

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## IMPLEMENTATION OF THE CONCLUSIONS OF MINISTERS RELATING TO THE ACTION PROGRAMME

### Addendum

The following additional contracting parties have submitted reports on action taken by them during the period 1 July 1963 and 30 June 1964, in implementation of the Programme of Action in compliance with the request contained in GATT/AIR/397: Australia, Canada, Czechoslovakia, Denmark, Finland, Pakistan and the United States. These reports are reproduced below.

#### Australia

"Since its last report under this Programme, Australia has removed import duties on bulk tea and cocoa beans, has reduced correspondingly the duties on packaged tea and has reduced duties on sewing machine heads."

#### Canada

"Canada removed the tariff on tea as of 1 January 1964; no action was required in respect of tropical timber because duty-free entry has been accorded for many years.

With regard to measures envisaged for the next twelve months, it should be noted that the Canadian authorities are now in the midst of preparations. In this connexion, the Canadian representatives to the May 1963 meeting of Ministers agreed to ensure, as far as possible, that products of special interest to developing countries would be included in the Canadian offer list. Canadian representatives subsequently reaffirmed this undertaking at the recent meeting of the Trade Negotiations Committee at ministerial level on 4-5 May."

#### Czechoslovakia

"In December 1963 Czechoslovakia suspended tariffs on a number of imported raw materials, semi-products and products of special export interest to developing countries as identified in the lists drawn up by Committee III. With regard to raw materials and agricultural products, import duties have been suspended in

particular on cocoa beans, coffee, tea, tobacco, various vegetables, rice, oilseeds, vegetable oil, meat and lead. As far as semi-products are concerned, duties have been suspended inter alia on cotton yarns, jute yarns, leather, various tanning extracts and mica-slabs. With regard to finished products and processed foodstuffs, the suspension of duties covers inter alia, tyres and tubes, tinned or otherwise prepared fish, fruits, meat and other foodstuffs. The implementation of the above-mentioned measures in the field of tariffs is accompanied by simultaneous implementation of measures in the field of planning which are similarly aimed at an expansion of the total volume and pattern of exports from developing countries to Czechoslovakia. It is anticipated that as a result of all these measures Czechoslovak imports from developing countries will in the course of 1964 increase in respect of, in particular, coffee, cocoa, tropical fruits, some cereals, conserved fruits, juices and some consumer goods including textiles, processed foodstuffs and tyres.

Within the framework of its general economic policy, which makes it possible to take effective measures also in the field of production, Czechoslovakia will purposefully facilitate a growing participation of products of interest to developing countries in its steadily expanding market. It is anticipated that as a result of measures of this nature, which will be taken in the future, the total turnover of Czechoslovakia's trade with developing countries will by the year 1970 approximately double, reaching a value of approximately US\$900 million. This anticipated increase in total turnover will include a corresponding expansion of imports of raw materials, foodstuffs, as well as semi-finished and finished products. Czechoslovakia is endeavouring to create the necessary favourable conditions to assure that the import of tropical fruits will, within this period, reach a level approximately three times, and that of coffee, cocoa and foodstuffs approximately twice as high as at present."

#### Denmark

"Denmark has, as a part of its implementation of the Action Programme, as from 31 December 1963 removed the Danish duty on tea in force till then. The rate of duty was 2.70 Danish Crowns per kg. (having an incidence of 25 per cent) and the removal means a reduction of 4 million Danish Crowns yearly in customs receipts.

There has not for several years been a duty on tropical timber.

As from 1 July 1963 a considerable part of the remaining Danish import restrictions was removed, including restrictions on a number of groups of articles of special interest to the developing countries.

Of those products, which are included in the three lists drawn up by Committee III, the following were liberalized: twine, cordage, ropes and cables of coconut fibres, electrical motors and cycles.

On that occasion liberalization was also extended to the following products which are included in those new lists A (cf. document Spec(64)6) and B (cf. document Spec(64)6/Add.1) discussed by Committee III: bottles and containers of glass etc.; plates, sheets and strip of unvulcanized rubber; and flooring material of agglomerated cork.

At a further liberalization as from 1 January 1964, the following products, which are included in the two above-mentioned lists were liberalized: dried vegetables; a considerable number of kinds of preserved fruits and vegetables; fire hoses of rubber; and articles of cork and agglomerated cork, apart from flooring material which was liberalized as from 1 July 1963.

Finally the following products, identified as being of export interest to developing countries, were liberalized as from 1 July 1964: mats and certain other articles of unhardened vulcanized rubber; tubings of rubber; and wafers and cakes.

Consequently the vast majority of the products drawn up in the supplementary lists included in document Spec(64)6 with addenda, and in which the developing countries have indicated particular interest, have been liberalized. The Danish authorities will, however, continue to give consideration to the question of eliminating the few remaining quantitative restrictions.

I can add that Denmark has not during the preceding year adopted measures contrary to the standstill provision in paragraph (1) in the Action Programme."

#### Finland

##### "I. Steps taken during the past year to implement the Action Programme

##### (i) Standstill provision

No new tariff or non-tariff barriers have been erected by Finland against the export trade of any developing country in respect of the products identified as being of particular interest to the developing countries.

It is to be noted in this connexion that, although the general turnover or purchase taxation systems in various countries have not been subject to detailed study within the framework of the GATT, a new Turnover Tax Act, introducing far-reaching reforms, entered into force in Finland in the beginning of 1964. Under the previous law the tax rate on imported goods was generally 25 per cent of the landed value. According to the new law imported goods are subject to a tax of 11.2 per cent of the landed value, and also sales by retailers are taxed at the rate of 10 per cent of the difference between the retailers' purchase and selling price.

It has to be emphasized that the tax levied on imported goods is applied equally to domestic products. Practically all categories of goods are now subject to the turnover tax. Under the provisions of the previous law a number of consumer goods were exempted from tax. The overall impact of the tax revision on prices has been that the prices of certain consumer goods have risen, but the prices of others have been reduced, in some cases by up to 7 per cent.

The import duties on farm produce were replaced in 1962 partly by fixed and partly by variable import levies. The variable levies can be altered by the Government according to fluctuations in world market prices. These fluctuations have necessitated during the past year certain minor upward and downward changes in these levies.

(ii) Elimination of quantitative restrictions

The quantitative restrictions still in force in Finland are maintained for balance-of-payments reasons. Accordingly, no quantitative restrictions are applied which could be considered as inconsistent with the provisions of the GATT.

Imports into Finland from the so-called "multilateral" countries (area with which trade is conducted in convertible currency) can be divided into three groups, i.e., licence-free imports, imports under global quotas, and imports subject to individual licence. Practically all the developing countries fall under the scope of this import system. Some 20 per cent of the imports coming from these multilateral countries is covered by the global quotas, less than 5 per cent is subject to individual licensing and the rest, or about 76 per cent of imports, is free from any quantitative restrictions. The scope of the last mentioned category (licence-free entry) was extended as from 1 January 1964, and quota restrictions were removed from the following items, identified as being of particular interest to the developing countries:

<u>Finnish tariff</u> <u>heading</u>	<u>Description of goods</u>
20.02.131	Tomato pulp or paste in airtight containers with dry weight content of not less than 25 per cent tomato, wholly of tomato and water, with or without salt or other preserving, seasoning or flavouring ingredients
41.01.110/190	Raw hides and skins, for use as furskins
41.02.150/390	Sole and insole leather of bovine cattle leather
41.05.001/003	Sole and insole leather of other kinds of leather
42.05.100/901	Pieces of leather or of composition leather, stamped or cut out in special forms but not further manufactured; leather parts for braces or belts

<u>Finnish tariff heading</u>	<u>Description of goods</u>
55.08.000	Terry towelling and similar terry fabrics, of cotton
70.04.001/009	Unworked cast or rolled glass (including flashed or wired glass), whether figured or not, in rectangles
70.05.100/909	Unworked drawn or blown glass (including flashed or wire glass) in rectangles, surface ground or polished, but not further worked
70.07.101/400	Cast, rolled, drawn or blown glass (including flashed or wired glass) cut to shape other than rectangular shape, or bent or otherwise worked (for example, edge worked or engraved), whether or not surface ground or polished; multiple-walled insulating glass; leaded lights and the like
87.10.000	Cycles (including delivery tricycles), not motorized

At the same time, the remaining global quotas were extended by at least 20 per cent, some of them by considerably more than 20 per cent, e.g. Quota No. 38 (clothes, underwear and clothing, accessories, gloves and made up textiles) by 50 per cent: and Quota No. 40 (footwear) by 66.7 per cent. Under the global quota system the importer is free to choose any source of supply within the multi-lateral area. The developing countries are thus able to compete on equal terms with other multilateral countries.

(iii) Duty-free entry for tropical products

In 1963 the Government transmitted to Parliament a Bill for the abolition of duty on bulk tea and the reduction of the duty on tea in retail packings to 10 per cent (previous ad valorem equivalent was some 30 per cent). It is expected that the Bill will go through Parliament so that these changes can be made effective in the near future.

With respect to certain tropical products, e.g. nuts, spices, cocoa beans and unmanufactured tobacco, further steps to eliminate the duties on these products are under close study.

As from 1 January 1964 the duty on bananas with stems was reduced from 0.60 mk/kg. to 0.52 mk/kg., i.e. by 13 per cent. The Government is looking forward to the studies to be arranged by the GATT in collaboration with the FAO, on trade in bananas.

The abolition of duty on coffee would be bound to have far-reaching implications for the fiscal revenue. In 1963 the yield of the coffee duty amounted to 57.2 million markkas or 18.4 per cent of all import duties. Such a decline in fiscal revenue could jeopardize the balance of State finances. On the other hand the duty has had hardly any adverse effect on consumption of coffee which is in Finland one of the highest in the world, i.e. 9.2 kilos per capita in 1963.

There is no evidence that the removal of the duty on coffee would lead to any significant increase of consumption. For these reasons the Finnish Government does not find it possible to contemplate any steps in this direction at the present time.

It should be added that the rate of duty on coffee is in Finland dependent on the c.i.f. price, and a higher duty is charged on the qualities over a fixed price limit. When the world market prices were lately increasing the Government set the price limit higher with a view to preventing the cheaper qualities from falling under the high duty category. This was a measure comparable to a duty reduction and tending to facilitate entry to the Finnish market.

There are no tariff or non-tariff barriers affecting the imports of tropical timber into Finland.

(iv) Elimination of tariffs on primary products

The steps taken with respect to tropical agricultural products have been dealt with above under point (iii). All of the industrial raw materials identified by Committee III as being of particular interest to the developing countries, i.e. iron ores, copper ores and concentrates, lead ores and concentrates, ferro-chrome, ferro-manganese, bauxite, alumina, aluminium, phosphates and raw cotton, are duty free (see COM.III/119, Table A).

(v) Reduction and elimination of tariff barriers to exports of semi-processed and processed products from less-developed countries

Nothing to report. As for the measures expected to be taken, see under II.

(vi) Progressive reduction of internal fiscal charges and revenue duties

Substantial changes with respect to the confectionery excise taxation system were introduced as from 1 January 1964. With a view to maintaining the competitiveness of the domestic confectionery industry an amendment to the Confectionery Excise Tax Act provides that, by means of a tax refund which represents the difference between the domestic and world market prices, the confectionery industry is entitled to purchase its raw materials at world market prices. At the same time the import levy of FM-.59 on item 17.04 (except 17.04.100) was eliminated (previously these products were subject to a duty of 2.56 and an import levy of FM-.59). On item 18.06 the import levy of mk 1.75 was also removed (previously this item was subject to a duty of 1.15 and a levy of 1.75). It is expected that the effect of this tax revision will be to increase the consumption of confections considerably. This tendency is already clearly discernible. In January-May 1964 the consumption of chocolate went up by 34 per cent compared with the corresponding period in 1963.

(vii) Other measures

In June 1964 Parliament approved Finland's accession to the International Coffee Agreement. The ratification of the Agreement is expected to take place in the near future.

## II. Measures expected to be taken in the next twelve-month period

In respect of tariffs on semi-manufactured and manufactured goods of substantial interest to the developing countries, the Finnish Government has stated its readiness to fully participate in the GATT trade negotiations, officially initiated at the beginning of May last. In the opinion of the Finnish Government everything possible should be done to facilitate the participation of the developing contracting parties in these negotiations. More particularly, it considers that reciprocity should not be demanded, and that the conditions of participation should be prepared in the light of the trade and development needs of these countries.

The Finnish Government attaches importance to the implementation of the Action Programme, and also to the recommendations and resolutions adopted by the United Nations Conference on Trade and Development with a view to strengthening the economies and increasing the export earnings of the developing countries.

As far as the question of quantitative import restrictions is concerned, further relaxation measures will be closely studied before the end of this year, when the import programme for 1965 will be prepared, in the light of the then prevailing balance-of-payments position.

Continuous and careful consideration will be given to the implementation of the Ministerial Conclusions. Finland is prepared to contribute to the solution of the problems of trade and development within the limits of her economic possibilities, in other words taking into account the fact that Finland herself is still in the process of diversifying her national economy through industrial progress."



Pakistan

"I. Tariff reductions

Rates of customs duty on the following items have been reduced with effect from 1 July 1964:

A - Import duties

<u>Heading No.</u>	<u>Brief description</u>	<u>Customs duty reduced</u>	
		<u>from</u>	<u>to</u>
19.02	Food for infants and invalids	20% a.v.	FREE
55.07 B	Cotton wrapping gauze for torch cells	100% a.v.	40% a.v.
59.07	Book binding cloth	40% a.v.	30% a.v.
70.17	Laboratory glassware	12 $\frac{1}{2}$ % a.v.	FREE
74.19D(ii)	Brass ferrules for lead pencils	80% a.v.	40% a.v.
73.29A, 73.35B, ) 84.06B(ii)(b), ) 84.10A, 84.63B, ) 84.64B, 85.08C, ) 85.09A, 87.06B ) (i) and (ii) )	Spare parts exclusively usable on Dumpers	20% a.v. to 50% a.v.	12 $\frac{1}{2}$ % a.v.
97.01 to 97.03	Toys	50% a.v.	25% a.v.
97.04) 97.06)	Sports goods of a type not indigenously manufactured	30% a.v.	FREE
98.04	Fountain pen nibs	40% a.v. to 50% a.v.	FREE

B - Export duties

Item 1	Raw jute:		
	(1) Cuttings	Rs.10 per bale of 400 lbs.	Rs.5 per bale of 400 lbs.
	(2) All other descriptions		
	(a) in pucca bales	Rs.20 per bale of 400 lbs.	Rs.10 per bale of 400 lbs.
	(b) loose or in kutchha bales	Rs.4 per maund (of 82-2/7 lbs)	Rs.2 per maund (of 82-2/7 lbs)
Item 3	Raw cotton:		
	(1) Varieties other than Comilla cotton	Rs.20 per bale of 400 lbs.	Rs.10 per bale of 400 lbs.



## II. Liberalization measures

Within the limited foreign exchange resources of the country, efforts are constantly made to liberalize imports to the maximum possible extent and to provide larger access in our markets for products to be imported. This is done through a review of the position carried out every six months when, subject to the availability of the foreign exchange, suitable adjustments are made in the list of importable items so as to allow increased import of goods into Pakistan consistent with her development needs. The liberalization measures taken in this manner take due cognizance of the country's needs for raw materials, spare parts and capital goods required for the various industries and other consumer goods, thus establishing all possible access in our markets for the goods of other countries.

In the import policy announced for the shipping period July-December 1964, the following important measures to liberalize imports in Pakistan have been taken:

1. Fifty-one items covering a wide range of industrial raw materials and essential consumer goods have been placed on the free import list. Importers of these items will be permitted to import them without the cover of import licences.
2. Thirty-three items have been placed on Open General Licensing. New-comers will be admitted for the import of any one of these items. The established importers and newcomers already admitted will be eligible to get repeat licences on production of bills of lading, in respect of shipments against earlier licences, for almost all items on the Open General Licensing list.
3. Newcomers will also be admitted for the import of two other items viz: dates and earthen wash-basins, sinks and closets, which are not on the Open General Licensing list.
4. 202 industries representing 85 per cent of the industrial sector will receive import licences for items other than those on the free list, at 100 per cent of their entitlement, repeatable on production of bills of entry showing 50 per cent shipments against earlier licences.
5. Special import licences will be issued to almost all industries, up to 50 per cent of the f.o.b. value of their exports, for the import of raw materials (other than on free list), balancing and modernization machinery and packing material. These licences will be over and above the normal licences issued to them.
6. Exporters of certain specified commodities will be admitted into the import trade as newcomers for any one of the items on the Open General Licensing list.

The liberalization measures enumerated above represent a big step forward in the all-out efforts made by the Government of Pakistan to provide increasingly larger access into Pakistan to the large number of products required to be imported from other countries."

## United States

### "I. General comments

The twelve-month period July 1963-June 1964 was marked by a series of preparatory steps designed to put the United States in a position to utilize the maximum negotiating authority of the Trade Expansion Act of 1962. The more important of these actions which bear directly on enlarging access to the United States market for exports of developing countries are listed in Part II below. The practical significance of this progress lies in the opportunity for lowering of United States trade barriers, and in particular to reducing barriers to trade in items of special interest to developing countries, in a far more expeditious manner than heretofore.

Opportunities for specific action by the United States outside the context of the Kennedy Round of trade negotiations are influenced by the generally low level of existing United States restrictions on products of special export interest to developing countries. The secretariat's latest survey (COM.III/124/Rev.1) for example lists only two products subject to quantitative restrictions by the United States (sugar and cotton waste) in the composite listing of 193 items of export interest to developing countries. Moreover, nearly 30 per cent of these 193 items are free of duty in whole or in part. It will be recalled that the United States has neither duties nor internal fiscal charges on coffee, cocoa and tea (AC/5).

### II. Actions to enlarge access to the United States market, July 1963-64

#### A. Kennedy Round preparations of particular interest to developing countries

The United States "public list" was announced on 21 October 1963 to identify the products to be considered for possible reductions in rates of duty. All items other than those mandatorily excepted from negotiation by the Trade Expansion Act have been listed for consideration. The significance of this step is that the starting point for preparation of the United States offer lists, to be presented for negotiation during the Kennedy Round, is the maximum list authorized by the Trade Expansion Act, comprising the great bulk of total United States imports. The lists released in October relate to the basic negotiating authority in the Act, identification of low-rate articles, tropical agricultural and forestry commodities, and other agricultural products.

On 22 April 1964 the United States initiated a proposal to reconstitute the Sub-Committee on the Participation of the Less-Developed Countries so as to be the focal point for bringing together all issues of interest to less-developed countries during the Kennedy Round and to seek to assure maximum concessions and minimum exceptions on items of special interest to less-developed countries (reference TN.64/21).

B. Other United States actions to enlarge market access for developing countries

Soluble or instant coffee. On 19 June 1964 Congress completed action to provide for free importation of soluble or instant coffee. (The United States has no tariff or non-tariff barriers on crude, roasted or ground coffee.)

Tropical hardwoods. A bill to suspend United States duties on tropical hardwoods has been submitted to the Congress. The Administration is unable to predict whether the Congress will have sufficient time to consider this legislation during its current session."