

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

AC/SC1/8

18 December 1963

Limited Distribution

Action Committee

Sub-Committee 1

DISCUSSIONS IN SUB-COMMITTEE 1 OF THE ACTION COMMITTEE IN DECEMBER 1963

Note by the Secretariat

1. Sub-Committee 1 was established by the Action Committee on 9-12 October 1963 (AC/3) with the following terms of reference and membership:

Terms of reference:

- (a) to assist the Action Committee in the task of implementing points (i) to (vii) of the Action Programme;
- (b) to undertake any other task assigned to it by the Committee;
- (c) to report to the Action Committee on the carrying out of its mandate.

Membership:

EEC	Pakistan
Indonesia	United Arab Republic
Japan	United Kingdom
Nigeria	United States

Mr. Zaman (Pakistan) was elected Chairman of the Sub-Committee.

2. The Sub-Committee met first on 24 and 30 October 1963. A secretariat note on the proceedings at those meetings was circulated on 12 November as AC/SC1/3. The Sub-Committee met again from 2 to 13 December and the present note is intended briefly to summarize the results obtained for the immediate information of the Action Committee. A more detailed secretariat note on the proceedings, setting out the arguments, explanations and background facts will be available at a later stage (see paragraph 9 below).

3. In implementing item (a) of its terms of reference, the Sub-Committee agreed at the outset that it should avoid duplication of work already undertaken in other forums of GATT and should therefore, at this stage, take up only two of the points of the Action Programme, namely point (ii) concerning the removal of quantitative restrictions and point (vi) concerning the reduction and elimination of fiscal charges. In dealing with these two subjects, it was further agreed, attention should be concentrated on a fairly limited range of problems in order to obtain rapid progress, and priority should be given to those barriers which are of greater importance to the trade of less-developed countries. In the light of these considerations, the Sub-Committee drew up a list of quantitative restrictions and fiscal charges, and arranged for direct discussions with each of the contracting parties applying the barriers listed therein. Less-developed countries were requested to indicate to the Sub-Committee, in concrete terms, the barriers which particularly affected their exports, and the industrial countries applying the barriers were invited to state their intentions as to their reduction or removal and any difficulties in this regard (see AC/SC1/3).

4. When the Sub-Committee reconvened on 2 December to begin the country-by-country discussions, only some less-developed countries had responded to the request for indication of their principal interests, and only a few industrial countries supplied written statements of their intentions. The Sub-Committee was informed that the time interval allowed for the preparation of such statements was rather inadequate. All the contracting parties concerned, however, were prepared to state their case orally and to participate fully in the discussions in the Sub-Committee. In the circumstances, the Sub-Committee proceeded with a preliminary discussion with each of twelve industrial countries which had quantitative restrictions or fiscal charges listed in AC/SC1/3, namely, Austria, the Benelux countries, Denmark, France, the Federal Republic of Germany, Italy, Japan, Sweden, the United Kingdom and the United States.

5. In the course of the country-by-country discussions, the Sub-Committee was informed of a few cases in which restrictions had been removed since the adoption of the Action Programme by the Ministers last May. In other cases the governments concerned had reviewed the situation and undertaken to remove the restrictions either by a specified date or at an unspecified date in the near future. While in some cases the announced date was within the time-limit of one year after the adoption of the Programme, in other cases the promised time-limit extended towards the end of 1964. In these cases, the Sub-Committee felt that there was no need to discuss at length the reasons for this additional delay, but merely urged that the governments concerned constantly review the possibility of removing these restrictions at an earlier date.

6. The following is a summary list of the restrictions and surcharges which were included in the list in AC/SC1/3¹ and which, according to the information supplied to the Sub-Committee, either had already been removed or would be removed in the near future.²

Quantitative Restrictions

Oilseeds

	<u>Commodity</u>	<u>Action</u>
Austria	Oil poppy seeds including ripe poppy heads	Restriction will be removed on 1 January 1964.
	Soya flour	Restriction already removed on 1 July 1963.

Vegetable oils

Austria	Pumpkin oil	Restriction will be removed on 1 January 1964.
Benelux	Castor oil	Quota restriction will be removed by 31 December 1964.
Japan	Cottonseed oil, excluding for mayon- naise production	Quota restrictions will be removed in the near future.

Coffee, roasted

Japan	Coffee beans, roasted, excluding those in containers of less than 400 grammes (already liberalized)	Quota restriction will be removed in the near future.
Norway	Coffee beans, roasted	Restriction already removed on 15 November 1963

Coir manufactures

Austria	Coir fibres, remaining) sub-items) Machine knotted carpets)	Restrictions will be removed on 1 January 1964
	Twin cordage, rope etc.	Restrictions will be removed in 1964.

¹For statements on items not listed in that document, see the detailed note to be issued later.

²Where no specific indication is given, "near future" means any time up to the early months of 1965 or, in many cases, up to the end of 1964.

Lead

	<u>Commodity</u>	<u>Action</u>
Japan	Bars, rods, angles, shapes, sections and wire	Restrictions already removed on 31 August 1963.
	Waste and scrap, plates, sheets and strips, tubes, pipes and hollow bars	Quota restrictions will be removed in the near future, taking account of price stabilization in international markets. Quotas provided.

Timber, sawn in rough and processed

Japan	Lawan and Apiton (4413-4)	Restriction already removed on 31 August 1963.
	Lawan and Apiton (4405-4)	Quota restriction will be removed in the near future.

Leather

Federal Republic of Germany	Neat leather only	Restrictions will be removed on 1 June 1964
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Leather footwear

Austria		Restriction will be removed after transition, but not later than end of 1964
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Sewing machines

Federal Republic of Germany	Non-industrial sewing machines	Restrictions will be removed on 1 January 1965.
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Cocoa preparations

Japan	Cocoa powder, not sugared, weighing less than 2,260 grammes net content	Quota restriction will be removed in the near future.
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Internal combustion engines

Japan	Outboard motors with an engine not more than 25 h.p.	- ditto - (quota provided)
	Water cooling diesel engines with a rating of more than 30 h.p. but not more than 3,000 h.p.	- ditto - (quota provided)
	Part of internal combustion piston engine	- ditto -

Electric motors

	<u>Commodity</u>	<u>Action</u>
Austria	A few types remaining under restriction	Restrictions in the remaining few types will be removed during 1964.

Bicycles

Austria		Restriction will be removed on 1 January 1964.
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Fiscal Charges
Rate

Coffee, raw

Sweden	Specific rate equal to 9 per cent	Internal tax (together with import duty) will be removed on 1 January 1964.
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Coffee, roasted

Sweden	Specific rate equal to 6 per cent	Internal tax (together with import duty) will be removed on 1 January 1964.
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7. In the following cases, the Sub-Committee was informed that the governments applying the restrictions and fiscal charges, for various reasons, would be unable to remove these barriers in the near future. The Sub-Committee discussed with their representatives those reasons and the difficulties in this regard. A brief indication is given below and the details will be found in the secretariat note which, as stated in paragraph 9 below, will be circulated at a later stage.

Quantitative RestrictionsVegetable oils

	<u>Commodity</u>	<u>Remarks</u>
Austria	Soyabean oil, cottonseed oil, coconut oil, palm kernel oil, and palm oil	Liberalization envisaged for a later date, to be decided in the light of internal adjustment.
France	Various	No new development since discussion in Group on Tropical Products.

Commodity

Remarks

Federal Republic of Germany	Vegetable oils, not crude for food except olive oil (statistical item 150729)	Internal adjustment difficulties. Quota provided.
Italy	Soyabean oil	Internal adjustment difficulties and social problems.
Japan	Soyabean oil, peanut oil, rape-seed oil, mustard oil, corn oil, safflower and sunflower oil	Problems of small producers in industry in need of rationalization.
France	Coffee beans, roasted	No new development since discussed in the Group on Tropical Products.

Coir manufactures

France		Domestic production needs protection. Quota opened for India.
Federal Republic of Germany	Woven carpets	Internal adjustment needed to solve social problem. Quota provided.

Oilseeds

Japan	Peanuts, rape-seed and mustard seed	Problem of domestic production requiring rationalization. Quotas have been increased.
United States	Peanuts	Income support measures required by the Agricultural Adjustment Act.

Lead

United States	Unwrought lead	Problems of domestic industry. Quota is allocated in a way to maintain share of traditional less-developed country suppliers.
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Jute manufactures

	<u>Commodity</u>	<u>Remarks</u>
Austria	Items 57.06, 57.09, 58.02, 62.03	Small size firms must be protected in order to avoid economic and social problems. Quotas are increased by 20 per cent each year.
France	Jute cloth and sacks	Domestic production needs protection. Quotas available to India and can be opened for others.
United Kingdom	Jute cloth exceeding 18 inches in width. Used sacks and bags	Problems of declining industry. Other items already liberalized.

Leather

Japan	Bovine and equine leather; sheep and goat skin leather, dyed, coloured, stamped or embossed	Small producers in industry requiring rationalization. Quota being increased.
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Leather footwear

Japan	Excluding for sports and slippers	Same as above. Quotas being increased.
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Sewing machines

France	Domestic sewing machines	Questions of local production. Quota opened for India. Quota not fully utilized.
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Canned fish

France	Sardines, tuni and bonito	Social problems, and share reserved for traditional exporters to France.
Japan	Cod roe and herring roe	Small producers need protection. Quotas provided.

Tea

Japan	Black tea	Protection of domestic production. Quota provided.
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Cotton

United States		Support measures required by Agricultural Adjustment Act.
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Internal combustion engines

Japan	Piston engines for motor vehicles (excl. motor-cycles and tri-wheel vehicles)	Problems of protection of domestic production.
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Sports goods

France	Leather balls, rackets and nets	Imports provided for in agreements with India and Pakistan.
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Ferrochrome and ferro-manganese

France		Problems of price disparity. Imports from less-developed countries can be provided with quota.
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Fiscal Charges

<u>Coffee, raw</u>	<u>Rate</u> ¹
Federal Republic of Germany	(99%)
France	(42%)
Italy	(134%)
Japan	10%
<u>Coffee, roasted</u>	
Federal Republic of Germany	DM.4.80 per kilo.
France	Rate to be ascertained.
Italy	(81%)
Japan	10%
<u>Cocoa paste</u>	
France	(.9%)
Italy	312 lire per kg.
Denmark	(28%) + 33 1/3%
<u>Cocoa powder</u>	
France	(5%) + 25%
Italy	312 lire per kg.
Denmark	(46%) + 33 1/3%
Japan	10%
<u>Cocoa butter</u>	
France	(2%)
Italy	312 lire per kg.
Denmark	(19%) + 33 1/3%
<u>Cocoa beans</u>	
France	(3%)
Italy	(74%)
<u>Tea</u>	
Federal Republic of Germany	(71%)
France	green tea (30%)
	black tea (25%)

Remarks: Some industrialized countries stressed that the fiscal charges had little influence on consumption, and that their removal would create difficulties for their governments. It was also stated that these taxes were necessary in view of similar taxes on other beverages. One representative recalled his government's view that the taxes should be removed through concerted action so as to lessen the burden for smaller countries.

¹Figures in parenthesis are ad valorem equivalent of specific rates.

8. In relation to point 1 of the Action Programme, the Sub-Committee was informed by the representative of the United States that the recent increase in the customs duty on pandan hats (a product of interest to Indonesia) had been made by inadvertency and would be rectified at the earliest possible opportunity.

9. The Sub-Committee has thus completed its first round of discussions with governments applying the specified restrictions and fiscal charges. The progress made has been briefly referred to in paragraph 6 above and the Sub-Committee proposes to continue to explore possibilities of removing the remaining restrictions and fiscal charges. It has asked the secretariat to continue its efforts to obtain detailed information concerning the primary interests of less-developed countries in the various barriers, and concerning the intention of the industrialized countries applying the barriers as to their reduction or removal, and any difficulties in this regard. The secretariat has also been asked to prepare a more detailed account of the discussions, setting out the arguments, explanations and background facts adduced at the present meeting. All these data should be circulated early next year. The Chairman of the Sub-Committee, in the light of the information available and in consultation with the Executive Secretary, will decide at that time whether the circumstances warranted reconvening the Sub-Committee for a further round of discussions with the governments applying the barriers.

10. The Sub-Committee, on the proposal of the representative of France, also agreed to collect statistical information showing the effects of certain action taken pursuant to the Action Programme on the pattern of trade. This would be undertaken when such effects will have become sufficiently discernible.