

ANNEX ALIGHT ENGINEERING GOODS (Cont'd)(a) Bicycles (Draft)

The Committee examined the possibilities of less-developed countries expanding their exports of bicycles. It noted that in a number of less-developed countries the manufacture of bicycles was approaching current domestic demand and that at least one such country had recently started exporting to neighbouring less-developed countries. The Committee recognized that in addition to entering the markets of other less-developed countries, manufacturers in the less-developed countries should be afforded every opportunity to secure markets in the more industrialized countries. The Committee noted in this regard that while in certain industrialized countries per capita demand of bicycles was decreasing, in other industrialized countries demand was increasing. In both instances, however, domestic production and exports by the industrialized countries concerned were decreasing and the proportion of their domestic markets being supplied by imports was rising. With competitive prices, effective marketing methods and high quality products, less-developed countries could expect to share in these important markets.

The Committee noted, however, that in many countries, including a number of industrialized countries, imports of bicycles were subject to quantitative restriction. Most industrialized countries, however, did not

apply restrictions on bicycles.

There were high levels of tariffs on bicycles in many countries. More than one-half of contracting parties applied tariffs of 20 per cent or more on bicycles and over one-third of contracting parties applied tariffs of 30 per cent or more. It was stressed that a number of the less-developed countries applying high customs duties did so for revenue purposes or to protect newly established domestic industries. The Committee, however, recognized that high tariffs were a barrier to trade whether they were imposed for protective or revenue purposes. It was also pointed out that in certain industrialized countries high customs duties appeared to be protecting efficient bicycle industries which no longer required protection at a high level.

The Committee also noted that there were internal fiscal charges in most important industrialized countries, which, although non-discriminatory in that they were applied equally to domestic and imported bicycles, nevertheless contributed towards higher prices to the consumer. The effect on price was particularly marked when high internal charges were levied in conjunction with high tariffs.