

5 October 1960

Committee III - Expansion of TradeANNEX ALIGHT ENGINEERING GOODS (cont'd)(e) Electric Motors (Draft)

In discussing the possibilities of less-developed countries increasing their exports of electric motors, the Committee noted what appeared to be a trend towards a reduction in the share of production of electric motors which entered into international trade. Approximately 5.5 per cent of production in 1954 entered international trade compared to 3.5 per cent in 1959. The Committee considered that in view of the highly competitive market for this item which made the entry of new suppliers into established markets very difficult, it was particularly desirable that the less-developed countries should be afforded every opportunity to expand their exports of these products. The Committee noted that at present at least one less-developed country had considerable experience in the production of electric motors. This country had more than doubled its production during the last five years and was now in a position to expand significantly exports of certain types of electric motors.

Having these considerations in mind the Committee noted that tariff rates of less than 10 per cent were in force in less than one-quarter of contracting parties. More than one-half of contracting parties had tariffs of 15 per cent or more and one-quarter applied tariffs of 25 per cent or more. The Committee recognized that high duties on capital equipment goods such as electric motors, were detrimental not only to trade, but also to economic development.

The Committee also noted that more than one-half of all contracting parties continued to control imports of electric motors. Furthermore, a few countries applied charges on imports of electric motors which were sufficiently high to be a real impediment to the expansion of trade in these markets.