

5 October 1960

Committee III - Expansion of TradeANNEX ALIGHT ENGINEERING GOODS (Cont'd)(d) Diesel Engines (Draft)

In their discussion of the possibilities of less-developed countries expanding their exports of diesel engines, the Committee took into account the capital equipment character of this product. Diesel engines were an economical source of power and had many special uses, for example, where there was no electric power available or where the use of electric motors was impractical such as in most transport equipment, tractors, marine engines, etc. This wide range of actual and potential users provided a large and increasing market for diesel engines. The Committee recognized that although industrial countries were at present the main users of diesel engines and were likely to use considerable numbers of diesel engines of all sizes, the relatively greatest need for engines up to 50 h.p. was in the developing countries. The Committee also recognized that diesel engines, although well within the capacity of a number of less-developed countries, were sufficiently difficult to manufacture and export without the added obstacles of tariffs and non-tariff measures confronting less-developed countries in export markets.

Having these considerations in mind the Committee noted that almost one-half of all contracting parties had rates of duty on diesel engines of 15 per cent or more. The Committee also noted that in many instances the duties were higher on the smaller and simpler engines than on the larger and more complex types. Members of the Committee pointed out that this tariff differentiation, especially when it was applied by industrial countries which were themselves efficient producers and exporters of all types of diesel

engines, appeared to reflect a historical rather than a current need for the protection of domestic manufacturers. Tariffs on these items were an impediment to the expansion of exports from less-developed countries especially so as the less-developed countries were generally producing only the smaller and simpler types of motors. The Committee expressed the hope that all contracting parties would consider their tariff structure on diesel engines with a view to facilitating the expansion of the export earnings of the less-developed countries.

The Committee also noted that more than one-half of all contracting parties continued to impose import restrictions on diesel engines. The Committee recommended that those contracting parties who retained such restrictions would review them at an early date with a view to increasing the possibilities for less-developed countries to expand their exports of this product.