PRELIMINARY REPORT OF THE GROUP OF THREE

I. BACKGROUND

1. At the launching of the GATT programme for the expansion of international trade in 1958 it was established that one of the important aims of GATT activities would be to facilitate the expansion of the export earnings of developing countries. The conclusions and resolutions of successive meetings of the CONTRACTING PARTIES at ministerial level over the past decade have given increasing emphasis to the importance of this objective. The acceptance of the need to increase the export earnings of developing countries as one of the major preoccupations of the GATT was given legal endorsement and recognition when Part IV was adopted in 1965. At their twenty-sixth session, the CONTRACTING PARTIES stressed that for the success of the Second Development Decade it was essential that GATT should contribute by making maximum efforts directed towards the expansion of the export earnings of all developing countries and by giving priority consideration to and by taking immediate steps towards solving the trade problems of these countries.

2. Not only has the international community recognized that the trade situation of developing countries should be progressively improved, but it has been generally accepted that there should be no backward moves which would reduce the effects of efforts which have so far been made to improve their situation. Under Part IV developed countries have accepted a standstill that they would refrain, except where compelling reasons make it impossible, from intensifying or imposing new barriers on the trade of developing countries.

3. Because the export composition of developing countries is heavily weighted towards primary products, these countries have not participated fully in the rapid expansion of world trade which has taken place in the second half of the 1960's. The increase in export earnings has been extremely uneven and the position of several developing countries has actually deteriorated. In order to achieve a reasonable rate of overall economic growth, particularly in countries which find themselves at present in a difficult position, a further acceleration of the rate of growth of export earnings and a less uneven distribution of export growth would be needed.

4. Preliminary data indicate that, after several years of stability, the terms of trade of countries exporting mainly primary products have deteriorated in 1970 and this too had an adverse effect on the combined trade balance of developing countries after the improvement observed in 1969. Moreover, the generalized and rapid increase in freight rates, which started towards the end of 1969, contributed to an aggravation of the trading position of these countries.
II. MANDATE OF THE GROUP

5. It was against this background that the Committee on Trade and Development at a meeting of its Seventeenth Session held on 25 January 1971 established the Group of Three, comprising the Chairman of the CONTRACTING PARTIES, the Chairman of the Council and the Chairman of the Committee on Trade and Development. It was agreed that the Group "should be requested to present for consideration by the Committee and the CONTRACTING PARTIES proposals in regard to the concrete action that might be taken to deal with the trade problems of developing countries having regard to the provisions of GATT and the relevant conclusions of the CONTRACTING PARTIES". For this purpose the Group, with the assistance of the Director-General and the secretariat, was authorized to "carry out such informal consultations with both developed and developing contracting parties as it may consider necessary, taking into account the examination of barriers affecting trade of developing countries that has taken place in various GATT committees and bodies and the views and suggestions put forward and the conclusions reached in the discussions of those bodies" (paragraph 9, L/3487).

6. The Group has reviewed barriers to trade which have been notified by developing countries and already reproduced in existing GATT documents. It has consulted most developed countries individually and maintained contact with developing countries through the informal group of developing countries.

7. As the mandate of the Group was to present proposals in regard to concrete action to be taken to deal with the trade problems of developing countries, the Group has concentrated its efforts in fields where the prospects for concrete results would a priori seem the brightest, in view inter alia of the preparatory work already done within GATT, UNCTAD, and other international bodies dealing with the trade problems of the developing countries.

8. The examination which the Group has carried out with the help of representatives of developed countries have concentrated on four types of problems:

   (i) The possibility of eliminating or reducing the number of remaining quantitative restrictions on products of interest to developing countries.

   (ii) The possibility of eliminating other non-tariff barriers of particular interest to developing countries.

   (iii) Further possible action to improve trade in tropical products.

   (iv) The problem of tariff escalation in particular as regards tropical products and vegetable oils.
Some of the problems have been dealt with more thoroughly than others, but in no case has it been possible for the Group in the time available to go as much in depth as it would have liked to. In leaving aside to a large extent the tariff problem the Group has based itself on the assumption that all developed countries will during 1971 put into effect their proposals under the Generalized System of Preferences in favour of developing countries. The implementation of the Generalized System of Preferences will mean that with few exceptions, industrial products and a certain number of agricultural and primary products instead of meeting obstacles in the tariff field will receive preferential treatment as compared to similar products coming from developed countries. It will also mean that the major problem of tariff escalation will have been solved for most industrial and some agricultural and primary products.

9. After consulting with each individual developed country the Group has drawn up for each country a summary paper containing some preliminary conclusions with regard to that country. These papers are annexed to the present report.

III. FINDINGS AND RECOMMENDATIONS

A. QUANTITATIVE RESTRICTIONS

10. A relatively thorough examination of quantitative restrictions still maintained by developed countries on products of interest to developing countries has left the following general impressions:

1. Industrial products

II. If the quantitative restrictions notified by developing countries to the GATT secretariat give a true picture of the situation, it can be stated that outside the textile sector the problem of quantitative restrictions has been reduced to a residual one. Most developed countries maintain no quantitative restrictions on industrial products of interest to developing countries outside the field of textiles, and consultations with those countries which still maintain certain restrictions seem to indicate that the real obstacles to trade are of somewhat smaller importance.

12. The fact that a number of developed countries and not necessarily the economically strongest ones have found it possible to do away with all industrial restrictions (except in most cases restrictions on certain textiles) would a priori seem to indicate that it should be possible for the remaining developed countries to do the same. Where particular problems exist or arise the provisions of the General Agreement - including Article XIX and the Anti-Dumping Code - would normally seem to be sufficient to protect all legitimate interests at the same time ensuring that protective measures do not go beyond what is absolutely necessary.
13. A special problem, which the Group has dealt with in consultations with the countries concerned, is the maintenance by a few developed countries of discriminatory country classifications which are explained by historical reasons. In the framework of this classification some developing and some developed countries receive a less favourable treatment than some other developed and developing countries as regards imports of a certain number of products. In the opinion of the Group it is somewhat of an anomaly for a developed country in 1971 to maintain quantitative restrictions which have the effect of treating imports from some developing countries less favourably in the field of quantitative restrictions than imports of the same products from some developed (and some developing) countries, while at the same time being prepared within the framework of the Generalized System of Preferences to grant them preferential treatment in the field of tariffs. During the consultations the countries in question stated that in practice the discrimination against developing countries is much more limited than it looks on paper, a fact that in the opinion of the Group should make it so much more the easier to eliminate the remaining discrimination.

14. The Group recommends that those developed countries still maintaining quantitative restrictions on imports of industrial products (other than textile products) of interest to developing countries establish a programme for the elimination of remaining restrictions at least for all products covered by the Generalized System of Preferences, thereby creating a situation where when the Generalized System of Preferences is put into effect - exports of industrial products from developing countries will meet no barriers in the form of tariffs or quantitative restrictions when imported by developed countries.

Any discriminatory element still maintained to the disadvantage of developing countries should be eliminated without undue delay.

2. Agricultural products

15. Most of the quantitative restrictions still maintained by developed countries on products of interest to developing countries fall within Chapters 1-24 of the Brussels Nomenclature. Furthermore, a number of these measures are very restrictive, in particular as regards temperate zone products. It seems necessary to deal separately with certain groups of agricultural products:

(a) Temperate zone products

16. Over the years innumerable efforts have been made to improve trading conditions for temperate zone products. The obstacles are formidable. Although little progress has been made and retrogression has been seen in some fields, at least a somewhat better understanding of the problems has evolved from the discussions in GATT. It is now generally accepted that for these products quantitative restrictions are only one means of protection and therefore cannot be considered in isolation. Other restrictions such as variable levies may be just as or more restrictive, and government agricultural policies in general may, without interfering directly with imports, have similar effects.
17. The Group has taken as a basis for its consideration and consultations the strong desire of developing countries to see some progress in this field. However, in view of the position taken by developed countries it has come to the conclusion that major progress only seems realistic in the context of general multilateral negotiations comprising the agricultural policies of contracting parties. As long as this whole problem is not tackled in a general way in the context of major multilateral negotiations the countries depending on exports of temperate zone products - including a number of developing countries - will continue to suffer. While awaiting multilateral negotiations attempts should be made to explore possibilities for limited action in this field in favour of developing countries. Such action could inter alia take the form of bilateral agreements along the lines of the arrangements on meat worked out between the EEC and certain countries.

(b) Non-tropical fruits and vegetables, flowers etc.

18. Most developed countries still maintain restrictions often of a seasonal nature on some of these products with a view to protecting their own producers. The consultations carried out seem to indicate that the restrictions have mostly been introduced as a protection against the products of other developed countries. By the same token an elimination of these restrictions is likely to benefit developed countries more than developing countries. At the same time the picture of the remaining restrictions in this field is a somewhat mixed one, some countries maintaining restrictions to a much larger extent than neighbouring countries with similar climatic conditions. It is not clear, for example, why Denmark and Norway find it necessary to maintain quantitative restrictions on a relatively large number of fruits and vegetables when Sweden finds it possible to do with only a few. In the same way it is not apparent why it is necessary for France to control imports on a relatively large number of these products when e.g. the Benelux countries can do without such restrictions.

19. The Group urges those countries which maintain an exceptionally large number of restrictions on fruit and vegetables of particular interest to developing countries, to explore the possibilities of eliminating these restrictions or to progressively liberalize trade in these products.

3. Administration of quantitative restrictions

20. The Group has come to the conclusion following its discussions with developed countries that in certain of these countries a number of possibilities exist for improving the administration of quantitative restrictions in ways which would facilitate better access of products from developing countries to their markets. In this connexion, the Group supports the suggestions made in this regard by the Committee on Trade and Development (COM.TD/79/paragraph 10). The Group also suggests that developing countries make greater efforts to better acquaint themselves with the import regulations and practices of developed countries applying quantitative restrictions to products of interest to them.
B. OTHER NON-TARIFF BARRIERS

21. The Group has not found it possible in the time available, nor very practical, to go deeply into these questions. The field of restrictions is much too varied, and special technical competence is needed to attack most of them. Some brief comments have been exchanged during the consultations with developed countries and a few facts or considerations have emerged, which can perhaps usefully be mentioned at this stage, at the same time stressing the rather haphazard character of this information:

(a) First of all it is possible to strike out of the inventory of non-tariff barriers a certain number of items which either had been included by mistake, or had already been settled in bilateral talks with the notifying country. Some examples, but not all, are mentioned in the individual country papers.

(b) In other cases mentioned in the individual country papers the Group has been informed about steps which have been taken to eliminate or mitigate the restrictions in question.

(c) State monopolies for wine and alcoholic products have been discussed, and it has been argued on the part of most of the countries maintaining such monopolies that they follow purely commercial considerations in their purchasing policies. This may, however, mean that the monopolies show a certain hesitancy in carrying stocks of more unknown brands, often coming from developing countries.

The Group recommends that wine monopolies of developed countries make an effort to include to the largest extent possible wines and other alcoholic products from developing countries in their purchases, thereby creating the opportunity of establishing a market for these products.

Detailed recommendations for individual countries are given in the country papers.

(d) Apart from such specific cases exemplified above, it would seem that progress in the field of non-tariff barriers can normally best be achieved through concerted multilateral action. In attacking the problems of non-tariff barriers, GATT can try to select for priority treatment - on a multilateral basis - those restrictions where the interest of developing countries is relatively speaking the largest. This procedure was followed recently when it was decided in the Committee on Industrial Products to start off with the problems of licensing and customs evaluation. The same considerations should be kept in mind in connexion with future work on non-tariff barriers.

C. TROPICAL PRODUCTS

22. While quantitative restrictions on tropical products have normally been abolished and import duties on these products have been reduced considerably in the context of the Kennedy Round, most developed countries still maintain import duties and internal charges on some or all tropical products. Without being able to go deeply into the matter the Group has concentrated its attention on the following problems with regard to tropical products:

(a) Whether import duties and internal charges on these products are at a level likely to restrict demand significantly.
The extent to which tariff escalation - higher tariffs for the more processed products - exists and protects the processing industries of the developed countries.

The second of these problems will be dealt with in a somewhat larger context in Section D below.

The total incidence of import duties and internal charges, although lower than earlier, is in most developed countries quite considerable. The question which is arguable is, to what extent these relatively high charges restrict consumption. Over the years many studies have been made in this field, and although a meeting of minds among exporting and importing countries is not likely in view of the different interests involved, it seems generally accepted that, ceteris paribus, the charges are likely to affect consumption of at least cocoa products and bananas.

Without prejudice to the question of duties and charges on coffee and tea, the Group recommends that developed countries which maintain import duties and/or internal charges on cocoa and cocoa products and on bananas consider the possibility at the first opportune moment of eliminating or reducing these duties and charges.

Some specific suggestions to that effect are given in the country papers.

23. The Group believes that a solution to the problem of cocoa in general should be sought in the framework of international agreement. The Group hopes that there will be a continuation of efforts to draw up an international agreement for cocoa.

D. THE PROBLEM OF TARIFF ESCALATION

24. In the long and difficult process to move from an economy based mainly on primary products to a diversified developed economy certain paths are easier and more natural to follow than others. Thus for countries producing primary products like oilseeds, coffee beans, cocoa beans, and tea, it is easier to take up processing of these primary products in the country of origin than to venture into fields where no natural raw material base exists. Processing the raw material and exporting the manufactured product will broaden the economic base of the country and increase its foreign exchange earnings.

25. This development process has been and is still today being hampered by the tariff structure of developed countries where low or zero tariffs on raw materials and relatively high tariffs on manufactures and semi-manufactures ensure a protection of the manufacturing process equivalent sometimes to 50 per cent to 100 per cent. The tariff study now underway in the GATT will undoubtedly throw much light on this problem, but even the less sophisticated documentation which has served as a basis for the Group's work gives a clear picture of the situation.

(a) Vegetable oils

26. Here the pattern is very distinct: oilseeds are in practically all developed countries subject to zero (or very low) duties, while these countries at the same time maintain quite substantial duties on vegetable oils thereby ensuring that
processing takes place in the developed country instead of in the developing one producing the oilseed, although the latter from an economic point of view may be better suited for this task than the developed country, the tariff escalation distorting what under liberal circumstances would be the natural structure.

27. The Group is well aware that the problem of tariff escalation on vegetable oils in relation to vegetable oilseeds is a complicated one, which has given rise to comprehensive discussions and studies in GATT, FAO, UNCTAD and elsewhere. Efforts to eliminate and reduce the existing high tariffs on vegetable oils have been hampered by the fact that oils and oilseeds produced in tropical countries cannot be treated in isolation from oils and oilseeds produced in the temperate zone.

28. Without underestimating the difficulties involved the Group is of the opinion that this is an area where a major effort should be made. It is a field where natural advantages of developing countries exist, and where progress would be beneficial to quite a substantial number of countries. Furthermore a potentially very large amount of trade and foreign currency earnings would be involved, while most of the other recommendations in this report addressed to individual developed countries of necessity are of relatively minor economic importance from an overall point of view.

29. The time to tackle the problem seems well chosen, inasmuch as today, within the framework of the Generalized System of Preferences, it may be possible to overcome some of the difficulties, which in the past hampered progress in this field. A modest beginning has been made; some vegetable oils have been included in the various preference lists, but not the items of major importance to developing countries.

30. The Group recommends that developed countries consider the possibility as part of a concerted action of eliminating (or reducing) the import duties on vegetable oils within the context of the Generalized System of Preferences in favour of developing countries.

(b) Coffee, cocoa and tea

31. A problem of tariff escalation also exists for such tropical products as coffee extracts in relation to coffee beans; tea extracts in relation to bulk tea; cocoa paste, cocoa butter, cocoa powder, chocolate in relation to cocoa beans, resulting in many cases in high protection of the manufacturing process. If this protection is maintained principally in order to shield local industries from the competition of other developed countries, it should be possible to exempt the developing countries from the protection by including the processed products in the Generalized System of Preferences. If on the other hand the tariff structure is mainly designed to protect local industries against competition from developing countries, this would seem to be an indication that these countries have a natural advantage in processing the raw materials they grow, and the question again arises, whether the developed countries should in the long run distort what would under liberal trade conditions be the natural structure.
32. The Group recommends that developed countries consider the possibility as part of a concerted action of eliminating (or reducing) the import duties on coffee and coffee products, cocoa and cocoa products, tea and tea products within the context of the Generalized System of Preferences in favour of developing countries.

33. Solutions reached with regard to vegetable oils and tropical commodities would be of particular help to the least developed among the developing countries.

E. OTHER RECOMMENDATIONS OF A GENERAL NATURE

1. Textiles

34. About one third of manufactured exports of developing countries (excluding non-ferrous metals) consist of textiles and clothing. In connexion with its decision to seek a prolongation of the Cotton Textiles Arrangement the Cotton Textiles Committee in May 1970 adopted certain conclusions. In these conclusions the Committee inter alia reaffirmed that the Long-Term Arrangement was to be regarded as an exceptional and transitional measure and agreed to undertake discussion on the state of international trade in cotton textiles and the longer-term development of such trade beyond the period of extension of the Long-Term Arrangement.

The textile problem in a more general context was discussed at an informal meeting in Geneva 31 July - 1 August 1970 between the US, EEC, United Kingdom, and Japan, although presumably from a somewhat different angle, and a proposal that a working party should be set up to study the situation in the textile sector as such, including wool and man made fibres, was in general well received.

The textile problem also was a major issue during the negotiations leading to the Generalized System of Preferences.

Thus the problem of a major examination of the textile problem has been squarely raised. The Group is of the opinion that from the point of view of the developing countries a good case can be made in favour of undertaking such an examination provided the objective clearly is to find liberal solutions and increasing opportunities for developing countries for expanding their sales of textiles in world markets.

35. At present textile industries in developed countries find themselves in the readaptation process which has been necessary in view of increased competition from foreign countries including developing countries. The question is: How much time is needed for this readaptation process? If the process is too slow, economic resources which could be used to better advantage elsewhere is tied up in the protected industries. Those countries which have taken a liberal approach to the problems in the textile sector have today a - perhaps - smaller but better textile industry than those which have followed a more restrictive policy.

36. With the growth rates in exports so far achieved it is to be feared that the readaptation process in developed countries will be much too long and hamper the natural development process in the developing countries. The objective of any study comprising textiles should in the opinion of the Group be to shorten to the largest extent possible the adaptation process e.g. by linking growth rates in exports from developing countries to total consumption in the importing countries.
2. **Studies on the trade problems of individual developing countries**

37. The examination carried out by the Group has taken as its starting point a catalogue of restrictions maintained by developed countries on products of interest to developing countries. Thus it has focused on individual developed countries and tried to establish the possibility of each such country to facilitate the trade of developing countries in general. While this approach has brought to light certain problems and possibilities the Group feels that further progress might be possible if some focus was also placed on the trade problems of individual developing countries.

38. The Group suggests that as a counterpart to the examination now carried out, a series of such studies be undertaken covering the largest possible number of developing countries. Such studies should be carried out by the GATT secretariat on the basis of available statistical and other information and with the cooperation of the individual countries concerned. They should take as their starting point the present trade structure and take into consideration potential future trade possibilities based upon the production structure.

39. The Group recommends that the GATT secretariat be asked to carry out studies of the trade problems of individual developing GATT countries with a view to assisting in establishing a list of priorities as to what problems should first be attacked.

IV. **FINAL REMARKS**

40. The Group of Three was set up by the Trade and Development Committee and shall report to that Committee and the CONTRACTING PARTIES. In view of the informal high-level meeting of contracting parties scheduled for 28-30 April, and the unique opportunity this affords for discussing the trade problems of developing countries the Group has decided to prepare its report in preliminary form in time for that meeting. It hopes that the report and its various recommendations will be given serious consideration by the high-level meeting and by the governments concerned.

41. In order to prepare the final version of its report it will be necessary in the opinion of the Group to carry out in the autumn a follow-up series of consultations with the developed countries with a view to ascertaining to what extent the recommendations in the preliminary report are being followed by the countries concerned. The final version of the report will be drafted in the light of the debate at the high-level meeting and this second round of consultations, and will be submitted to a meeting of the Committee on Trade and Development prior to the twenty-seventh session of the CONTRACTING PARTIES in November this year.
ANNEX

The attached pages set out for each individual developed country in rather schematic form information contained in available GATT documentation or brought out during the Group's consultations with developed countries.

In a number of instances the explanations and justifications given by the countries consulted have been set out without any comments. In a certain number of other cases the Group has addressed to individual countries specific recommendations.

The Group wishes to emphasize that the number of recommendations addressed to countries should not be taken as an indication of the number of restrictions maintained by them. Indeed, in some cases where the number of restrictions is limited, it has been possible to go deeper into the substance and arrive at a sufficiently safe basis for making a recommendation. The same could not unfortunately be done where the number of restrictions was more substantial. Any singling out of countries or any lack of balance as between countries is completely unintentional.

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I. Quantitative restrictions

The Netherlands maintain no quantitative restrictions on products of interest to developing countries.

The few quantitative restrictions still maintained by Belgium/Luxembourg on products of interest to developing countries fall in the following categories:

1. A small number of restrictions on certain fruits and vegetables, cut flowers, hop cones and lupulin

   The Group recommends that Belgium/Luxembourg liberalizes imports of cut flowers, hop cones and lupulin.

2. Ex 28.42 Neutral anhydrous sodium carbonate

   It is expected that this item will be liberalized in the near future as a result of bilateral negotiations.

3. Ex 79.03 Wrought plates, sheets and strips of zinc

   Restrictions are applied only to imports from Yugoslavia, and Benelux representatives have explained that bilateral talks aimed at liberalization are going on. The Group expects that a decision to liberalize these items will be taken at an early date.

4. Items which should be deleted from the list of restrictions

   During the talks with the representatives of Belgium/Luxembourg it was established that no restrictions are maintained for the following products:

   20.07 Fruit juices and vegetable juices

   ex 28.72 Soda ash

   71.03 Synthetic or reconstructed precious or semi-precious stones

   ex 71.12 Tube, pipe of gold or jewellery

III. Tropical products

The Benelux countries maintain no selective taxes on tropical products.

As to remaining import duties see remarks concerning EEC.

IV. Tariff escalation for vegetable oilseeds, oils and cake

See remarks concerning EEC.
FRANCE

1. Quantitative restrictions

The remaining quantitative restrictions notified by developing countries as being of interest to them comprise the following groups of products:

1. **Ex 01.01 Live horses (except thoroughbred breeding animals)**
2. **Ex 02.01 Meat and edible offals**

France considers that the problems affecting these products will have to be dealt with as part of a comprehensive negotiation comprising agricultural trade in general.

3. A certain number of fruits and vegetables, bulbs and cut flowers

While most other developed countries maintaining restrictions in this field rely on seasonal restrictions, France apparently uses a mixture of discretionary licensing, bilateral quotas and - for tomatoes and table grapes - seasonal restrictions.

4. Bananas and pineapples

The reasons for maintaining quantitative restrictions on these products do not seem to be apparent.

The Group recommends that France considers the possibility of liberalizing bananas and pineapples.

5. Certain miscellaneous products (15.11 Glycerol), 12.06 hop cones and lupulin

According to the French representative restrictions are maintained even for imports from other EEC countries.

6. **16.04 Prepared and preserved fish - (sardines, tuna and bonito)**

Quotas applied are said to be non-discriminatory.

7. Products subject to State trading

   22.08 Ethyl alcohol
   ex 34.02 Lubricating preparations of petroleum
   ex 34.04 Artificial waxes
   ex 48.01 Newsprint
8. A certain number of textiles

Country classification

A certain number of the products and groups of products listed above have been liberalized in relation to certain developed and certain developing countries, while they are still subject to quantitative restrictions in relation to certain developed and certain developing countries.

Although the system has its historic explanation and although the actual discrimination against some developing countries - according to the explanations given - appears to be limited, nevertheless it seems difficult to defend the maintenance in 1971 of a discriminatory system of this nature.

The Group recommends that France take the necessary steps to eliminate the system according to which certain developing (and certain developed) countries formally and to a certain extent also in substance are being treated less favourably than some other developing (and developed) countries.

At the same time France should consider the possibility of reducing the number of restrictions on products of interest to developing countries which is relatively large compared with other developed countries.

II. Other non-tariff barriers

The restrictions notified seem to be of a general nature and should be dealt with in a general framework. (See main part of the report.)

III. Tropical products

France maintains a certain number of selective taxes on tropical products.

As to the remaining revenue duties see remarks concerning EEC.

IV. Tariff escalation for vegetable oilseeds, oils and cake

See remarks concerning EEC.
FEDERAL REPUBLIC OF GERMANY

I. Quantitative restrictions

The remaining quantitative restrictions on products of interest to developing countries comprise the following groups of products:

A. Agricultural products

ex 02.01 Meat and edible offals of sheep and
ex 16.02 Other prepared or preserved meat or meat
offal of sheep

A common agricultural policy within EEC is in preparation and the Federal Republic of Germany expects that the quantitative restrictions will disappear when such a common agricultural policy is put into effect. Ex 16.02 will be liberalized in April 1971.

Ex 03.01 Carps, fresh (live or dead), chilled

A common agricultural policy within EEC is in preparation and the Federal Republic of Germany expects that the quantitative restrictions will disappear when such a common agricultural policy is put into effect.

Ex 03.02 Fish, salted in brine, dried or smoked

Will be liberalized shortly.

Ex 05.15 Animal products n.e.s. (shrimps dried)

Will be liberalized shortly.

Ex 06.03 Cut flowers and flower buds

The Federal Republic of Germany hopes to be able to liberalize in the course of 1971.

07.01 B Tomatoes and
07.01 C Other vegetables

Factual liberalization for all products except potatoes which will continue to be subject to seasonal restrictions.

Ex 20.01, ex 20.04, ex 20.05, ex 20.06 Certain preserved fruits and vegetables

Ex 20.04 (except cherries) will be liberalized in the near future. Remaining items remain subject to restrictions.
B. Industrial products

1. Ex 35.01 Casein, not hardened, for use in the manufacture of human or animal foodstuffs

Imports of casein for industrial purposes have been liberalized.

Imports of casein for the manufacture of human or animal foodstuffs come mostly from developed countries subject to quantitative restrictions (Australia and New Zealand).

2. A certain number of textiles

Federal Republic of Germany representatives have stated that out of 113 items in the textile sector only twelve items are still subject to quantitative restrictions. (These figures do not include the items covered by the Long-Term Cotton Arrangement.)

Although imports from a number of developing countries formally are subject to licensing, according to the Federal Republic of Germany representatives imports are in most cases subject to no quantitative restrictions.

3. Certain ceramic products

Restrictions motivated by certain regional problems and by the need to avoid market disruption. Licences freely granted to developing countries.

Country classification

The industrial products and groups of products listed above have been liberalized in relation to certain developed and certain developing countries, while they are still subject to quantitative restrictions in relation to certain other developed and developing countries.

Although the system has its historic explanation and although the actual discrimination against some developing countries - according to the explanations given - appears to be limited, nevertheless it seems difficult to defend the maintenance in 1971 of a discriminatory system of this nature.

The Group recommends that the Federal Republic of Germany take the necessary steps to eliminate the system according to which certain developing (and certain developed) countries formally and to a certain extent also in substance are being treated less favourably than some other developing (and developed) countries.

II. Other non-tariff barriers

The restrictions notified seem to be of a general nature and should be dealt with in a general framework. (See main part of the report.)
III. Tropical products

The Federal republic of Germany maintains some of the highest selective taxes on coffee and tea.

As to remaining revenue duties see remarks concerning EEC.

IV. Tariff escalation for vegetable oilseeds, oils and cake

See remarks concerning EEC.
ITALY

I. Quantitative restrictions

The quantitative restrictions which Italy still maintains on products of interest to developing countries fall in the following categories:

1. A limited number of fruits and fruit and vegetable juices.

The necessity of maintaining the remaining restrictions on most of these products does not seem apparent.

The Group recommends that Italy consider the possibility of eliminating the remaining restrictions on dates, bananas, figs and dried grapes.

This would leave only one item in this group. 28.07 Fruit juices and vegetable juices (except grapefruit and pineapple juice) subject to (discretionary) licensing.

The Italian authorities should, if liberalization is found impossible, consider liberalizing the licensing system, e.g. by fixing global quotas.

2. Products subject to State trading

24.02 Manufactured tobacco
25.01 Common salt
36.06 Matches
ex 36.07 Flints
48.10 Cigarette paper

It is the intention of the Italian Government to abolish the tobacco monopoly and the smaller monopolies on salt, matches, flints and cigarette paper by 1976.

3. Ex 50.04 - 50.07 Silk yarns

Italy has invoked Article XIX of GATT. According to the Italian representative these products are mainly of interest to non-GATT members such as China and USSR.

Italy stated that it has offered to consult with GATT Members, but no country has expressed interest in this offer.

4. Bromine

An automatic licensing system is applied to imports from Israel without any limitation, providing Israel honours certain assurances given in the context of bilateral talks.

5. Ethyl acetate

Italy is prepared to abolish quotas in the context of bilateral discussions which are proceeding with the country affected.
II. Other non-tariff barriers

1. A bill has been presented to Parliament with a view to eliminating the administrative duty and the statistical duty which has been notified by developing countries.

2. Fees for consular endorsement of certificates of origin

Italy states that these were generally applied in keeping with Article VIII of the General Agreement. The matter was under study at present.

III. Tropical products

Italy maintains some very high selective taxes on coffee beans; extracts, essences, concentrates and coffee preparations; cocoa beans, cocoa paste, cocoa butter, cocoa powder and on bananas.

It is reasonable to expect that reductions in taxes on cocoa beans, paste, butter and cocoa powder and on bananas would lead to an increase in the demand for these products.

The Group recommends that Italy consider the possibility of reducing selective taxes on cocoa beans and cocoa products and selective taxes on bananas.

As to remaining import duties see remarks concerning EEC.

IV. Tariff escalation for vegetable oilseeds, oils and cake

See remarks concerning EEC.
EUROPEAN ECONOMIC COMMUNITY

I. Quantitative restrictions

A certain number of products notified by developing countries as being subject to quantitative restrictions in one or more member countries, such as wine, fruit, vegetables, and unmanufactured tobacco, are now covered by common EEC policies in the same way as the major agricultural products. This means that quantitative restrictions have been abolished, and that in most cases other means of protection have been introduced, in particular, the variable levy system.

This system can theoretically have, and has in practice in a number of cases had, as restrictive effects on the exports of products of third countries (including exports from developing countries) as the quantitative restrictions previously applied.

II. Other non-tariff barriers

The few non-tariff barriers notified against the Community appear to be problems of a general nature and should presumably be dealt with in a general framework. (See main part of report.)

III. Tropical products

The common external tariff seems to result in a certain tariff escalation for cocoa paste, cocoa butter, cocoa powder and chocolate in relation to cocoa beans; and for packaged tea and tea extracts in relation to bulk tea.

The Group recommends that the EEC consider the possibility of including a larger number of tropical products in the Generalized System of Preferences and that particular attention in this connexion be given to the problem of tariff escalation.

IV. Tariff escalation for vegetable oilseeds, oils and cake

The pattern of the Common External Tariff is the same as for most other developed countries; low or zero duties on oilseeds and oilcakes, relatively high duties (5 per cent to 20 per cent) on vegetable oils.

The Group recommends that the Community consider the possibility - as part of a concerted action by developed countries - of eliminating the import duty on vegetable oils in the context of the Generalized System of Preferences in favour of developing countries.
AUSTRALIA

I. Quantitative restrictions

It appears that in cases where Australia considers it necessary to provide protection reliance is placed mainly on tariffs. The only quantitative restrictions which are maintained are applied on the following:

(i) **ex 60.04 Certain knitted shirts**

**ex 60.05 Coats, jumpers, cardigans and similar articles not of cotton**

The restrictions have been imposed following formal Article XIX action; according to the Australian authorities they are intended to contain trade at existing levels and not to reduce it.

(ii) **Aluminium ingots**

The Australian representatives stated that it was likely that the problem concerning this item would disappear in the near future.

(iii) **Second-hand motor vehicles and certain second-hand earth-moving and construction machinery**

II. Other non-tariff barriers

Those notified have related to certain provisional anti-dumping measures taken by Australia through the use of cash securities; certain valuation practices; certain health and sanitary regulations relating to oilcake; and mixing regulations on unmanufactured tobacco.

In the case of the first three, Australia is ready to discuss specific cases with developing countries. In the case of unmanufactured tobacco, Australia states that no mixing regulations are applied. Australian firms could import as much foreign tobacco as they wished. Imports could be obtained at a lower rate of duty if importers agreed to use imported tobacco in conjunction with Australian grown tobacco.
III. Tropical products

There are import duties on coffee and coffee products, cocoa and cocoa products, certain tea products, bananas and pepper. There are no selective taxes on these products and the duties are in many cases low.

IV. Tariff escalation for vegetable oilseeds, oils and cakes

The pattern is the same as in most other countries; low and zero duties on certain oilseeds and oilcake, rather high duties (15 per cent to 50 per cent) on the oils.

The Group recommends that Australia considers the possibility - as part of a concerted action by developed countries - of eliminating the import duty on at least some vegetable oils in the context of their preferential system in favour of developing countries.
AUSTRIA

I. Quantitative restrictions

The remaining quantitative restrictions comprise the following groups of products:

1. Certain temperate zone foodstuffs (meat, meat products, butter, grains, wine)
   Austria considered that the problems affecting these products will have to be dealt with as part of a comprehensive negotiation comprising agricultural trade in general.

2. Certain fruits and vegetables (tomatoes, onions, berries)
   Seasonal restrictions comprising a period with no imports, a period with licensing and a period with free imports.

3. Tobacco, manufactured and unmanufactured
   State trading based upon commercial considerations (competitive bidding).

4. Two industrial products
   ex 29.44 Penicillin tyrothricin
   30.03 Medicaments
   Austria explains that the maintenance of restrictions for penicillin etc. is necessary for defense reasons. As other countries find it possible to do without restrictions, it should be possible for Austria to do the same.

   The Group recommends that Austria considers the elimination of the quantitative restrictions on ex 29.44 and 30.03 at an early date.

II. Other non-tariff barriers

(a) Market disruption legislation
   Austria is in the process of enacting legislation which will ensure that Austrian practices will be in conformity with GATT.

(b) Supplementary import charges
   There seems to be a misunderstanding. Austria is not aware of any such charges.
(c) **10 per cent special tax on basket work**

There seems to be some misunderstanding. Austria is not aware of any such tax.

(d) **Tax for foreign trade promotion**

The tax 0.3 per cent is levied on exports as well as on imports.

### III. Import duties and internal charges on tropical products

No selective taxes.

The import duties seem rather high, particularly on cocoa and cocoa products where a reduction is likely to lead to increased consumption.

There is tariff escalation for coffee extracts in relation to coffee beans; cocoa paste, cocoa powder and chocolate in relation to cocoa beans; tea extracts in relation to bulk tea.

The Group suggests that Austria considers the possibility of including more of these products in the Generalized System of Preferences.

The import duty on bananas (23 per cent) has been provisionally suspended. The Group recommends that this provisional suspension of the import duty on bananas be made permanent.

### IV. Tariff escalation for vegetable oilseeds, oils and cake

The pattern is the same as in most other developed countries. Oilseeds, oils unfit for human consumption, and oilcake are free of duty, while oils fit for human consumption are subject to import duties of 12 per cent or 15 per cent ad valorem.

The Group recommends that Austria considers the possibility – as part of a concerted action by developed countries – of eliminating the import duty on oils for human consumption in the context of the Generalized System of Preferences in favour of developing countries.
I. Quantitative restrictions

The only quantitative restrictions notified by developing countries are certain dairy products (butter, milk and cream), and ethyl alcohol for industrial purposes.

Canada considers that the problems in the dairy sector will have to be dealt with as part of a comprehensive negotiation comprising agricultural trade in general.

Ethyl alcohol for industrial purposes is subject to State trading in the same way as liquor for consumption (see below).

II. Other non-tariff barriers

(a) The monopolies operated by Canadian provincial liquor boards on commercial lines have the effect of excluding, in some instances, wines and liquors from developing countries.

The Group recommends that the Canadian Federal Government make every effort to persuade the Provincial Liquor Boards to facilitate the acceptance of listings of alcoholic products from developing countries on a priority basis.

(b) State trading in wheat and wheat flour, barley. This notification is based on a mistake, the State trading is on exports not on imports.

(c) Fair market value

The arbitrary fixing of fair market value in certain cases seems in particular to affect imports from developing countries.

Canada should pending a possible change in its valuation system try to administer the system in such a way as not to discriminate against developing countries.

(d) Exemption or refund of customs duties

The case notified has according to the Canadian representative been settled in bilateral negotiations with the notifying developing country.

(e) Production or turnover tax

According to the Canadian representative this is only a general sales tax with no discrimination against imported products.
(f) **Countervailing and anti-dumping duties**

Canada accepts that injury would have to be proved, and in general that the legislation must be adapted so as to be in conformity with the Anti-Dumping Code.

**III. Import duties and internal charges on tropical products**

No selective taxes.

The import duties and internal charges on tropical products are relatively modest for coffee, tea, bananas and pepper, but rather high (15 per cent import duty plus 12 per cent sales tax) on chocolate. At the same time there is tariff escalation for cocoa products.

Under the Generalized System of Preferences some reduction of import duties will take place.

The Group suggests that Canada considers the possibility of reducing further (or eliminating completely) import duties on cocoa products and chocolate in the context of the Generalized System of Preferences.

**IV. Tariff escalation for vegetable oilseeds, oils and cake**

The pattern is the same as in most other developed countries. Oilseeds and oilcake are free, while oils carry an m.f.n. import duty of 10 per cent to 17.5 per cent. Certain vegetable oils will be reduced to the British Preferential rates of free or 12.5 per cent ad valorem as part of the Generalized System of Preferences.

The Group recommends that Canada consider the possibility – as part of a concerted action by developed countries – of eliminating the import duties on oils in the context of the Generalized System of Preferences in favour of developing countries.
DENMARK

I. Quantitative restrictions

No quantitative restrictions for industrial products notified.

The remaining quantitative restrictions comprise the following groups of products:

1. Certain temperate zone foodstuffs (meat, butter, grains, sugar)

Denmark considered that the problems affecting these products will have to be dealt with as part of a comprehensive negotiation comprising agricultural trade in general.

2. Certain fruits and vegetables, bulbs and cut flowers, fruit juices other than citrus juices

According to Danish representatives only few of the items are of interest to developing countries. Most imports under global quotas come from developed countries, e.g. the Netherlands. Seasonal restrictions for vegetables; in the "open" period import possible from all sources according to wish of importer.

3. Products covered by special legislation dating back to the time before GATT

11.08 Starches, and 22.08 Ethyl alcohol.

4. Certain other agricultural products

15.02 Edible tallow etc.

It is difficult for the Group to understand the need for restrictions when imports of margarine are free. It is suggested that Denmark consider the possibility of liberalizing edible tallow etc.

04.06 Natural honey

Only 60 per cent of the global quota is being utilized. Under these circumstances it is difficult to understand the need for restrictions.

The Group recommends that Denmark consider liberalizing 04.06, natural honey.

15.01 Sausages and the like

16.02 Other prepared or preserved meat

Less than half of the global quotas for these products are being utilized.
The Group recommends that Denmark consider liberalizing 16.01, sausages and the like, and 16.02, other prepared and preserved meat or meat offal.

II. Other non-tariff barriers

Standards; sanitary regulations etc. all appear to be problems of a general nature and should be dealt with in a general framework. (See main part of the report.)

Notification concerning government procurement seems to be a mistake; no discriminatory regulations concerning government procurement in Denmark.

III. Tropical products

The selective taxes on cocoa paste, cocoa butter, cocoa powder and chocolate seem high and likely to restrict consumption.

Tariff escalation for chocolate in relation to cocoa beans.

The Group recommends that Denmark considers the possibility of including chocolate and other preparations containing cocoa in the Generalized System of Preferences.

IV. Tariff escalation for vegetable oilseeds, oils and cake

The pattern is the same as in most other developed countries: oilseeds and oilcakes are free of duty, while oils are subject to duties of 3 per cent and 12 per cent ad valorem.

The Group recommends that Denmark consider the possibility as part of a concerted action by developed countries of eliminating the import duties on vegetable oils in the context of the Generalized System of Preferences in favour of developing countries.
I. Quantitative restrictions

The Japanese list of residual quantitative restrictions on products notified as being of interest to developing countries is one of the longest of the lists considered by the Group. However, during the consultations the Japanese representatives stated that the list would be reduced substantially by the end of September 1971, i.e. twenty of the remaining eighty items would be liberalized by the end of April 1971 and twenty additional items by 30 September 1971. The quantitative restrictions which will remain will comprise the following groups of products.

1. A certain number of temperate zone foodstuffs (certain meats, dairy products, grains)

The Japanese representatives considered that the problems affecting these products will have to be dealt with as part of a comprehensive negotiation comprising agricultural products in general.

2. Certain fish and fish products

The restrictions are applied to provide protection against imports from a neighbouring country.

3. Certain fruits and vegetables

The Japanese Government tries to shift production from rice, where there is a considerable surplus, to dairy products and fruit growing.

4. Unmanufactured tobacco and common salt

Unmanufactured tobacco and common salt for human consumption is subject to State trading, while salt for industrial purposes is under liberal licensing.

5. Leather and footwear

According to Japanese representatives it is difficult to liberalize at present because of certain internal problems.

The Group welcomes the very substantial reduction by Japan of the number of quantitative restrictions which will take place in April and September. However, in view of Japan's place as a major trading nation, and the fact that a liberal policy by Japan would encourage other developed countries to intensify their efforts in a similar direction, the Group urges the Japanese Government to pursue vigorously this policy of liberalization.
II. Other non-tariff barriers

(a) According to the Japanese representatives there are no direct subsidies to shipbuilding. The assistance given is to shipping companies, which benefit from lower interest rates than the normal market rates when they buy ships built in Japan.

(b) The import deposit scheme has been abolished.

(c) The Group suggests that the two non-tariff barriers notified by Korea, "Cargo receipt method of payment" and "Charges by Japanese Laver Wholesalers Association" be settled through bilateral talks.

The other non-tariff barriers appear to be problems of a general nature and should presumably be dealt with in a general framework. (See main part of the report.) As far as some of the sanitary regulations are concerned the problems could be taken up in bilateral talks with notifying countries.

III. Tropical products

There are import duties but no selective taxes on coffee products, cocoa and cocoa products, tea and tea products, bananas and pepper.

A commodity tax exists for coffee and coffee products, bulk tea and packaged tea.

There is some tariff escalation on coffee products, cocoa products and processed pepper.

The import duty on bananas is very high; statutory rate 30 per cent, temporary rate 60 per cent.

The Group recommends that Japan consider the possibility of eliminating or reducing the duty on bananas.

The Group suggests that Japan considers the possibility of reducing further (or eliminating completely) import duties on cocoa products and chocolate and other preparations containing cocoa, in the context of the Generalized System of Preferences.

IV. Tariff escalation for vegetable oilseeds, oils and cake

The pattern is the same as in most other countries; low and zero duties on oilseeds and oilcakes, relatively high duties (10 per cent-25 per cent) on oils.

The Group recommends that Japan consider the possibility - as part of a concerted action by developed countries - of eliminating the import duty on vegetable oils in the context of the Generalized System of Preferences in favour of developing countries.
NORWAY

1. Quantitative restrictions

The remaining quantitative restrictions comprise the following group of products.

1. Certain temperate zone foodstuffs (meat and dairy products)

Norway considered that the problems affecting these products will have to be dealt with as part of a comprehensive negotiation comprising agricultural trade in general.

2. Certain fruits and vegetables, bulbs and cut flowers, fruit juices other than citrus fruit

The restrictions take the form of seasonal restrictions, global quotas and discretionary licensing, sometimes a combination of global quotas and discretionary licensing.

The Norwegian representatives have explained that the discretionary licensing is handled in a non-discriminatory way.

3. Certain other agricultural products

17.02 Other sugars, sugar syrups, artificial honey ..., caramel
17.03 and ex 17.05 Molasses
19.02 Preparations used as instant food or for dietetic or culinary purposes
19.04 Tapioca and sago, and substitutes
10.06 Rice
23.02 Bran, sharps and other residues.

The argument which has been advanced that most of these products can be related to other temperate zone foodstuffs and thus would be dependent upon general solutions being worked out in multilateral negotiations would not seem to apply at least to 10.06 Rice.

The Group recommends that Norway consider liberalizing imports of rice, at least rice for direct human consumption.

4. Certain alcoholic products

- Norway stated that the State monopoly follows a purchase policy based upon commercial considerations.
The Group recommends that the Norwegian State monopoly on wines and liqueurs makes an effort to include to the largest extent possible wines and other alcoholic products from developing countries in their purchases, thereby creating the possibility of establishing a market for these products.

II. Other non-tariff barriers

Standards and sanitary regulations appear to be problems of a general nature and should presumably be dealt with in a general framework. (See main part of the report.)

III. Tropical products

Selective taxes on chocolate seem high and likely to restrict consumption. In addition chocolate and other preparations containing cocoa are not included in the Generalized System of Preferences.

The Group suggests that Norway consider the possibility of including chocolate and other preparations containing cocoa in the Generalized System of Preferences.

IV. Tariff escalation for vegetable oilseeds, oils and cake

The pattern is the same as in most other developed countries. Oilseeds and oilcakes are free of duty, while oils are subject to duties of 4 per cent to 11 per cent ad valorem.

The Group recommends that Norway consider the possibility as part of a concerted action by developed countries of eliminating the import duty on oils in the context of the Generalized System of Preferences in favour of developing countries.
SWEDEN

I. Quantitative restrictions

Only three items of interest to developing countries have been notified:

02.01 Horse meat, pork and edible offals

The Swedish representative has stated that the licensing system is maintained in order to follow movements of imports and prices and that all licences are granted.

08.06 Apples and pears

These are subject to seasonal restrictions but because of climatic differences are not believed to affect developing countries significantly.

22.09 Other spirits, liqueurs and other spirituous beverages

The Swedish representatives stated that these are subject to State trading by which the State monopoly bases its purchasing policy on purely commercial considerations. This may admittedly hamper the introduction of new brands e.g. from the developing countries because of hesitancy on the part of the monopoly in holding stocks of too many brands.

The Group recommends that the Swedish State monopoly on wines and liqueurs makes an effort to include to the largest extent possible, wines and other alcoholic products from developing countries in their purchases, thereby creating the possibility of establishing a market for these products.

II. Other non-tariff barriers

Sweden maintains a 14 per cent sales tax on furs and carpets. Parliamentary action to abolish this tax as from 1 January 1972 has been initiated.

The other non-tariff barriers notified appear to be problems of a general nature and should presumably be dealt with in a general framework. (See main part of report.)

III. Tropical products

Sweden maintains selective taxes on coffee beans, coffee extracts and chocolate. In addition sweetened cocoa powder and certain other preparations containing cocoa are not included in the Generalized System of Preferences.

The Group suggests that Sweden considers the possibility of including sweetened cocoa powder and certain other preparations containing cocoa in the Generalized System of Preferences.
IV. Tariff escalation for vegetable oilseeds, oils and cakes

Sweden maintains no fixed import duty on oilseeds, oils and cakes, but operates a variable levy system. The Group has in the time available not been able to evaluate this system from the point of view of tariff escalation.
I. Quantitative restrictions

The remaining quantitative restrictions notified by developing countries comprise the following groups of products:

1. Live horses

The Swiss representatives explained that Switzerland was obliged to apply restrictions for certain social and internal reasons.

2. Certain temperate zone foodstuffs (meat, butter, grains)

The Swiss representatives considered that a solution to the problems affecting these products will have to be dealt with as part of a comprehensive negotiation comprising agricultural trade in general.

3. Onions, berries and cut flowers

Onions, berries and cut flowers are subject to seasonal restrictions. For cut flowers one bilateral quota remains which the Group recommends be lifted.

4. Wine and other alcoholic products

There are no restrictions on wines in bottles (up to 1 litre). Wine in casks is restricted. Only spirits which contain more than 75 per cent alcohol are subject to restrictions.

II. Other non-tariff barriers

The Swiss representatives stated that the statistical fee is applied to imports of rice from all sources.

The proceeds are used for rice publicity. The compulsory warehousing charges notified are also applied to Swiss commodities.

Other non-tariff measures appear to be problems of a general nature and should presumably be dealt with in a general framework. (See main part of report.)

III. Tropical products

The import duties are relatively low - except for bananas where the specific duty corresponds to 23.3 per cent ad valorem.
A certain tariff escalation exists for cocoa products in relation to cocoa beans and tea extracts in relation to bulk tea. This escalation will disappear or be diminished when the Generalized System of Preferences is implemented.

There are no internal charges for tropical products.

The Group recommends that Switzerland considers the possibility of eliminating or reducing the high import duty on bananas.

IV. Tariff escalation on vegetable oilseeds, oils and oilcake

The pattern is the same as in most other countries: import duties on oilseeds, oils for industrial purposes, and oilcakes are negligible, while oils for human consumption are subject to import duties ranging from 3 per cent to 12 per cent ad valorem.

The Group recommends that Switzerland considers the possibility - as part of a concerted action by developed countries - of eliminating the import duties on oils for human consumption in the context of the Generalized System of Preferences in favour of developing countries.
UNITED KINGDOM

I. Quantitative restrictions

The remaining quantitative restrictions comprise the following groups of products of interest to developing countries.

1. Certain temperate zone foodstuffs (meat and dairy products)

The United Kingdom representatives considered that the problems affecting these products will have to be dealt with as part of a comprehensive negotiation comprising agricultural products in general.

2. Certain fruits and vegetables

Only a few products of interest to developing countries are restricted.

3. Certain jute products etc.

   57.06 Yarn of jute
   ex 57.10 Jute cloth
   ex 62.03 New sacks and bags

After exploring the reasons and explanations given for maintaining the restrictions on these products, the Group recommends that the United Kingdom consider the possibility of liberalizing these products.

II. Other non-tariff barriers

One of the cases notified (import regulation on poison contents in pencils) has been satisfactorily settled. The other non-tariff barriers appear to be problems of a general nature and should presumably be dealt with in a general framework. (See main part of the report.)

III. Tropical products

The United Kingdom seems to maintain a certain tariff escalation:

   Coffee extracts in relation to coffee beans;
   chocolate in relation to cocoa beans;
   tea extracts in relation to bulk tea.

On the other hand no selective taxes exist on tropical products.

The most-favoured-nation duty rate on bananas, 13.7 per cent ad valorem, favours imports from certain developing countries.
IV. Tariff escalation for vegetable oilseeds, oils and oilcake

The pattern is somewhat different from most other countries. Thus there is no tariff escalation for products exported from countries benefiting from British preferential treatment; imports of oilseeds, oils and cake normally being free of duty when imported from these countries.

Tariff escalation normally exists for imports from other sources, the oilseeds normally being duty free or subject to a duty somewhat lower than the 15 per cent duty which is the most common one for oils.

While most countries allow duty-free import of oilcakes, the United Kingdom maintains a 10 per cent duty on imports from outside the British preferential area.

The Group recommends that the United Kingdom consider the possibility - as part of a concerted action by developed countries - of eliminating the import duty on oils in the context of the Generalized System of Preferences in favour of developing countries, and consider the possibility of eliminating the most-favoured-nation duty on oilcakes.
I. Quantitative restrictions

The United States maintains only few formal quantitative restrictions of interest to developing countries. The notifications submitted to GATT by these countries comprise only the following quantitative restrictions on dairy products:

04.02 milk and cream
04.03 butter
04.04 cheese and curd

To complete the picture the following items also are subject to quantitative restrictions and are also of interest to developing countries, but for some reason have not been notified:

10.01 wheat
11.01 wheat flour
ex 12.01 peanuts
17.01 sugar

55.01 long and short staple cotton;
ex 55.03 cotton waste
ex 55.04 cotton waste

The United States representatives considered that the problems affecting these products will have to be dealt with as part of a comprehensive negotiation comprising agricultural products in general.

The United States maintains no formal quantitative restrictions on industrial products, but has as a result of negotiations with certain countries, including developing countries within the framework of the Cotton Textiles Arrangement agreed on export restraints with these countries to keep their exports to the United States of a number of cotton textile products within certain limits. Although from a formal and legal point of view these restraints are different from quantitative import restrictions, the effect on the economies of the exporting countries might be more or less the same.

The problem of trade in textiles is a general one which has been dealt with in various ways by individual developed countries. Some countries, for example, apply quantitative import restrictions, while others obtain export restraints on the part of the exporting countries. As pointed out in the main section of the report the textile problem should in the opinion of the Group be taken up within the context of a general examination comprising both types of restrictions taking into account in particular the interests of developing countries.
II. Non-tariff barriers

The non-tariff barriers appear to be problems of a general nature and should presumably be dealt with in a general framework. (See main part of the report.)

III. Tropical products

There are no selective taxes on tropical products. Coffee, coffee extracts; cocoa beans, cocoa paste; bulk tea, packaged tea, tea extracts and bananas are all duty free, while low duties exist for cocoa butter, cocoa powder, chocolate and other preparations containing cocoa and pepper. The United States has offered duty-free entry on most of these within the framework of the Generalized System of Preferences.

IV. Tariff escalation for vegetable oilseeds, oils and cakes

The pattern is the same as in most other countries; low or zero duties on oilseeds, relatively high duties on oils, low duties on cakes. Only castor oil has so far been included in the United States offer on general preferences to the developing countries.

The Group recommends that the United States consider the possibility – as part of a concerted action by developed countries – of eliminating the import duties on vegetable oils in the context of the Generalized System of Preferences in favour of developing countries.