

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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PROGRAMME OF CONSULTATIONS ON TRADE LIBERALIZATION

RUBBER AND RUBBER ARTICLES

Informal record prepared by the secretariat

1. The consultation on rubber and rubber articles was held on 18 March 1982 under the acting Chairmanship of Mr. P. Barthel-Rosa (secretariat).
2. As a basis for the consultation, the secretariat had prepared document COM.TD/W/339 and Add.1 containing detailed information on the commercial policy situation, trade flows, and other factors affecting trade in rubber.

General comments on trade in rubber

3. The representative of Malaysia said that he could note with satisfaction that there were now relatively few problems of access for rubber and rubber products. He expressed appreciation for the substantial tariff reductions that had been made since the Kennedy round. Highlighting the importance of the production of rubber and rubber goods for employment and export earnings in Malaysia, he said that some 400,000 smallholders grew natural rubber in his country on between 2.6 million and 2.7 million acres. In addition there was an estate sector accounting for 35-36 per cent of the total acreage under rubber. The main problems presently facing the rubber industry were fluctuating prices and competition from synthetics. While he was confident that the Malaysian industry could meet the competition from synthetics, even in the face of the somewhat lower oil prices now obtaining, he was not so confident about overcoming

the problem of price instability. In this connexion, he expressed appreciation for the cooperation of many importing countries in the establishment of the International Natural Rubber Agreement and appealed for their full participation in ensuring that the Agreement worked effectively and that any necessary improvements to the framework for international co-operation in this area were made. In conclusion, he stressed the efforts that his country had made in the fields of research and development and extension work, to develop and apply new and improved methods of producing and presenting rubber for export as well as new end-uses for rubber. He added that, in order to assist manufacturers in importing countries overcome technical problems with the use of rubber, his country had established technical advisory bureaus in several centres in Europe.

4. The representative of the European Communities said that the unfavourable general economic situation and prospects in most importing countries were having adverse repercussions on rubber using industries, particularly the automobile industry; this was, in turn, giving rise to pressure on rubber prices. He reaffirmed the support of the Communities for the International Natural Rubber Agreement and expressed the hope that it would aid the achievement of price stability. While noting that there had been some difficulty in respecting the time-limit for ratification of the Agreement originally provided for, he hoped that the Agreement would formally enter into force soon.

Tariffs and tariff escalation

5. The representative of Malaysia said that problems of tariff escalation were less marked for rubber than for many other tropical products. He felt that this was a reflection of the fact that natural rubber producing countries exported rubber primarily in a raw form, whether, in the case of

Malaysia, as specialized rubber under the SMR scheme or as ribbed, smoked sheets (RSS rubber). Domestic processing of rubber currently absorbed only some 2-3 per cent of Malaysian rubber output. The specific tariff problems that existed mainly affected certain products derived from rubber, such as thread, cord and gloves. Production of these items was presently being promoted in various parts of Malaysia. He expressed the hope that these remaining problems of access could be responded to by the introduction or improvement of GSP treatment, or by the lowering of m.f.n. tariffs.

Specific suggestions

6. The representative of Malaysia put forward the following specific suggestions for improved tariff treatment:

- Australia: Rubber products falling under tariff positions 40.07, 40.08, 40.14 and 40.11.300: reduction of GSP rates (to 15 per cent, 10 per cent, 10 per cent and 10 per cent respectively).

Rubber products under 40.11.900: preferential duty under the GSP.
- Finland: Reduction of m.f.n. duties on rubber tyres and tubes.
- New Zealand: Rubber and rubber products falling under 40.01.001, 40.08, 40.13: reduction of GSP rates (to 5 per cent, 20 per cent and 15 per cent respectively).

Rubber products falling under 40.14: m.f.n. tariff reduction or preferential duty under GSP.
- United States: Rubber gloves falling under TSUS 70582 and 70586 (CCCN 40.13): introduction of GSP free.