it may or may not be a countertrade arrangement.

Pakistan - Iran
Pakistan and Iran signed a trade agreement amounting to more than $400 million for 1985/86. Pakistan intends to double its oil imports from Iran from 10,000 to 20,000 barrels per day, and to export to Iran textiles, rice, chemical fertilizer, steel and technical products.

Pakistan - Iraq

In February 1985 a trade protocol was signed between Pakistan and Iraq. Pakistan will export to Iraq cotton, textiles, leather, rice, wheat, barley and engineering and technical goods, while Iraqi exports to Pakistan will include trucks and agricultural machinery, electrical transformers, and water pumps.

Poland - Thailand

A trade protocol signed between Poland and Thailand provides for an increase in bilateral trade to $30 million in 1985, and to $80 million in 1988. Poland will mainly export machines, equipment and chemicals and Thailand rice, natural rubber and textiles.

Poland - Yugoslavia

In July, Poland and Yugoslavia signed an agreement designed to bring about an increase in their mutual trade to $4.9 billion over the next five years.

Romania - Thailand

Romania and Thailand signed two trade agreements. A first three-year agreement amounts to about $110 million and provides for a three-year extension for the same value. Romania will supply Thailand with fertilizer, agricultural machinery, tractors, insecticides, wine and spirits in return for tapioca products, rice, sugar, molasses, coffee and frozen chicken. A second five-year trade agreement signed between Romania and a Thai corporation provides for trade amounting to $150 million. Romania will exchange chemical fertilizers and products, pharmaceutical products, metal and steel products, against Thai rubber, rice, tapioca, coffee, molasses, tin and crude oil.

Spain - Algeria

On 3 July 1985, Spain and Algeria signed a five-year economic and industrial co-operation agreement. It is planned to increase mutual trade to $700 million by the end of 1986.

Turkey - Iran

Turkey and Iran signed a trade, economic, industrial and technical co-operation agreement under which trade is to increase to $3,000 million in 1985. Turkey will import 6 million tons of crude oil and export to Iran cement, iron and steel billets and structural iron and steel.

Zambia - Iraq

Zambia and Iraq signed an agreement to expand trade and economic co-operation.
APPENDIX V

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

(All the arrangements listed are believed to be still in force.
For more details regarding those introduced in recent months
refer to sections A IV and C I in the main body of the report)

<table>
<thead>
<tr>
<th>Importing Country/Exporting Country</th>
<th>Product</th>
<th>Duration</th>
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<tbody>
<tr>
<td>STEEL AND STEEL PRODUCTS</td>
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<tr>
<td>EEC/Australia, Austria, Bulgaria,</td>
<td>Steel (comprises fabricated and</td>
<td>1984–1985</td>
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<tr>
<td>Czechoslovakia, Finland, Japan,</td>
<td>also specialized products)</td>
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<tr>
<td>Norway, Poland, Romania, South Africa,</td>
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<td>Republic of Korea, Spain, Sweden</td>
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<tr>
<td>EEC/Brazil</td>
<td>Pig iron</td>
<td>1984–1985</td>
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<td>Steel products (pig iron excluded)</td>
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<td>1985</td>
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<td>Hungary, Poland, Romania</td>
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<td>United States/Argentina, Austria,</td>
<td>Steel</td>
<td>1985</td>
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<tr>
<td>United States/Argentina, Brazil</td>
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<td>Japan, Republic of Korea, Mexico</td>
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<td>South Africa, Spain</td>
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<td>United States/Canada</td>
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<td>EEC/Japan</td>
<td>NC lathes and machining centres</td>
<td>-1985</td>
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<td>UK (EEC)/Japan (unofficial industry-to-industry arrangement)</td>
<td>Computer controlled lathes and machining centres</td>
<td>-1985</td>
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<td>Europe (15 countries)/Japan</td>
<td>Machine tools</td>
<td>1981-1985</td>
</tr>
<tr>
<td><strong>AUTOMOBILES AND ROAD TRANSPORT EQUIPMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada/Japan</td>
<td>Automobiles</td>
<td>1981-1985</td>
</tr>
<tr>
<td>EEC/Japan</td>
<td>Automobiles</td>
<td>1983-1985</td>
</tr>
<tr>
<td>EEC/Japan</td>
<td>Motorcycles</td>
<td>1983-1984</td>
</tr>
<tr>
<td>EEC/Japan</td>
<td>Light commercial vehicles and forklift trucks</td>
<td>-1985</td>
</tr>
<tr>
<td>France (EEC)/Japan</td>
<td>Automobiles</td>
<td>1977-1985</td>
</tr>
<tr>
<td>Italy (EEC)/Japan</td>
<td>Automobiles</td>
<td>1977-1985</td>
</tr>
<tr>
<td>United Kingdom (EEC)/Japan</td>
<td>Automobiles</td>
<td>1975-1985</td>
</tr>
<tr>
<td>Japan/United States</td>
<td>Automobiles</td>
<td>1981-1986</td>
</tr>
<tr>
<td><strong>CONSUMER ELECTRONICS PRODUCTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEC/Japan</td>
<td>Colour TV sets</td>
<td>1983-1985</td>
</tr>
<tr>
<td>EEC/Japan</td>
<td>Colour television tubes</td>
<td>1983-1985</td>
</tr>
<tr>
<td>Importing Country/Exporting Country</td>
<td>Product</td>
<td>Duration</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>--------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>EEC/Japan</td>
<td>Quartz watches</td>
<td>-1985</td>
</tr>
<tr>
<td>EEC/Japan</td>
<td>Video tape recorders</td>
<td>1983-1985</td>
</tr>
<tr>
<td>United Kingdom(EEC)/Republic of Korea</td>
<td>Black and white television set</td>
<td>1980-Dec.84</td>
</tr>
</tbody>
</table>

**FOOTWEAR**

<table>
<thead>
<tr>
<th>Importing Country/Exporting Country</th>
<th>Product</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>France (EEC)/Taiwan</td>
<td>Footwear (non-rubber)</td>
<td>1981-1985</td>
</tr>
<tr>
<td>France (EEC)/Republic of Korea</td>
<td>Footwear (non-rubber)</td>
<td>1981-1985</td>
</tr>
<tr>
<td>Italy (EEC)/Poland</td>
<td>Rubber footwear</td>
<td>1979-1985</td>
</tr>
<tr>
<td>Italy (EEC)/Republic of Korea</td>
<td>Rubber footwear</td>
<td>1979-1985</td>
</tr>
<tr>
<td>United Kingdom (EEC)/Taiwan</td>
<td>Footwear (non-rubber)</td>
<td>1977-1985</td>
</tr>
<tr>
<td>United Kingdom (EEC)/Republic of Korea</td>
<td>Footwear (non-rubber)</td>
<td>1977-1985</td>
</tr>
</tbody>
</table>

**TEXTILES**

<table>
<thead>
<tr>
<th>Importing Country/Exporting Country</th>
<th>Product</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada/Mauritius</td>
<td>Sweaters, pullovers and cardigans</td>
<td>1984-1986</td>
</tr>
<tr>
<td>EEC/Morocco</td>
<td>Textiles</td>
<td>1982-1986</td>
</tr>
<tr>
<td>EEC/Tunisia</td>
<td>Textiles</td>
<td>1985-1986</td>
</tr>
<tr>
<td>Norway/Malta</td>
<td>Textiles</td>
<td>1985</td>
</tr>
<tr>
<td>United States/Costa Rica</td>
<td>Textiles</td>
<td>1984-1987</td>
</tr>
<tr>
<td>United States/Mauritius</td>
<td></td>
<td>1984-1990</td>
</tr>
<tr>
<td>United States/Panama</td>
<td>Textiles</td>
<td>1983-1985</td>
</tr>
<tr>
<td>EEC/Portugal</td>
<td>Textiles</td>
<td>1982-1985</td>
</tr>
<tr>
<td>United Kingdom (EEC)/Portugal</td>
<td>Socks, underwear and other textiles</td>
<td>1984-1985</td>
</tr>
<tr>
<td>Japan/China, Pakistan, South Korea</td>
<td>Cotton goods</td>
<td>1985-1986</td>
</tr>
</tbody>
</table>
### APPENDIX V (cont'd)

<table>
<thead>
<tr>
<th>Importing Country/Exporting Country</th>
<th>Product</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AGRICULTURAL PRODUCTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEC/Argentina, Australia, Austria,</td>
<td>Live sheep or goats and meat</td>
<td>1980-1985</td>
</tr>
<tr>
<td>Bulgaria, Czechoslovakia, Hungary,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iceland, New Zealand, Poland,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Romania, Uruguay, Yugoslavia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEC/Austria</td>
<td>Cheese</td>
<td>1982-Dec.84</td>
</tr>
<tr>
<td>EEC/Finland</td>
<td>Cheese</td>
<td>1982-Dec.85</td>
</tr>
<tr>
<td>EEC/Thailand</td>
<td>Manioc/Tapioca</td>
<td>1982-1986</td>
</tr>
<tr>
<td><strong>OTHER PRODUCTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEC (France, United Kingdom)/</td>
<td>Tableware and other articles of a kind of stoneware</td>
<td>1983-Dec.85</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEC/Poland</td>
<td>Sulphate of copper</td>
<td>1985</td>
</tr>
</tbody>
</table>

*a* Does not supersede existing bilateral arrangements concluded by Japan with individual EEC member countries.

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

*c* Restraints asked by Japan; it is not known if the exporting countries mentioned have agreed.
## APPENDIX VI

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Product</th>
<th>Measure</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEC (France)</td>
<td>Tunny for industrial purposes</td>
<td>Embargo</td>
<td>Feb. 1975-now</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Certain silk and fibre fabrics, ropes and cables (COCN 50.59)</td>
<td>Prior import permission</td>
<td>May 1980-now</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria/Japan</td>
<td>Video tape recorders</td>
<td>Import quota</td>
<td>Feb. 1981-now</td>
</tr>
<tr>
<td>EEC</td>
<td>Preserved mushrooms</td>
<td>Protective measure to prevent circumvention of measures applying to mushrooms in brine and preserved cultivated mushrooms</td>
<td>August 1981-now</td>
</tr>
<tr>
<td>Country</td>
<td>Product</td>
<td>Measure</td>
<td>Duration</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>----------</td>
</tr>
<tr>
<td>EEC/Chile/Spain/other non-member countries</td>
<td>Live sheep and goats, sheep and goat meat (OCN 01.04 and 02.01)</td>
<td>Additional levy above certain quantity limit</td>
<td>Jan. 1982-now</td>
</tr>
<tr>
<td>Sweden/Hungary</td>
<td>Certain textile products (OCN 54.03, 54.04, 54.05, 57.10)</td>
<td>Agreement on levels for trade with certain products, in accordance with Article 5 of the Hungarian Protocol of Accession</td>
<td>Jan. 1982-Dec. 1986</td>
</tr>
<tr>
<td>EEC (France)/Japan</td>
<td>Motorcycles of a cylinder capacity of 50cm³ or less</td>
<td>Import restriction through surveillance system and administrative guidances to importers</td>
<td>Feb. 1982-now</td>
</tr>
<tr>
<td>EEC (France)</td>
<td>Certain species of timber</td>
<td>Import quota</td>
<td>Jan. 1983-now</td>
</tr>
<tr>
<td>EEC (France)/Japan</td>
<td>Video tape recorders</td>
<td>Visa administratif préalable</td>
<td>April 1983-now</td>
</tr>
<tr>
<td>Country</td>
<td>Product</td>
<td>Measure</td>
<td>Duration</td>
</tr>
<tr>
<td>-------------</td>
<td>----------------------------------</td>
<td>--------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>EEC</td>
<td>Cultivated mushrooms in brine</td>
<td>Import restriction</td>
<td>From 1 January 1985</td>
</tr>
<tr>
<td>EEC</td>
<td>Sheep and goat meat</td>
<td>Import restriction</td>
<td>January 1985-December 1985</td>
</tr>
<tr>
<td>Spain/EEC</td>
<td>Cheese</td>
<td>Agreement on minimum volume of imports from EEC into Spain</td>
<td>January 1985-December 1985</td>
</tr>
</tbody>
</table>

*The 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.*

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

ANTI-DUMPING AND SUBSIDY INVESTIGATIONS AND
ANTI-DUMPING AND COUNTERVAILING ACTIONS

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 April-September 1985. Sources for notified actions are given in Appendix II (Code on Subsidies and Countervailing Duties, and Anti-Dumping Code).

(a) Australia

- **Anti-dumping actions initiated on**: canned ham (Denmark, Ireland), cold-rolled steel sheet and coil and galvanized steel sheet and coil (Japan, Taiwan, Federal Republic of Germany), air circuit breakers (France, Japan), industrial gear boxes (Japan), welded carbon steel pipe and rectangular hollow sections (Japan); welded carbon steel pipe (Republic of Korea); microwave ovens (Singapore), uncoated wood-free paper (South Africa), engineers vices (United Kingdom), photographic printing paper (United States).

- **Provisional anti-dumping duties**: pvc general purpose homopolymer (Italy), domestic microwave ovens (Japan\(^1\)), waxed cotton motorcycle garments (Republic of Korea), high grade stearic acid (Malaysia), vinyl floor tiles (Norway), dried vine fruits (United States), film laminate (United States).

- **Final determination of no injury (anti-dumping action)**: basalt-lined steel pipe and fittings (Federal Republic of Germany).

- **Final determination of no dumping**: lead stabiliser lubricant (Federal Republic of Germany), high grade stearic acid (Republic of Korea), waxed cotton motorcycle garments (Republic of Korea).

- **Final determination of injury**: domestic microwave ovens (Japan).

- **Definitive anti-dumping duties**: alloy steel chain and fittings (Sweden).

- **Definitive countervailing duties**: dried vine fruit (Greece).

- **Price undertaking (countervailing action)**: cherries in brine (Italy).

(b) Canada

- **Anti-dumping investigations initiated**: polyphase induction motors (Romania), barbed wire (Argentina, Brazil, Poland, Republic of Korea), surgical adhesive tapes and plasters (Japan), frozen pot pies and compartment dinners (United States\(^1\)).

\(^{1}\)Superseded by a subsequent measure
Preliminary determination of dumping: polyphase induction motors (Brazil, Japan, Mexico, Poland, Taiwan, United Kingdom).

Provisional anti-dumping duties: polyphase induction motors (Brazil, Japan, Mexico, Poland, Taiwan, United Kingdom), locomotive axles and certain rail-car axles (Japan, United Kingdom, United States), charcoal briquets (United States).

Provisional countervailing duties: polyphase induction motors (Brazil).

Final determination of dumping: charcoal briquets (United States).

Final determination of no dumping: wide flange steel shapes (Spain).

Final determination of subsidization: wide flange steel shapes (Spain).

Final determination of injury from dumping: dry wall screws (Japan, Singapore), high voltage porcelain insulators (Japan, United States), bars, plates and forgings (Austria, Republic of Korea, Sweden, United Kingdom), photo albums with self-adhesive leaves (Hong Kong, United States), self-adhesive leaves for photo albums (Hong Kong, United States, Republic of Korea), certain nickel and nickel alloy pipe and tubing (Japan).

Final determination of no injury from dumping: certain juvenile products (United States), multi-link key telephone system intercoms and components (United States), certain rail-car axles (United Kingdom, United States), custom steel wheel rims (Brazil), transformers and reactors (France, Federal Republic of Germany, Japan, Sweden, Switzerland, United Kingdom), reactors (Belgium), certain fork-lift trucks (Japan, United States), plywood concrete forming panels (United States), canned whole tomatoes (Taiwan), stainless steel bars (Italy).

Definitive anti-dumping duties: photo albums with self-adhesive leaves (Hong Kong, United States), self-adhesive leaves for photo albums (Hong Kong, Republic of Korea, United States), nickel and nickel alloy pipe and tubing (Japan), alloy tool steel bars, plate and forgings (Austria, Sweden, Republic of Korea, United Kingdom).

Definitive countervailing duties: wide flange steel shapes (Spain).

Price undertaking in anti-dumping actions: frozen prepared pot pies and compartment dinners (United States).

Anti-dumping investigations terminated: certain rail-car axles (Japan).

(c) Chile

Countervailing duty investigation initiated: mayonnaise (Argentina).

Superseded by a subsequent measure
(d) **European Community**

- **Anti-dumping investigations initiated:** photo-copying apparatus (Japan), Portland cement (Poland, Spain, Yugoslavia, German Democratic Republic), certain acrylic fibres (Israel, Mexico, Romania, Turkey), certain categories of glass (Yugoslavia, Romania, Bulgaria, Hungary, Czechoslovakia), dead-burned natural magnesite (China), housed bearing units (Japan), saucepans (Republic of Korea), hammers (China), certain small ball bearings (Thailand), ball-bearings and tapered roller bearings (Poland).

- **Provisional anti-dumping duties:** glycine (Japan\(^1\)), polystyrene sheet (Spain), basic chromium sulphate (Yugoslavia), roller chains for cycles (China).

- **Final determination of no dumping:** titanium (United States).

- **Definitive anti-dumping duties:** electronic typewriters (Japan), certain ball bearings and tapered roller bearings (Japan), polyester yarn (United States), glycine (Japan), mechanical excavators (Japan), unframed mirrors (South Africa).

- **Definitive anti-dumping duty repealed on:** broad flanged beams (Spain).

- **Countervailing duty investigations terminated:** soya meal (Argentina, Brazil).

(e) **United States**

- **Anti-dumping cases initiated:** 12-volt lead-acid type automotive storage batteries (Republic of Korea), carbon steel wire rod (Venezuela, Poland, Portugal), steel pipe and tube (Venezuela\(^1\), Austria, Romania, Thailand), heavy-walled rectangular welded carbon steel pipes and tubes (Canada), iron construction castings (Brazil, China, Canada, India), offshore platform jackets and piles (Japan, Republic of Korea), animal-food Grade DL methionine (France).

- **Countervailing duty actions initiated:** carbon steel wire rod (Venezuela\(^1\), Portugal), portable aluminium ladders and certain components (Mexico), steel pipe and tube (Venezuela, Austria, Romania, Thailand\(^1\)), iron construction castings (Brazil\(^1\)), offshore platform jackets and piles (Republic of Korea), lime oil (Peru).

- **Provisional anti-dumping duties:** barbed wire and barbless fencing wire (Poland, Brazil, Argentina), certain carbon steel products (Austria, German Democratic Republic, Venezuela), cellular mobile telephones and sub-assemblies (Japan), carbon steel plate (Poland), carbon steel structural shapes (Poland), cold-rolled flat-rolled and hot-rolled flat-rolled products (Romania), circular welded carbon steel pipes and tubes (Venezuela).

- **Provisional countervailing duties:** pork products and swine (Canada\(^1\)), oil country tubular goods (Austria), agricultural tillage tools (Brazil), standard pipe (Thailand).

\(^1\) Superseded by a subsequent measure
Preliminary determination of dumping: low-fuming brazing copper rod and wire (New Zealand), carbon steel products (Austria, German Democratic Republic, Norway, Poland, Romania, Venezuela), barbed wire and barbless fencing wire (Argentina, Brazil).

Preliminary determination of subsidization: pork products and live swine (Canada), wool (Argentina), certain carbon steel products (Venezuela).

Preliminary determination of no subsidization: light iron construction castings (Brazil), low-fuming brazing copper wire and rod (South Africa).

Preliminary determination of no dumping: grand and upright pianos (Republic of Korea).

Final determination of dumping: red raspberries (Canada), oil country tubular goods (Argentina), oil country tubular goods (Spain).

Final determination of no dumping: tubular metal framed stacking chairs (Taiwan).

Final determination of injury from dumping: oil country tubular goods (Spain).

Final determination of no injury from dumping: oil country tubular goods (Argentina), animal-food Grade DL methionine (France), low-fuming brazing copper wire and rod (France), expansion tanks and parts thereof (Netherlands).

Definitive countervailing duties: pork products and live swine (Canada).

Definitive anti-dumping duties: egg filler flats (Canada), red raspberries (Canada), tubular metal framed stacking chairs (Italy), expanded neoprene laminate (Japan).

Price undertakings: iron ore pellets (Brazil).

Termination of countervailing duty investigations: float glass (Federal Republic of Germany, United Kingdom), paper-related school and office supplies (Mexico).

Cases withdrawn: certain textile mill products and apparel (Indonesia, the Philippines, Turkey), oil country tubular goods (Brazil, Republic of Korea, Mexico), certain carbon steel products (Hungary), welded carbon steel pipes and tubes (Brazil), certain carbon steel products (Czechoslovakia).

Superseded by a subsequent measure